SUBSCRIBER SERVICE SURVEY 2009

dovetail

Contents

1. Executive summary

The context of customer service

Repeated surveys of customer service across a range of other product and service areas underline a number of key trends which form the context for magazine subscriptions:

- Consumers' expectations of customer service are constantly rising.
- Many of these rising standards are being driven by online operators rather than traditional service channels, with speed and flexibility being two key areas being driven by the internet.
- The best providers of customer service are getting better as customer service is being used as a differentiator in an intensely competitive consumer marketplace.
- Shifts in consumer perceptions of the customer service standards of individual companies are taking place increasingly rapidly. The last experience shapes their view rather than any sense of long-term loyalty. A company is only as good as its last customer service contact.

Overall renewal intentions

Only 5% of subscribers have made a conscious decision not to renew their subscription. The remaining 95% are in various degrees of commitment and indecision. Among the waverers, customer service is a sensitive issue which has a material effect on their decision whether to renew. There are massive variations from title to title from a low of 41% of subscribers who intend to renew up to a high of 95%.

CUSTOMER JOURNEY STAGE 1: Pre-subscription contact

Over three quarters of active subscribers were buying the magazine from retail before they subscribed to it – the average retail purchasing frequency prior to the subscription was 7.5 issues out of 12 for a monthly magazine. Most publisher subscription marketing activity is actually centred on channel-switching rather than bringing "fresh blood" into the subscription pool. It does not appear to make a major difference to renewal intentions whether they had been buying the title before from retail or for how long they had been buying it. What does make a major difference is how often they had been buying it: high-frequency retail buyers morph happily and easily into high-renewing subscribers.

CUSTOMER JOURNEY STAGE 2: Subscription start-up

How easy it is to sign-up appears to colour the consumer's whole view of the subscription service. How they pay is largely irrelevant: so, for example, direct debit locks subscribers in because of the mechanism, but they are actually no more loyal or committed to the magazine than credit card or cheque payers. Predictably, the reason why they subscribed in the first place (price discount, free gift, added value or service) is massively important. So, the subscription model employed by a magazine has predictable renewal levels already built into it.

CUSTOMER JOURNEY STAGE 3: The subscription service

The overall service quality has by far the biggest impact on renewal intentions of any factor in the whole survey. How well specific problems are resolved also has a major effect. Another important area is the speed of the first issue delivery – an area which seems to be growing in importance. The length of time subscribing is another key factor with the first six months being a particularly sensitive period when consumers' views of the subscription service appear to be shaped. More fundamentally, most subscribers do not feel that they are receiving special treatment as a result of subscribing and the strength of that feeling appears to have a real impact on renewal intentions.

Free gifts and supplements have become standard offerings in both the upfront acquisition of new subscriptions and in the ongoing subscription service. Both appear to be broadly appreciated, but the perceived quality of the gifts varies markedly. Also, subscribers seem much more aware of the start-up gift offered as part of the initial "deal" than any added-value elements that are offered deeper into the subscription.

Online self-service is clearly appreciated by consumers, but publishers need to devote more focus to promoting the service to subscribers, both in terms of simply making their customers aware of the service, but also in stimulating extra usage of it.

CUSTOMER JOURNEY STAGE 4: Subscription renewal

Overall, the renewal process is not seen as being as user-friendly as the initial sign-up and could clearly be more streamlined: this would have a material effect on renewal intentions. Being able to renew online seems to be a "nice to have" rather than a "must have". Having an open-ended "till forbid" subscription appeals to many subscribers, but this also polarises opinion strongly between those who like or dislike the idea. In terms of the frequency and timing of renewal reminders, there does not appear to be a major issue. What is clearly much more important is being given the relevant information surrounding the renewal process. While subscribers are aware that publishers tend not to reward loyalty in terms of the renewal prices offered, this seems to be accepted as part of the nature of a magazine subscription. Yet the cost of a subscription is becoming more of an issue and more subscribers are switching title than before; both being signs of a competitive and pressured marketplace.

Service satisfaction by channel

Customer satisfaction with the core subscriber service is high, with little appreciable difference in the consumer's mind between the major fulfilment operators and with general standards edging up year-on-year. Dovetail itself has seen its perceived service standards rise year-on-year in line with the market. As to be expected, there is a drift away from phone and letters to email and online as contact media for subscribers.

The weekly perspective

Subscribers to weekly magazines are obviously very much more focused on the timely delivery of their subscription copy than are monthly magazine subscribers. Their reasons for subscribing tend to be more service-driven than price-driven when comparing them with monthly magazine subscribers.

Modelling subscription service levels

To create the perfect subscription service with zero problems would increase renewal intentions appreciably, but not by a massive amount. Having a perfect problem resolution process would be more realistic and less costly, but would have almost as much impact on renewal intentions. To get subscribers to report all their problems would leverage additional benefits in terms of renewals. Customer service is a constant trade-off between cost and benefit.

Key conclusions

Subscription **service levels** are generally perceived to be to be high, improving and of a broadly comparable standard across the major subscription fulfilment operations.

Yet there are some very important **pressure points** along the customer journey which have different impacts on the consumer as to their views of the subscription and their intention to renew.

As with any service, there is a constant **trade-off** between quality and cost. In that equation are the relative costs and impacts of getting the service right first time as opposed to problem-solving when things go wrong later in the process.

Ultimately, the subscription service is a relatively simple one and one that can be **easily substituted** should the consumer feel it is sub-standard by flicking back into retail purchasing once more.

Most subscription marketing activity is actually based on **channel-switching**, shifting retail buyers into a subscription rather than bringing new readers into the purchasing pool

Most subscribers do not feel that they are getting **special treatment** from the publisher because they have subscribed. What role this sense of "added value" has in the subscription experience is central to the future and profitability of the whole channel.

Behind all the issues about customer service lies a very simple, but fundamental question: what is the perceived **benefit** of a subscription to the end consumer? Within the same magazine subscriber pool there are some very different reasons why individual readers have bothered to subscribe in the first place. Understanding that motivation, then meeting expectations efficiently and cost-effectively is the essence of successful subscription marketing and customer service.

2. Introduction

Customer service lies at the centre of every relationship between magazine and subscriber. Yet historically, very little resource has been put into measuring and tracking customer satisfaction in a structured way.

This project was initiated by the Dovetail User Group: a collection of publishers who use the services of the subscription fulfilment bureau, Dovetail, and who input into the overall direction of the company. A number of members of the group did not have their own customer care tracking surveys, but even those who did wanted common standards and benchmarks so that they could assess their own performance more objectively and consistently.

The group commissioned **Dovetail**, in partnership with **Demographix** and **Wessenden Marketing**, to set up a survey which straddled a wide range of publishers and titles.

In 2007, the first survey covered 46 titles published by 5 publishers, all of them Dovetail clients. By 2009, this third survey has grown to cover 440 titles published by 45 publishers, ten of them non-Dovetail clients. This growth in the scale of the survey has increased its whole scope so that it is now established as the largest and most authoritative survey of its kind in the UK, providing rich and detailed data for all its participants, but also giving a broader view of service standards and best practice in the UK magazine business. This 2009 survey has also been extended in its scope to cover a wider range of issues relating to the overall subscriber journey.

The questionnaire was created, the results analysed and this report written by **Wessenden Marketing**.

About Dovetail

Dovetail stands out from the crowd – with its core skills and expertise in subscriptions marketing and fulfilment. Our aim is to work with publishers in developing a framework that matches their own customers' demands. Whether you wish to focus on intelligent reporting, improving customer service or marketing workshops, Dovetail will work with you towards your goals. Combine this with our clear understanding of the demands and tipping-points of publishing houses and you will find a pool of talented people, able to deliver your subscription vision.

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About Demographix

Demographix is the leading UK developer of online research tools. Our aim is to bring the cost of research down by allowing marketing and research departments to bring online survey creation and panel management in-house. Our tools are designed to be easy-to-use, to minimise staff training and make the ongoing cost of supporting these tools as minimal as possible. They allow you to create web-based surveys, feedback forms, competitions, quizzes, polls, visitor offers and registration forms. You can harvest feedback from existing customers or members, and also capture information from potential customers or site visitors.

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About Wessenden Marketing

Wessenden Marketing is a leading provider of consultancy, information, research and training for media companies and for organisations involved in media supply chains. Consumer marketing and promotions (retail, subscription and online), lie at the core of the consultancy. Yet Wessenden Marketing's projects extend well beyond this into general strategy and re-engineering. Newsletters, reports and market statistics back up the consulting operation.

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3. Methodology and sample

The scale of the Dovetail Subscriber Service has grown from its pilot in 2007 to its current state where it involves 440 titles published by 45 publishers, both Dovetail clients and external publishers, and generates over 110,000 consumer responses. This makes it the largest single magazine customer care survey in the UK and a benchmark for the whole industry.

	2007	2008	2009
Publishers	5	40	45
Titles	46	330	440
Responses	59,043	68,390	110,385
Responses per title	1,284	207	251
Response rate	17%	13%	14%

- Random selections of email addresses were taken from the active subscriber files of the participating titles and an email, sent with the individual title's branding, was broadcast to the names, driving them to an online self-completion questionnaire.

- In addition, the url of the online questionnaire was printed on the carrier sheets of subscription copies.

- Collectively, 110,385 completed questionnaires (representing a response rate of 14%) were generated over a period running from September 16th through to December 31st 2009.

- An incentive was offered to the consumer to complete the survey: entry into a prize draw where 10 prizes of £100 each were available to be won. Respondents had to elect to be entered with just over 98% choosing to do so.

- The survey covered a wide range of markets from general women's lifestyle titles through to specialist male hobby titles. In terms of frequency, 31 titles were weekly with the remaining 409 being of lower frequency, mainly monthly.

- Of the 45 participating publishers, ten were not clients of Dovetail, providing a broad-based and balanced coverage of the publisher market. These ten publishers accounted for 58% of the total response generated in the survey.

- In terms of gender and age, the profile of the respondents was as follows.....

Gender	
Female	48%
Male	52%
Age	
Under 18	1%
19-24	4%
25-34	16%
35-44	25%
45-54	23%
55-64	20%
65+	11%

4. Scope of the survey

What the consumer thinks about the editorial of the magazine is clearly a massively important part of their decision to renew, but this whole area falls outside the current scope of this project. The survey focuses on the experience of subscribing itself which lies at the core of the customer journey. Running behind each step of that journey lies the strength of the underlying relationship with the magazine as measured by the reader's intention to renew their subscription.

Pre Subscription Contact	Subscription Start-up	Subscription Service	Subscription Renewal
Type of contact	Ease of start-up	Overall service quality	Ease of renewal
Purchasing period	Payment method	First issue delivery	Renewal information
Purchasing frequency	Reason for subscribing	Length of time subscribing	Renewal pricing
		Special treatment	Renewal timing
		Other products & services	Reason for lapsing
		General problem handling	Renewing online
		Delivery problems	Open-ended subscribing
		Service problems	
		Subscription gift problems	
		Cover gift problems	
		Online self-service	
		Amount of communication	

Renewal intention

5. Overall renewal intentions

Only 5% of subscribers have made a conscious decision not to renew their subscription. The remaining 95% are in various degrees of commitment and indecision. Among the waverers, customer service is a sensitive issue which has a material effect on their decision whether to renew - research from PPA shows that 62% of current, active magazine subscribers claim that the quality of the subscription service makes a material difference to their decision to renew (Source: PPA & Brandlab: "The Loyalty Challenge"). There are massive variations from title to title from a low of 41% of subscribers who intend to renew up to a high of 95%.

A major development of the "Subscriber Service Survey 2009" has been to refine the definitions of renewal intention to match those used in the PPA/Brandlab "The Loyalty Challenge" survey (undertaken in 2006) and subsequently in a number of publishers' own internal surveys. The comparable results from the two surveys are shown in the table below.

Do you plan to renew your subscription to this magazine when it is due?		
Renewal Intention	**Loyalty Challenge**	**SSS 2009**
Yes. I will definitely renew.	54	49
Yes. I will probably renew.	25	26
I haven't decided yet	16	20
No. I will probably not renew.	3	3
No. I will definitely not renew.	2	2
TOTAL	**100**	**100**

The intention to renew clearly does not automatically translate into an actual renewal, but "renewal intention" is still a good indicator of the strength of the relationship between the subscriber and their magazine and it is used in this survey to highlight those factors which can affect the subscriber relationship.

The figures are broadly similar across the two surveys, with the "Subscriber Service Survey" (SSS) showing that 75% of its sample are likely to renew ("definitely" + "probably") in comparison to 79% in the "Loyalty Challenge" research.

The figures illustrate a fundamental issue: that only 5% of active subscribers have actually made a conscious decision not to renew. The remaining 95% are at various degrees of commitment. Outside the significant hard core of committed subscribers (49%), there are another 46% who are well-intentioned or wavering and who may be diverted from the renewal due to other pressures. Among these people, customer service is a very sensitive issue and has a material effect on their decision whether to renew.

There are massive variations in renewal intention from publisher to publisher and from title to title.....

Renewal Intentions by Publisher (Definitely + Probably Renew)		
Range of Renewal Intention	**No. of Publishers**	**% of Publishers**
90%+	1	2%
80-89%	14	31%
70-79%	20	44%
60-69%	7	16%
50-59%	2	4%
Less than 50%	1	2%
TOTAL	**45**	**100%**

Renewal Intentions by Title (Definitely + Probably Renew)		
Range of Renewal Intention	**No. of Titles**	**% of Titles**
90%+	23	7%
80-89%	108	35%
70-79%	115	37%
60-69%	45	15%
50-59%	16	5%
Less than 50%	3	1%
TOTAL	**310**	**100%**

Note: Although 440 titles participated in the survey, only 310 individual titles have large enough sample sizes of their own to be included in this analysis.

6. Factors affecting renewal intentions

The following sections of this report follow through the customer journey, cross-referencing respondents' renewal intentions against various factors and showing what the key issues are in the subscription experience which impact on renewal rates. This section provides an overall summary of those key factors.

The table on the next page lists the key issues and decision points in the subscription journey and shows the range of renewal intentions against each factor.

So, for example, PURCHASING FREQUENCY in Pre-Subscription Contact shows a wide 24% point range of renewal intentions. The background to this is.....

- Among those consumers who bought almost every issue of the magazine from retail before subscribing, 84% intend to renew their subscription ("definitely" + "probably" renew).

- At the other extreme, among those consumers who bought only occasional issues from retail before subscribing, only 60% intend to renew.

- The large 24% point difference in renewal intention between the high of 84% and the low of 60% is an indication of the strength of the bond between the subscriber and the magazine across these different groups. With a large 24% point range, purchasing frequency before the subscription is therefore a sensitive factor in renewal intention.

So, the table provides an overview of the key variables in the overall subscription relationship; factors which are analysed in more detail through the rest of the report.

The bigger the range in renewal intention, the more sensitive the area is in the renewal decision-making process.

	Renewal Intention Range	
Pre-Subscription Contact		
	Purchasing frequency	24
	Type of contact	9
	Purchasing period	6
Subscription Start-Up		
	Ease of start-up	36
	Main reason for subscribing	31
	Self pay / gift	13
	Payment method	4
Subscription Service		
General issues	Overall service quality	63
	Special treatment	41
	Length of time subscribing	29
	First issue delivery	22
	Other products & services	17
	Amount of communication	17
	Prefer sub to retail buying	15
	Online self-service	9
General problem handling	Satisfaction with problem handling	57
	Problem contact point	14
	Experience a problem	13
	Report a problem	4
Delivery problems	Long wait for first issue	23
	Did not receive magazine	7
	Late magazine delivery	5
	Magazine damaged in post	2
Service problems	Late acknowledgement of order	23
	Credit card debited incorrectly	22
	Direct debit taken incorrectly	21
	Expiry date not supplied	14
	Repeat invoicing	14
	Name & address incorrect	7
	COA not implemented quickly	7
	Renewal letters too early	3
Subscription gift problems	Non-receipt of gift	19
	Damaged gift	17
	Gift not in stock	17
	Late delivery of gift	14
Cover gift problems	Missing cover gift	11
	Damaged cover gift	8
	Damaged supplement	8
	Missing supplement	7
Subscription Renewal		
	Ease of renewal	41
	Relevance of renewal information	31
	Open-ended subscribing	30
	Renewal pricing	18
	Number of renewal reminders	17
	Ability to renew online	6
	Timing of renewal reminders	2

7. Pre-subscription contact

Over three quarters of active subscribers were buying the magazine from retail before they subscribed to it – the average retail purchasing frequency prior to the subscription was 7.5 issues out of 12 for a monthly magazine. Most publisher subscription marketing activity is actually centred on channel-switching rather than bringing "fresh blood" into the subscription pool. It does not appear to make a major difference to renewal intentions whether they had been buying the title before from retail or for how long they had been buying it. What does make a massive difference is how often they had been buying it – high-frequency retail buyers morph happily and easily into high-renewing subscribers.

This section looks at:

- Type of pre-subscription contact.
- Pre-subscription purchasing period.
- Pre-subscription purchasing frequency.

Type of pre-subscription contact

This whole area was also tracked in PPA/Brandlab's "The Loyalty Challenge (2006)" and PPA's "Subscription Pricing (2008)", both showing broadly similar results to this survey, which falls between the two PPA projects in suggesting that 76% of magazine subscribers bought the magazine from retail before subscribing to it.

Had you been buying the magazine before you subscribed to it?			
Pre-sub contact	**SSS 2009**	**Loyalty Challenge**	**Subs Pricing**
Bought from retail	76	70	84
Read someone else's copy / gift	13	11	7
Never bought or read before	11	19	9
Total	**100**	**100**	**100**

Focusing specifically on the "Subscriber Service Survey 2009"......

Had you been buying the magazine before you subscribed to it?		
Pre-sub contact	**Incidence**	**Renewal Intent**
Bought from retail	76	77
Read someone else's copy / gift	13	69
Never bought or read before	11	68
Total	**100**	**75**
Renewal intention range		**9**

- 76% were buying from retail before subscribing. Most publisher subscription marketing activity is actually centred on channel-switching rather than bringing “fresh blood” into the subscription pool.

- Those who had bought from retail before are more likely to renew (77%) than those who had read someone else’s copy / gift (69%).

- Yet there is not a massive difference in renewal intention between the different pre-subscription contact groups with the range in renewal intention being a modest 9% points.

Pre-subscription purchasing period

Among the 76% of subscribers who had been buying the magazine from retail before subscribing to it, the average period of time buying was 22 months.

How long had you been buying the magazine before you subscribed to it?		
Pre-sub purchasing period	**Incidence**	**Renewal Intent**
Less than 6 months	29%	75%
6 mths to 1 year	21%	77%
1-2 years	17%	77%
2-4 years	11%	78%
More than 4 years	22%	81%
Total	**100%**	**75%**
Average	**22 mths**	
Renewal intention range		**6**

Renewal intentions are predictably strongest among those who have been buying from retail the longest, but not dramatically so, with a renewal intention range of only 6% points.

Pre-subscription purchasing frequency

This is another area which was also tracked by the two PPA surveys which, again, show very similar results to this project. Subscribers tend to have been relatively high-frequency retail buyers who have converted to a subscription.

How frequently did you buy the magazine before you subscribed to it?			
Pre-sub purchasing frequency	**SSS 2009**	**Loyalty Challenge**	**Subs Pricing**
Almost every issue (at least 3 out of 4)	60%	56%	62%
Most issues (at least 1 out of 4)	20%	21%	19%
Occasional issues (less than 1 out of 4)	20%	23%	19%
Total	**100%**	**100%**	**100%**
Average	**7.5 issues out of 12**	**7.5 issues out of 12**	**7.7 issues out of 12**

Focusing specifically on the "Subscriber Service Survey 2009"……

How frequently did you buy the magazine before you subscribed to it?		
Pre-sub purchasing frequency	**Incidence**	**Renewal Intent**
Almost every issue (at least 3 out of 4)	60%	84%
Most issues (at least 1 out of 4)	20%	72%
Occasional issues (less than 1 out of 4)	20%	60%
Total	**100%**	**75%**
Renewal intention range		**24**

This appears to be a very important factor which is reflected in the wide (24% points) range in renewal intentions. High-frequency retail buyers morph happily and easily into high-renewing subscribers.

8. Subscription start-up

Just how easy it is at the outset to sign up to a subscription appears to colour the consumer's whole view of the subsequent subscription service. How they pay for the subscription is largely irrelevant – direct debit locks subscribers in because of the payment mechanism, but direct debit subscribers are no more loyal or committed to the magazine than credit card or cheque payers. Predictably, the reason why they subscribed in the first place is massively important, with the result that the particular subscription model used by a magazine has predictable renewal levels already built into it.

This section looks at:

- Ease of start-up.
- Payment method.
- Main reason for subscribing

Ease of start-up

The subscription start-up	
Agreement statement	**% Agreeing**
Starting up the subscription was a simple and user-friendly process	**90**

- Generally, signing up to a subscription is seen to be a clean and simple process.

- It is certainly seen to be more user-friendly than the renewal process, where only 75% agree with a similar statement about renewing being "simple and user-friendly" (see page 38).

- Those who "strongly agree" with the statement have renewal intentions of 84% while those who "strongly disagree" have renewal intentions of only 48%. This significant 36% point difference suggests that the initial experience of signing-up leaves a lasting impression about the overall "subscription experience."

Payment method

The table below shows the profile of payment method across the whole sample of titles in the survey over the last two years. The figures vary massively from title to title depending on the profile of the consumer and the strategy of the individual title, but there have been no dramatic shifts overall from year to year, although direct debit penetration continues to edge upwards.

By which method did you pay to subscribe to the magazine?		
Payment Method	**SSS 2008**	**SSS 2009**
Direct debit	58%	59%
Credit / debit card	30%	29%
Gift sub	5%	7%
Cheque	6%	4%
Invoice	1%	1%
TOTAL	**100%**	**100%**

- **DIRECT DEBIT (59%).** The range in dependence on direct debit as a payment method varies massively from title to title, from a low of only 5% up to 88%, but all the publishers participating in the "Subscriber Service Survey" are using DD. There has been a slight increase in DD penetration year-on-year with the general impression being that DD penetration still continues to grow, but that its growth is slowing down.

- **CREDIT / DEBIT CARD (29%)**. The range in dependence by title here is from 8% to 85% with a slight drop in the year-on-year figures.

- **CHEQUE (4%).** The range is from zero to 29% with a year-on-year drop of 2% points.

- **GIFT SUBSCRIPTIONS (7%).** The range is from zero to 56% with a year-on-year rise of 2% points.

- **INVOICE.** This features on only a handful of magazines.

Focusing specifically on the "Subscriber Service Survey 2009" and renewal intentions......

By which method did you pay to subscribe to the magazine?		
Payment Method	**Incidence**	**Renewal Intent**
Direct debit	59%	77%
Cheque	4%	75%
Credit / debit card	29%	74%
Invoice	1%	73%
Gift sub	7%	62%
TOTAL	**100%**	**75%**
Renewal intention range		**4 / 13**

- Looking specifically at **self-payment methods**, there is only a 4% point range in renewal intention between the various self-pay payment methods from DD (77%) down to invoice (73%). DD locks subscribers in more tightly from a practical point of view, but the underlying renewal intention is only slightly higher than credit card payers (74%). The implication is that DD payers are no more loyal or committed to the magazine than other types of payer.

- There is a significant 13% point difference in renewal intention between **self-payers** (average 75% renewal intention) and **gift sub recipients** (62%).

Main reason for subscribing

What was your main reason for subscribing to the magazine		
Reason	**SSS 2008**	**SSS 2009**
Reduced price	25%	28%
Convenience	24%	25%
Guaranteed copies	15%	14%
Regular supply of information	16%	12%
Free gift with subscription	6%	6%
I was given it as a gift subscription	5%	6%
Received earlier than via newsagent	3%	3%
Habit	2%	1%
Other	4%	5%
TOTAL	**100%**	**100%**

Behind the various reasons given for subscribing are two core models:

- **SERVICE** (convenience + guaranteed copies + regular supply + earlier than newsagent) which accounts for 54% of subscribers, but which is down by 4% points year-on-year.

- **VALUE** (reduced price + free gifts) which accounts for 34% of subscribers and is up by 3% points year-on-year.

This shift from service to value underlines the fact that price discounting continues to grow in importance.

Focusing specifically on the "Subscriber Service Survey 2009" and renewal intentions......

What was your main reason for subscribing to the magazine		
Reason	**Incidence**	**Renewal Intent**
Reduced price	29%	68%
Convenience	25%	82%
Guaranteed copies	13%	88%
Regular supply of information	13%	81%
I was given it as a gift subscription	6%	65%
Free gift with subscription	6%	57%
Received earlier than via newsagent	2%	85%
Habit	1%	69%
Other	5%	67%
TOTAL	**100%**	**75%**
Renewal intention range		**31**

- Predictably, the most committed subscribers are service-driven and the least committed are price and value-driven, with gift recipients also having the lowest renewal intentions.

- The major 31% point range in renewal intentions underlines the obvious fact that the reason **why** people subscribe in the first place shapes their whole view of the subscription and also their likelihood of renewing. Each subscription model has its own inherent renewal rates built into it.

9. The subscription service

The <u>overall service quality</u> has by far the biggest impact on renewal intentions of any factor in the whole survey. How well <u>specific problems are resolved</u> also has a major effect. Another important area is the speed of the <u>first issue delivery</u> – an area which seems to be growing in importance. The <u>length of time subscribing</u> is another key factor with the first six months being a particularly sensitive period when consumers' views of the subscription service appear to be shaped. More fundamentally, most subscribers do not feel that they are receiving <u>special treatment</u> as a result of subscribing and the strength of that feeling appears to have a real impact on renewal intentions.

<u>Free gifts and supplements</u> have become standard offerings in both the upfront acquisition of new subscriptions and in the ongoing subscription service. Both appear to be broadly appreciated, but the perceived quality of the gifts varies markedly. Also, subscribers seem much more aware of the start-up gift offered as part of the initial "deal" than any added-value elements that are offered deeper into the subscription.

<u>Online self-service</u> is clearly appreciated by consumers, but publishers need to devote more focus to promoting the service to subscribers, both in terms of simply making their customers aware of the service, but also in stimulating extra usage of it.

This section looks at:

- The overall subscription experience
- First issue delivery
- Length of time subscribing
- General problem handling
- Physical delivery problems
- Subscription service problems
- Initial subscription gift problems
- Ongoing cover gift / supplement problems
- Online self-service

The overall subscription experience

Industry research consistently shows that the majority of subscribers are multi-channel consumers who buy their magazines from retail as well as via subscription, so they are often moving backwards and forwards between channels.

The "Subscriber Service Survey" shows that a very high 84% of respondents **prefer buying** their chosen magazine via subscription, as the agreement statement below shows, so they are real subscription enthusiasts.

General Subscription Context	% Agree
I prefer subscribing to buying the magazine from a shop	**84**

This general enthusiasm for the principle of subscribing is reflected in a significant range in renewal intentions. Those who "strongly agree" with the statement have an 87% renewal intention as opposed to a 72% renewal intention among those who "strongly disagree". This 15% point range is significant, but is not a dominant factor in the overall subscription relationship.

A number of other agreement statements were used about the ongoing subscription relationship:

The Ongoing Subscription Relationship	% Agree
I have been impressed by the high quality service from the magazine	**75**
Subscribing to the magazine makes me feel that I get special treatment	**33**
I would welcome more contact from the magazine about other products & services	**20**

- A strong 75% are impressed by the **high quality subscription service**. Those who "strongly agree" have a renewal intention of 89% as opposed to a very low 26% for those who "strongly disagree". This 63% point range is the largest in the survey and underlines the central importance of the overall subscription service experience in shaping renewal intentions.

- Only 33% feel that they get **special treatment** as a result of subscribing and yet this is another sensitive area with a 41% point range in renewal intention. Delivering this sense of special treatment is at the core of the whole subscription experience and is clearly something that most publishers are failing to achieve.

- Only 20% would welcome more contact regarding **other products and services** – not a surprising figure. With a 17% point range in renewal intention, this is an area of sensitivity, but not dramatically so.

Subscribers were also asked about the **level of communication** from the magazine during the subscription.

Level of Communication	During Sub	At Renewal
Too much	2%	5%
About right	91%	84%
Not enough	7%	11%
TOTAL	**100%**	**100%**

- A high 91% say that the level of communication **during** the subscription is "about right". Those who are happy have a 78% renewal intention. Renewal intentions fall away among the two dissatisfied groups: too much communication (61%) and too little communication (63%). The high/low range in renewal intention is a significant, but not dramatic at 17% points.

- In the **renewal** section, respondents were asked about the "number of reminders I receive regarding the renewal of my subscription." Here the satisfaction levels slip slightly, but are still at a strong 84% who say that it is "about right". Those who are happy have a high 82% renewal intention with a similar 17% point high/low range to communication during the subscription (see page 36 for more detail on the renewal process).

First issue delivery

The subscription start-up	
Agreement statement	**% Agreeing**
The amount of time I had to wait for the first magazine to arrive was acceptable	**79**

There appears to be a broad acceptance of the current delivery times for the first issue of the subscription with 79% agreeing that it is acceptable. This is confirmed by the questions relating to specific delivery problems (see page 30) where only 3% record late delivery of the first issue as an issue – a drop from 6% in the previous year

Yet for those who do feel that the wait is too long, it is a significant issue with renewal intentions dropping to 63% among those who feel strongly that this is a service deficiency, producing a 22% point range in renewal intentions. Among those who have actually complained about the slowness of the first issue delivery (see page 30), renewal intentions fall even lower to 53%.

The general sense is that consumers are used to slow first issue delivery for magazine product, but that it is a situation that most subscribers are resigned to rather than welcoming and that this whole area could become more significant in the future.

Length of time subscribing

The average length of time subscribing has remained relatively stable year on year.

How long have you subscribed to the magazine?		
Length of time subscribing	**2008**	**2009**
Less than 6 mths	21	18
6 mths - 1 yr	22	24
1-2 years	21	22
2-4 yrs	18	19
More than 4 yrs	19	18
Total	**100**	**100**
Average	**23 mths**	**23 mths**

The average of 23 months conceals massive variations from title to title. Length of time subscribing is also very sensitive to renewal intentions as the table below demonstrates.....

How long have you subscribed to the magazine?		
Length of time subscribing	**Incidence**	**Renewal Intent**
Less than 6 mths	18	59
6 mths - 1 yr	24	67
1-2 years	22	79
2-4 yrs	19	84
More than 4 yrs	18	88
Total	**100**	**75**
Renewal intention range		**29**

It is an old subscription truism that the longer someone has subscribed the more likely they are to renew, but the table quantifies that progression and underlines just how sensitive the first few months of the subscription actually are and how important it is to build the subscription relationship early in the lifetime.

General problem handling

Respondents were asked a general question about whether they had experienced "any kind of problem" with their subscription over the previous 12 months. The incidence of problems affects 12% of the subscriber base. Those subscribers who have experienced a problem are less likely to renew by a 13% point margin. So, the impact of getting the service right first time is very clear and measurable.

Had any kind of problem over last 12 months?		
Problem	**Incidence**	**Renewal Intent**
Yes	12%	64%
No	88%	77%
Total	**100%**	**75%**
Renewal intention range		**13**

Of the 12% who experience a problem, only 63% actually report it or complain about it.

Did you report that problem or make a complaint?		
Complaint	**Incidence**	**Renewal Intent**
Yes	63%	65%
No	37%	61%
Total	**100%**	**64%**
Renewal intention range		**4**

With 12% **experiencing** a problem and of those 63% **reporting** the problem, this results in a net "reported problem" figure of 7.6% of the total subscriber base. This compares to a figure of 9.5% of customers making a complaint as recorded by the Comparisat 2009 survey which tracks the customer service performance of 32 organisations across a wide range of service sectors. So, magazine subscriber complaints are lower than in other industries, but this is for a service that should be much simpler to get right than in many other businesses.

There is only a small 4% point difference in renewal intention between those who do complain and those who do not. Yet the experience of the complainers, in terms of how their issues are handled, can be very varied and does have a strong impact on renewal intentions, as the following page shows....

Among the 63% who do complain about their magazine subscription service, their experience of customer service can be very varied, but 64% are satisfied with how their issue was handled ("very satisfied" + "satisfied"). The treatment they receive produces a massive 57% point range of renewal intention from a low of 27% up to a high of 84% among those who were "very satisfied" with the way their issue was handled, supporting the old adage that your happiest customers are those who experience a problem that you solve for them. The impact of providing sub-standard problem resolution is huge.

How satisfied were you with how your issue was handled?		
Issue Handling	**Incidence**	**Renewal Intent**
Very satisfied	36%	84%
Satisfied	28%	70%
Neither one way or other	12%	53%
Dissatisfied	14%	43%
Very dissatisfied	10%	27%
Total	**100%**	**65%**
Renewal intention range		**57**

Respondents were also asked who they contacted about their complaint.

When you reported the problem, who did you contact?		
Contact Point	**Incidence**	**Renewal Intent**
Magazine direct	27%	70%
Sub service company	46%	65%
Both mag + sub service co.	7%	56%
Not sure who contact was	20%	62%
Total	**100%**	**65%**
Renewal intention range		**14**

- A fifth of subscribers were not sure who they were contacting.
- Over a quarter contacted the magazine direct (or, at least, thought that they were) and renewal intentions are highest among this group.
- Among subscribers who had to contact both the magazine and the subscription service operation, renewal intentions slide to 56%.

Having measured subscribers' initial perceptions of overall problem levels, the survey then digs into much more detail about specific areas, which are outlined on the following pages:

- Delivery (the physical delivery process)
- Subscription service (the non-delivery, service elements of the subscription)
- Subscription gifts (acquisition incentives at the start of the subscription)
- Cover gifts and supplements (product added-value during the course of the subscription)
- Online self-service

When asked about <u>specific</u> service issues, incidence rates tend to rise as respondents are prompted to recall events that might not have been "front of mind" previously.

Physical delivery problems

The first table shows the incidence levels of delivery problems (percentage of subscribers experiencing that particular problem) comparing the 2008 and 2009 surveys.

Delivery Problem	2008	2009	Change
Late magazine delivery	16	11	-5
Did not receive magazine	12	7	-5
Magazine damaged in post	7	5	-2
Long wait for first issue	6	3	-3
Other delivery problem	3	2	-1

- Generally, the incidence levels of physical delivery problems have dropped year on year.

- Late magazine delivery is by far the most common problem area, affecting 11% of the subscriber base, but this is significantly down year on year (Royal Mail experienced localised strike activity in both years, so the timing and geographical spread of respondents will affect these results). In addition, publishers themselves have been focusing more on their own internal production and mailing schedules to give subscription copies priority treatment.

The next table zooms in on the 2009 survey details.....

2009 Delivery Problems			
Problem	Incidence %	Complain %	Renew %
Late magazine delivery	11	23	71
Did not receive magazine	7	66	68
Magazine damaged in post	5	11	73
Long wait for first issue	3	31	53
Other delivery problem	2	46	57

- Complaint reporting levels vary markedly from area to area, from a low of 11% (magazine damaged in the post) up to 66% (non- receipt of magazine), but average out at a very low 35%.

- The renewal intention scores suggest that subscribers are relatively forgiving of late delivery and damage in the post: the implication is that they regard these flaws almost as part of the subscription experience itself which they are prepared to put up with.

- By contrast, slow delivery of the first issue seems to register more with subscribers in terms of renewal intentions which fall to 53%. Subscribers appear to have long memories and their view of the subscription service is shaped by the initial contacts during the “nursery period” of the relationship (see also page 25).

Subscription service problems

The first table shows the incidence levels of service problems (percentage of subscribers experiencing that particular problem) comparing the 2008 and 2009 surveys.

Subscription Service Problem	2008	2009	Change
Expiry date not supplied	5.2	2.4	-2.8
Renewal letters too early	4.7	2.3	-2.4
Late acknowledgement of order	2.4	1.1	-1.4
COA not implemented quickly	1.3	0.7	-0.6
Name & address incorrect	1.3	0.6	-0.7
Direct debit taken incorrectly	0.7	0.4	-0.4
Repeat invoicing	0.7	0.3	-0.4
Credit card debited incorrectly	0.3	0.1	-0.2
Other	1.9	1.7	-0.2

- The incidence levels of service issues are significantly lower than for delivery problems.
- The major problems (payments being taken incorrectly via direct debit or credit card) have very low incidence levels
- As with delivery problems, the incidence of problems has dropped year on year.
- The two most common areas relate to the renewal process – a sensitive area as the section starting on page 36 shows.

The next table zooms in on the 2009 survey details.....

2009 Subscriber Service Problems			
Problem	Incidence %	Complain %	Renew %
Expiry date not supplied	2.4	9	62
Renewal letters too early	2.3	9	73
Late acknowledgement of order	1.1	36	52
COA not implemented quickly	0.7	51	68
Name & address incorrect	0.6	50	68
Direct debit taken incorrectly	0.4	56	54
Repeat invoicing	0.3	42	62
Credit card debited incorrectly	0.1	64	53
Other	1.7	43	54

- The overall average for complaint reporting on **service** problems is 40% compared to 35% on **delivery** problems.
- Again, complaint reporting levels vary markedly from area to area. The low of 9% is for the **expiry date** not being supplied on renewal correspondence and for **renewal letters** arriving

too early. The highest complaint reporting levels are predictably for **payment** problems, (although it must be said that these are still very low for such serious issues) and these problem areas do, predictably, generate significantly lower renewal intentions.

- Behind the figures are subscribers' perceptions as to what is a "problem" and what is an "irritant." For example, not supplying the expiry date in renewal correspondence does not make many subscribers complain, but the renewal intentions are noticeably lower (62%) among this group showing that it is something that many consumers find irritating.

- The lowest renewal intention figure (52%) is found among those who experienced a late acknowledgement of their order. Link this to the sensitivity of slow first issue delivery in the previous section, and this all underlines how the early days of the subscription shape consumers' perceptions of the whole ongoing subscription experience.

- Generally speaking, if the consumer is relatively forgiving of delivery problems, they are much less tolerant of areas which they see as the clear responsibility of the publisher or the bureau – e.g. credit card being debited incorrectly, address details recorded wrongly, etc.

Initial subscription gift problems

37% of respondents report having been offered a free gift at the start of their subscription.

The overall view of the gift is that 80% feel that it was "excellent" or "good". Yet a significant 20% feel that it was "average" or "poor", underlining the very variable perceived quality of gift incentives and how careful publishers must be that they do not undermine the brand values of their publications.

The first table shows the incidence levels of subscription gift problems (percentage of subscribers experiencing that particular problem) comparing the 2008 and 2009 surveys.

Subscription Gift Problem	2008	2009	Change
Non-receipt of gift	2.4	2.0	-0.4
Late delivery of gift	1.8	1.9	0.1
Gift not in stock	1.4	1.3	-0.1
Damaged gift	0.3	0.4	0.1
Other	0.6	0.6	0.0

- Even the most common problems are relatively low incidence (around 2%) and relate to non-receipt (down year on year) or late delivery (up year on year).

The next table zooms in on the 2009 survey details.....

Subscription Gift Problem	Incidence %	Complain %	Renew %
Non-receipt of gift	2.4	51	56
Late delivery of gift	1.8	49	61
Gift not in stock	1.4	51	58
Damaged gift	0.3	23	58
Other	0.6	30	56

- Complaint reporting levels average 41%, much higher than the 14% for ongoing added-value gifts (see next page). The implication is that subscribers are much more aware of the initial deal they have made when taking out the subscription than they are about the ongoing service. Interestingly, more subscribers will complain about a damaged gift (23%) than a damaged magazine (11% - see page 30).

- 56% were satisfied with how their issue was handled – a solid, but not particularly strong score.

- Renewal intentions are low across all problem areas, averaging only 58%. This is more likely to be due to the fact that gift-driven subscribers generally have lower renewal intentions (see page 21) rather than that the gift problems themselves actually depress renewal intentions per se.

Ongoing cover gift / supplement problems

The first table shows the incidence levels of subscribers claiming to have a problem with product added-value items (cover gifts or supplements) during the course of their ongoing subscription, comparing the 2008 and 2009 surveys.

Cover Gift / Supplement Problems	2008	2009	Change
Missing cover gift	3.9	3.7	-0.2
Missing supplement	2.2	1.4	-0.8
Damaged cover gift	2.6	1.2	-1.4
Damaged supplement	1.5	0.6	-0.9
Other	0.7	0.9	0.2

- Incidence levels are slightly higher than for gifts at the start of the subscription (see previous section).
- Predictably, cover gifts cause more problems than supplements.
- Incidence levels have edged down year on year.

The next table zooms in on the 2009 survey details.....

Cover Gift / Supplement Problems	Incidence %	Complain %	Renew %
Missing cover gift	3.7	14	65
Missing supplement	1.4	17	68
Damaged cover gift	1.2	12	67
Damaged supplement	0.6	10	67
Other	0.9	15	50

- Complaint reporting levels average only 14%, much lower than the 41% for gifts at the start of the subscription. Subscribers seem more relaxed deeper into the subscription and ongoing added-value does not appear to be as obvious or high profile as the introductory offers around the “subscription deal”.
- Only 43% were satisfied with how their issue was handled: lower than the 56% satisfaction level for gifts at the start of the subscription.
- Renewal intentions are below average across all problem areas, but are not markedly different between the main areas.

Online self-service

Only 56% of all subscribers are aware that there is a website subscription service for managing their subscription, edging up by 0.8% year on year. 22% of all subscribers (or 39% of those who are aware of the service) have actually used it.

Users of the service have slightly higher renewal intentions (82%) than non-users (73%): a range of 9% points.

Users of the service report high satisfaction levels, with the incidence of problems being very low:

- Problem with renewal of subscription (5% of self-service users)
- Problem with change of address (2%)
- Problem with checking subscription details (2%)
- Problem with checking payment (1%)

The table below shows what the self-service area is used for, with an average of 1.4 different tasks per user.

Website Used For.....	2009
Renew sub	40%
Check number of issues left	32%
Change of address	30%
Check last/next payment	17%
Check last issue sent	15%
Other	9%

As the section on the renewal process shows (see page 36), 59% of all subscribers claim that they would like to be able to manage their subscription online.

Two of the most popular self-service tasks relate to the renewal process.

The online self-service offer is clearly appreciated by consumers, but publishers need to devote more focus to promoting the service to subscribers, both in terms of simply making their customers aware of the service, but also in stimulating extra usage of it.

10. The subscription renewal

Overall, the renewal process is not seen as being as <u>user-friendly</u> as the initial sign-up and could clearly be more streamlined: this would have a material effect on renewal intentions. Being able to <u>renew online</u> seems to be a "nice to have" rather than a "must have". Having an <u>open-ended</u> "till forbid" subscription appeals to many subscribers, but this also polarises opinion strongly between those who like or dislike the idea. In terms of the <u>frequency and timing</u> of renewal reminders, there does not appear to be a major issue. What is clearly much more important is being given the <u>relevant information</u> surrounding the renewal process. While subscribers are aware that publishers tend not to reward loyalty in terms of the <u>renewal prices</u> offered, this seems to be accepted as part of the nature of a magazine subscription. Yet the <u>cost</u> of a subscription is becoming more of an issue and more subscribers are <u>switching title</u> than before; both being signs of a competitive and pressured marketplace.

It is impossible to compare renewal intention trends between the three "Subscriber Service Surveys" as more detailed and different definitions are used in this current survey.

However, the number of subscribers who would "recommend a subscription to this magazine to a friend" has edged up slightly from 91.5% in the 2008 survey to 91.9% in this current 2009 survey.

As the section on Overall Renewal Intentions (see page 9) shows, renewal intentions range massively by title from under 50% ("definitely renew" + "probably renew") to over 90%.

This section looks at:

- Number of renewal reminders
- Ease of renewal
- Renewal pricing
- Renewal reminder timing
- Relevance of renewal information
- Ability to renew online
- Open-ended subscribing

“The number of reminders I receive regarding the renewal of my subscription is.....”

Number of renewal reminders received	
Too many	5%
About right	84%
Not enough	11%
TOTAL	**100%**

- 84% of subscribers feel that the number of renewal reminders is “about right”. While this is slightly lower than the 91% who feel happy with the level of communication **during** the subscription, it is still a strong figure.

- Renewal intentions among the “about right” group are a high 82%, but fall among the “not enough” (66%) and “too much” (65%) groups, meaning that there is a significant 17% point high/low range in renewal intentions.

A series of agreement statements about the renewal process were asked.....

"Thinking about the whole process of renewing your subscription, which of the following statements do you agree / disagree with….."

Renewing	% Agree
Renewing is a simple and user-friendly process	**75**
When I renew, I get a better price and offers than people subscribing for the first time	**25**
The magazine contacts me too far in advance of my subscription expiring	**12**
The relevance of the information in the renewal reminders is sufficient	**64**
I like to be able to manage my subscription online	**59**
I would like my subscription to keep on going until I stopped it rather than having to commit to a specific period upfront	**49**

- 90% agree that **starting up** the subscription was "simple and user-friendly" (see page 17), but this figure drops to 75% when looking at **renewing** the subscription. While the figure is still positive, it does highlight that more work could be undertaken to streamline the whole renewal process. This is also an area that is, predictably, very sensitive to renewal intention. Those who "strongly agree" that renewing is easy have a renewal intention score of 93%; those who "strongly disagree" have a score of only 52%: a high/low range of 41% points.

- Only 25% feel that they get **better prices** than first-time subscribers. The high/low range in renewal intentions is a significant, but not dramatic 18% points. Most subscribers are aware that most publishers do not reward loyalty, but they seem to accept that this is how magazine subscriptions work.

- Only 12% feel that they are getting **overly-early renewal notices** and the high/low range of renewal intentions is only 2% points, showing that this is not a major issue. Of much more significance is the **relevance of the information** in the reminders, with a 31% point range in renewal intentions. As the section on The Subscription Service shows (see page 31), not stating the expiry date on renewals communications can be an irritant.

- Being able to **renew online** appears to be a "nice to have" than a "must have". 59% of subscribers like the idea with a modest 6% point difference in renewal intentions. 56% are aware that this service operates on their magazine, but only 39% of those actually use the service (see page 35).

- Subscribers are much more evenly spread about the idea of an **open-ended subscription** with only 49% being clearly in favour and with 23% not having an opinion one way or another. Yet this polarises positions when looking at renewal intentions with a high/low range of 30% points. For those who like the idea, they really like it; for those who do not like it, they feel equally strongly the other way and seem to prefer knowing where they stand with a traditional term subscription.

“Please indicate the main reason why you have decided not to renew”

The 5% of active subscribers who had already decided that they were not going to renew their subscription were asked the reason why.....

Main Reason for Lapsing			
Reason	**2008**	**2009**	**Change**
Cost	32%	40%	8%
Subscribe to another magazine	10%	13%	3%
No longer interested in subject	12%	8%	-4%
Unhappy with editorial	11%	8%	-3%
Unhappy with service	8%	6%	-2%
Other	27%	25%	-2%
TOTAL	**100%**	**100%**	

The reasons given are similar to those given in previous surveys undertaken by both Royal Mail and PPA/Brandlab.

- **Cost** is by far the most commonly quoted reason for lapsing, but this is often given by consumers as a polite “proxy” for repetitive editorial or simple “subscription fatigue” (the relentless supply of issue after issue).

- Having said this, “cost” rose in importance by a massive 10% points between the 2007 and 2008 surveys and by another 8% points in this survey year-on-year. The UK magazine consumer is clearly becoming more price-aware and price-sensitive.

- **Subscribe to another magazine** has also risen in importance year on year, showing that brand-switching is on the increase and that the magazine market is becoming even more competitive.

11. Service satisfaction by channel

Customer satisfaction with the core subscriber service is high, with little appreciable difference in the consumer's mind between the major fulfilment operators and with general standards edging up year-on-year. Dovetail itself has seen its perceived service standards rise year-on-year in line with the market. As to be expected, there is a drift away from phone and letters to email and online as contact media for subscribers.

Respondents were asked to rate their satisfaction with the subscription service they received by the channel of contact (email, letter, telephone and website). Each response was given a value in order to arrive at an overall score:

- Very satisfied 10
- Quite satisfied 7
- Dissatisfied 4
- Very dissatisfied 1

Dovetail service satisfaction levels

Dovetail 2009 Service Satisfaction Scores by Medium			
Medium	% of Contacts	2009 Score	YoY Change
Email	28	8.49	0.02
Letter	21	8.61	0.08
Phone	19	8.44	0.08
Web	32	8.46	-
TOTAL	100	8.50	0.04

- The online methodology of the survey tends to skew the results towards heavy online users, yet there is a clear shift in consumer communication away from letter & phone and into email and the self-service web area.

- Dovetail's overall 8.50 satisfaction score is strong and very much in line with the other major bureaux and publishers who handle their subscription fulfilment in-house.

- Dovetail's overall satisfaction score has edged up slightly year-on-year (+0.04). The other bureaux and in-house operators have also improved by the same margin.

- Looking at the detailed channel data shows that letters are Dovetail's best and most improved area.

12. The weekly perspective

Subscribers to weekly magazines are obviously very much more focused on the timely delivery of their subscription copy than are monthly magazine subscribers. Their reasons for subscribing tend to be more service-driven than price-driven when comparing them with monthly magazine subscribers.

Over 13% of the survey sample are subscribers to weekly magazines. They are broadly similar to monthly magazine subscribers in most respects apart from the following factors…..

INCIDENCE OF PROBLEMS

Weekly magazine subscribers claim that the incidence of problems is much higher than on monthly magazines with 25% claiming to have experienced a problem over the last 12 months in comparison to the survey average of 12%. However, weekly magazine subscribers are less likely to complain (54% versus the average 63%), but their satisfaction levels with the problem resolution process are very similar.

The weekly magazine subscribers' problems are, predictably, centred on postal delivery:

- 33% have experienced **late delivery** as opposed to 11% for the total sample.
- 18% have experienced **non-receipt** as opposed to 12% for the total sample.

REASONS FOR SUBSCRIBING

For weekly magazine subscribers, **convenience** (30%) is the prime reason and is more important than for the total sample (25%). A **reduced price** is the second most significant reason (26%) and is less important than for the total sample (28%). Generally, weekly magazine subscribers are more service than value-driven.

REASONS FOR LAPSING

The proportion of weekly magazine subscribers who intend to renew (81%) is higher than the total sample (75%). The reasons for lapsing are subtly different. **Cost** is the prime reason (41%) as it is for the total sample (40%), but weekly subscribers are more likely to lapse because they are **unhappy with the service** (13%) than the total sample (6%) and are less likely to brand-switch to another title.

PAYMENT METHOD

Weekly magazine subscribers are more likely to be **direct debit** payers (68%) than the total sample (59%) reflecting the "lock-in", price-driven marketing techniques of many weeklies.

13. Modelling subscription service levels

To create the <u>perfect subscription service</u> with zero problems would increase renewal intentions appreciably, but not by a massive amount. Having a <u>perfect problem resolution process</u> would be more realistic and less costly, but would have almost as much impact on renewal intentions. To get subscribers to <u>report all their problems</u> would leverage additional benefits in terms of renewals. Customer service is a constant trade-off between cost and benefit.

The ability to cross-reference renewal intention against the full range of service issues shows where the key pressure points are in the customer journey. They also allow some basic scaling of the impact of improving customer service in certain areas.

So, for example, looking at the area of general problem handling detailed on page 27, currently....

- 12% of subscribers claim that they have had some kind of problem with their subscription over the previous 12 months.
- Of those who had a problem, 63% reported it.
- The way in which the issue was handled varied markedly.

Looking at the effect of altering those variables.....

To create the **<u>perfect subscription service</u>** first-time, all the time (i.e. removing the 12% of subscribers who have experienced a problem) would boost renewal intentions from their base 75.1% to 76.6%: an increase of **1.5% points**.

To keep the incidence of problems at their current 12% and reporting levels at their current 63%, but to create **<u>perfect problem resolution</u>** would boost renewal intentions by **1.4% points** to 76.5%, almost as much as creating the perfect first-time service.

To take the previous scenario and to get all those who experienced a problem to **<u>report</u>** it would have a material effect, boosting renewal intentions by **2.4% points** to 77.5%.