3 The market for advertising specialist goods and services used by campers, climbers and walkers

Specialist magazines intended for campers, climbers and walkers

3.1. The possible monopoly situation defined in the reference relates to 'the supply in the United Kingdom of the services of accepting advertisements for publication in specialist magazines intended for campers, climbers and walkers'. We regard specialist magazines intended for campers, climbers and walkers as magazines primarily intended for either campers or climbers or walkers or for anyone taking part in any combination of those activities. Thus, we excluded from our definition of the specialist magazines any which are primarily intended for a different readership (for example scouts or caravanners) but are read by campers, climbers and walkers to some degree.

3.2. In order to reach a decision on these grounds on the magazines to be included in our definition we studied the nature of the editorial and advertising material in the specialist magazines which could be regarded as having some interest for campers, climbers or walkers. The magazines we found to fall within our definition are shown in Table 3.1, with their publishers and frequency of publication.

TABLE 3.1 **Specialist magazines intended for campers, climbers and walkers**

	Publication	*Publisher*	*Frequency of publication*
1.	*The Great Outdoors*	Holmes McDougall Ltd	monthly
2.	*Climber*	Holmes McDougall Ltd	monthly
3.	*High*	High Magazine Ltd	monthly
4.	*Rambler*	Rambler Magazine Ltd	bi-monthly
5.	*Footloose*	Footloose Ltd	monthly
6.	*Mountain*	Mountain Magazine Ltd	bi-monthly
7.	*Camping & Walking*	Link House Magazines Ltd	monthly
8.	*Camper*	Haymarket Publishing Ltd	monthly
9.	*Country Walking*	EMAP Pursuit Publishing Ltd	bi-monthly
10.	*The YHA Magazine*	Youth Hostels Association (England and Wales)	quarterly

Source: MMC study.

3.3. The OFT identified five specialist magazines intended for campers, climbers and walkers (OFT report, paragraphs 3.12 and 3.13). We have identified a greater number. We have included *Country Walking*, a new publication, and *Camping & Walking*, which was previously entitled *Camping and Trailer* and was more intended for the motorised camper. We have also included *The YHA Magazine* and *Rambler*. We do not think it is material that they are distributed free to members of the YHA or the Ramblers' Association, and are not on public sale. We were told of one new specialist climbing magazine called *On The Edge*, but this magazine has relatively insignificant circulation and advertisement revenues.

Ownership

3.4. Of the publishers of the specialist magazines, Holmes McDougall Ltd, Link House Magazines Ltd, Haymarket Publishing Ltd and EMAP Pursuit Publishing Ltd also produce specialist magazines in other fields. Mountain Magazine Ltd and Footloose Ltd each publishes only the one specialist magazine.

The YHA Magazine is published by the YHA, which is an unincorporated charity. High Magazine Ltd and Rambler Magazine Ltd, the publishers of *High* and *Rambler*, are subsidiaries of David Green Printers Ltd. David Green Publications is an operating division of David Green Printers and is responsible for running the two magazines.

Characteristics of the specialist magazines

3.5. Different specialist magazines are intended for readers with distinguishable interests in the whole field of camping, climbing and walking. The magazines can be split into three segments. One segment is for climbers; these range from mountain walkers who are also occasional climbers to the top echelon climbers, and from expedition mountaineers to rock climbing specialists. *Mountain* covers climbing throughout the world (and is mostly distributed outside the United Kingdom), while *Climber* and *High* are less specialist and less international, and are in more direct competition. *High* took over from *Climber* as the official magazine of the British Mountaineering Council in May 1985. The readership of the next segment stretches from strenuous mountain walkers and 'wild' campers to the more leisurely hikers and campers and nature lovers and to young people interested in travel. They are the main market for *The Great Outdoors, Footloose, Rambler* and *The YHA Magazine*. The new publication *Country Walking* is also intended mainly for these readers. The final segment is largely aimed at family camping. Such readers may not do much walking and may tend to camp in more comfort and in commercial sites with facilities provided. The two magazines aimed at this part of the market are *Camping & Walking* and *Camper*. The segments can only be broadly defined, and there is overlap between them. Magazines have shifted their emphasis; for example, *Camping & Walking* used to be called *Camping & Trailer*, and the change of name indicates a shift towards interests in camping and in walking and away from an emphasis on motorised camping.

3.6. There is some movement in and out of the market. The first issue of *Country Walking* appeared in early 1987. A specialist climbing magazine called *Crags* was published for a few years in the late 1970s and early 1980s. A climbing magazine called *On The Edge* has recently started publication.

Prices

3.7. The magazines on public sale range in price from £1·00 to £1·20 per issue.

Distribution

3.8. There are three channels of distribution for the ten specialist magazines: newsagents, specialist retail shops (ie those selling goods used by campers, climbers and walkers) and by subscription. *Rambler* and *The YHA Magazine* are distributed solely by subscription. For the remaining eight the proportions of the magazines distributed through the different channels in 1986 were as follows:

TABLE 3.2 **Distribution in 1986**

	per cent
Newsagents	79
Specialist retail shops	11
Subscription	10
	100

Source: MMC survey.

Incomplete information for previous years makes it impossible to show the trends in distribution. We found that retail shops tended to be less important as distributors for the magazines not intended for serious mountaineers and climbers, and some of the magazines at the gentler and more general end of the market distribute negligible quantities through this channel. The magazines' distribution through specialist shops, as a percentage of total circulation, was as follows in 1986:

TABLE 3.3 **Distribution through specialist United Kingdom shops in 1986**

	per cent
The Great Outdoors	8
Climber	14
High	28
*Mountain**	28
Footloose	8
Camping & Walking	negligible
Camper	negligible

Source: MMC survey.

*Sales through United Kingdom shops amounted to 81 per cent of United Kingdom sales.

Circulation

3.9. Total circulation per issue, based on 1986 figures and an estimate for *Country Walking*, is about 458,000 copies. We calculated an annualised figure to adjust for the different frequencies of publication. This figure is about 2,783,000, but does not take into account possible duplication of readership. The circulation of most magazines has been growing at between 2 and 5 per cent per annum. Because of deficiencies in the data it has not been possible to compare current total circulation with circulation before the introduction of the reference policy.

Choice of measure for the market for specialist magazines

3.10. There are advantages in using advertising revenue rather than circulation as a measure of the market for the magazines. Advertising revenue takes account of circulation figures, and also of other factors such as the quality and therefore the perceived efficacity of the advertising, the nature of the readership and the likely ratio between copies circulated and number of readers. Thus, for example, the advertising rates of *Rambler* and *The YHA Magazine* no doubt reflect the fact that unlike magazines which must be bought they are circulated free to members of the associations. *Country Walking* had only published two copies, both in 1987. An estimate of annual advertising revenue was made for this magazine based on the figures from the first two issues.

Advertising

3.11. Information supplied by the publishers and during our survey of manufacturers and retailers enabled us to reach a measure of the market for advertising in the specialist magazines. We asked publishers to say whether any of their advertising was aimed at readers other than campers, climbers and walkers. No publisher thought that any significant amount was concerned.

3.12. Total advertising revenue of nine of the ten specialist magazines in 1986 was about £1·3 million. The total does not include revenue for *Country Walking* as it was first published in 1987 (although an estimate for the magazine is included in the market share calculation in Chapter 4). Four of the nine magazines earned advertising revenue of over £150,000, and the other five earned less than this. Advertising in *Climber*, *High* and *Mountain*, the three specialist climbing magazines, was worth about £425,000. The two membership magazines had lower advertising revenues than most of the other general interest magazines.

3.13. The total value of advertising revenue in the magazines has grown in real terms over the last few years. This is partly owing to an increased use of higher quality and more expensive formats. There has been growth in some but not all specialist magazines which operate the reference policy. This is also true of those magazines which do not operate the reference policy.

Advertising rates

3.14. On average advertising rates have increased faster than general inflation over the last five years, although, like inflation, the average annual rate of increase in rates has declined.

Importance of advertising revenue for magazines

3.15. Advertising typically provides about 65 per cent of total revenue for the specialist magazines. For the two membership magazines, distributed free, advertising is the only revenue generated directly by the magazines.

Advertisements for services

3.16. Some publishers could not give separate figures for advertisements for services, but we estimate that it forms well under 10 per cent by value of the total market for reference services. None of the magazines has effective restrictions on including prices in advertisements for services.

Advertising by type of advertiser

3.17. Most advertising for goods is placed by manufacturers. In 1986, of revenue from advertising for goods placed by firms (£1,053,000), 69 per cent was placed by manufacturers. Retailers (including some with mail order business) placed 18 per cent, and 13 per cent came from companies dealing predominantly through mail order (referred to henceforth as specialist mail order companies). The importance of manufacturers as advertisers was confirmed by the publishers of the magazines who gave us the names of their top five advertisers in recent years. Manufacturers appeared most often as the major advertisers. This was confirmed by our survey of manufacturers and retailers. The annual amounts spent by manufacturers in the specialist magazines were, on average, considerably higher than amounts spent by retailers.

Proportion of advertisements in specialist magazines containing prices

3.18. In 1986 8 per cent of all advertisements for goods in the magazines contained prices. Only 3 per cent of advertisements by manufacturers contained prices. For retailers (including firms with some mail order business) the figure was 24 per cent, and for specialist mail order companies it was 10 per cent. The manufacturers' advertisements tend to emphasise the quality, performance and image of their products, so it was perhaps predictable that a low proportion of these advertisements contained prices. Because of the resale prices legislation, any resale prices shown may only be recommended prices.

3.19. We show the manner in which the reference policy is operated by the publishers who have confirmed that they follow it in paragraphs 4.2 to 4.4. The manner in which the policy is operated would explain why no more than 5 per cent of retailers and specialist mail order companies include prices in the magazines run by publishers following the reference policy. A much higher proportion (about 32 per cent) of retailers' advertisements contained prices in those magazines which allowed them. We discuss below (paragraphs 3.23 to 3.26) the evidence of changes on the proportion of advertisements containing prices after the introduction of the reference policy.

The total market for advertisements for goods and services used by campers, climbers and walkers

3.20. Manufacturers and retailers of goods and services use advertisement media other than the specialist magazines. Our survey of manufacturers and retailers showed that manufacturers and retailers, particularly the retailers, use the other media quite extensively. Some of the publications used are specialist magazines for readers with interests but not primary interests in camping, climbing and walking, for example *Scouting* or *Camping & Caravanning*. Other magazines used have readers with a number of interests which make them potential buyers of the advertisers' goods and services. These magazines include *Soldier, The Geographical Magazine* and magazines about country life or for birdwatchers, touring cyclists, skiers and participants in various other outdoor sports. Finally the national and local press may include advertisements of interest to campers, climbers and walkers. Some advertisers also use local radio and mail shots or advertise through their own catalogues. Evidence from our survey on the relative amounts spent on these types of advertising is discussed below.

Expenditure on advertising other than in the specialist magazines

3.21. Our survey showed that retailers and specialist mail order companies spent about 18 per cent of total advertising expenditure in the specialist magazines, 17 per cent in other magazines and 64 per cent in media other than publications. However, most of the expenditure in this last category was on catalogues and direct mailing shots. For manufacturers 51 per cent of total advertising expenditure was in the specialist magazines, 22 per cent in other magazines and 28 per cent in media other than publications.

3.22. We asked the retailers and manufacturers in our sample whether there were adequate substitutes for the specialist magazines as advertising outlets. More (43 per cent) thought that there were no adequate substitutes than those (37 per cent) who thought that there were. (The rest did not know or did not answer the question.) Some firms said that they thought advertising in the local press, sometimes combined with catalogues, was more effective than advertising in the specialist magazines. Others were of the opinion that the specialist magazines, with the high concentration of camping, climbing and walking enthusiasts in their readership, were easily the most effective place for advertisements.

Effect of the reference policy on advertising

3.23. The data available from the period before the introduction of the reference policy do not suffice to enable us to examine changes in advertising practices in aggregate. In particular we lack data from that period on advertising in non-specialist publications. In any case, changes in advertising could have been brought about by factors other than the reference policy. However, we do know that some firms stopped advertising in those magazines which started to follow the reference policy, while other firms changed their advertising in a different way by continuing to advertise in the magazines following the reference policy but compensating for the lack of price information in the advertisements by offering free catalogues on request.

3.24. There are some indications of the effects of the reference policy on magazines' advertising revenues, but the evidence is not clear-cut. Some of the magazines which introduced the reference policy in mid-1983 or early 1984 reported a fall in advertising revenue from retailers in 1984 and 1985. In some of these magazines the figures for advertising revenue from specialist mail order companies, which one would expect to have been more affected by the reference policy, fell in 1984 but recovered in 1985 and 1986. The information we were given about magazines not following the reference policy is incomplete, but the figures available do not show that they gained significant amounts of advertising in 1984 or 1985.

3.25. Only three magazines gave information on the proportions of advertisements which contained prices before the introduction of the reference policy in 1983. Before the introduction of the policy, it appears that nearly all advertisements in the three magazines placed by specialist mail order firms contained prices. About 30 per cent of all other retailers' advertisements in these magazines contained prices. In 1986 about 43 per cent of advertisements from mail order companies in magazines not operating the reference policy contained prices, and about 22 per cent of other retailers' advertisements in these magazines contained prices. Because of the small number of firms which gave data for the years before 1984, we do not consider that these figures are conclusive. Retailers of all kinds continued to advertise substantially in magazines operating the reference policy, which prevented them from showing prices.

3.26. In summary, the evidence we were given is insufficient to identify any marked effects on total advertising revenue arising from the introduction of the reference policy. Evidence from individual firms is that some moved advertising away from magazines operating the policy, but that many others adapted their advertising strategy to overcome the restriction on prices and continued to advertise in the same magazines.