

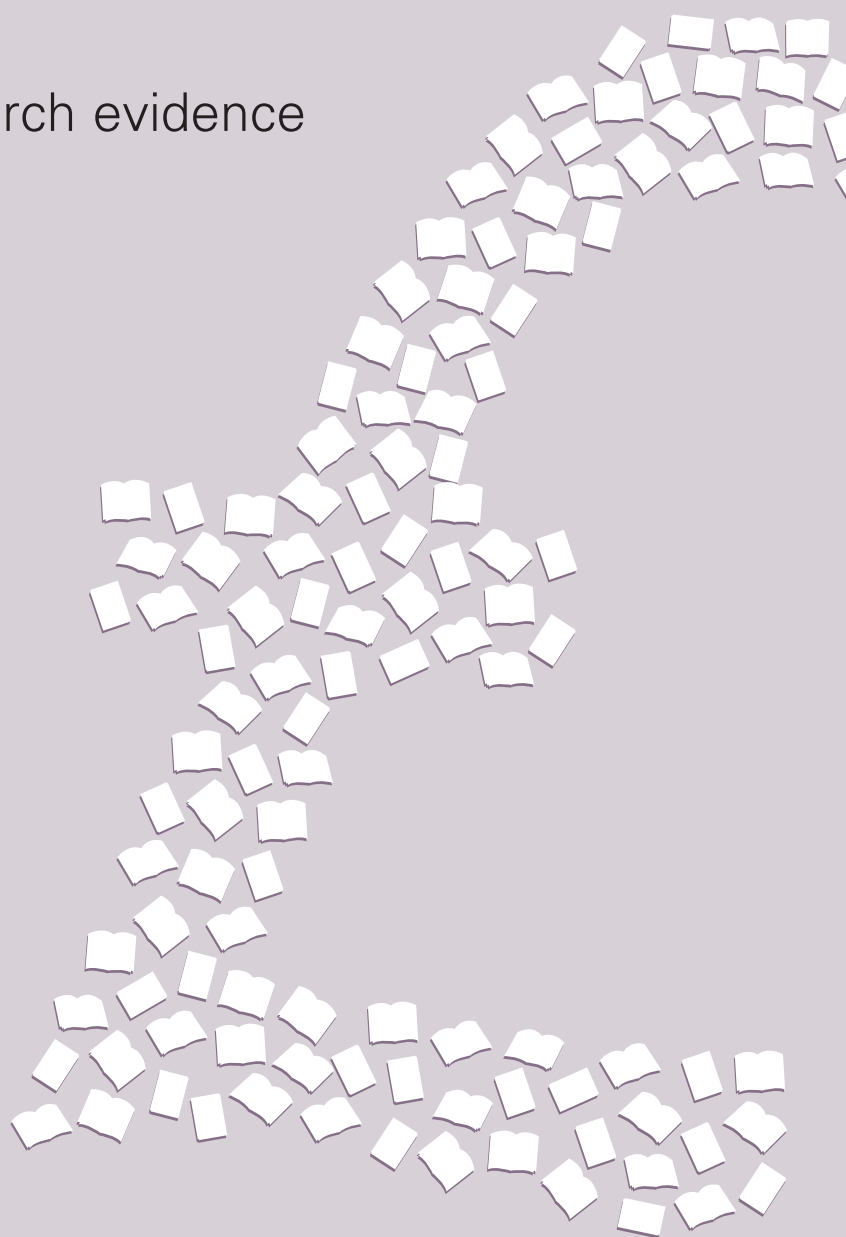
The Vital Investment

Why it pays to advertise in B2B magazines

A review of the research evidence

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1 . Introduction: reviewing the evidence

Magazines are at the centre of the array of business-to-business (B2B) media available for advertisers to communicate with their business customers. They are the vital investment, able to stand on their own or to be the core around which a multi-platform campaign is planned.

A large body of evidence has been built up over the years to describe magazines' contribution with more precision, and to demonstrate the strengths of the medium. But it is not always easy to see the whole picture, to keep up with the latest research, or to prevent earlier research landmarks fading from corporate memory. Accordingly I was asked by PPA to give an overview of B2B research - to set out a cogent account of how business-to-business magazine advertising works, substantiated by the research which supports this picture.

This is a large industry. The B2B information and communications industry turnover was £13.7 billion in 2001 (reference 1). It is a major employer, with more than 175,000 people. It makes a substantial contribution to exports, generating about £4.5 billion revenue from overseas, and a number of UK-based companies are major global players. The industry is evolving rapidly, particularly because of technological developments. It is estimated that in 2001 electronic delivery contributed about a quarter of the industry's revenue. Many companies which were originally built on one delivery platform (such as magazines) are embracing additional platforms - such as websites, emailed newsletters, electronic list-based products, and more traditional media such as exhibitions and conferences. This has emphasised the importance of brand strength in developing new revenue streams.

There are about 10,000 business magazines and journals, according to Business Information Forum (1), and they generate estimated annual revenues of more than £3.3 billion, of which about £2 billion is advertising revenue. The BRAD directory uses narrower definitions but still lists more than 5,300 business magazines which accept advertising. The Advertising Association (2) estimates B2B magazines' advertising revenues as about £1.2 billion, which accounts for just over 10% of total advertising expenditure in the UK.

In this report the terms 'B2B magazines' and 'business publications' are used interchangeably. The report and a slide presentation summary of it are downloadable from www.b2bmedia.co.uk

I have contacted many publishers and others in the course of collecting research evidence, but I would be very pleased to hear from anyone who has some additional useful research results to contribute – quantitative or qualitative.

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2 . Executive summary: 20 vital points

- 1 . B2B magazines earn their position as the vital core marketing investment for companies promoting their products or services to businesses. Other media can often perform a fruitful role within the media mix, and the internet in particular is rapidly establishing itself as a valuable complement, but it is the printed page of the business press which is outstanding in its capacity to serve as the foundation of a B2B campaign. This report aims to demonstrate why.
- 2 . Most significant purchasing decisions involve decision makers in more than one job function. The more complex decisions usually involve a substantial team and a series of stages. Marketing campaigns need to reach all these types of decision maker. (Chapter 3)
- 3 . The information that decision makers need varies from one job function to another. Each person has both broad industry-wide and narrow job-specific information requirements. B2B magazines have shown that they can meet all these needs. The business press serving any sector contains something important for every reader, whatever his or her role, discipline or seniority. (Chapter 4)
- 4 . A central function of business magazines is to enable readers to keep in touch with their own industry or profession in a general overall way. Readers use the magazines to find out what's going on, and often say they couldn't work properly without business magazines. (Chapter 4)
- 5 . The other core function of business magazines is to keep readers informed about highly specific job-related topics of particular interest to the individual reader. The kinds of topic mentioned in research include technical information, new products, information about prices, company news, sales leads, people in the industry, legal updates, the state of the job market, and so on. Few readers are equally interested in every one of these, but almost every reader has one or more kinds of must-have specific information which the business magazines provide. While much of this must-have information is supplied by the editorial content of the magazines, some of it comes from the advertising. (Chapter 4)
- 6 . Almost everyone reads at least one business magazine regularly. B2B magazines reach all the different levels of decision makers within the purchasing chain. This is achieved through both industry-based 'vertical' titles and/or discipline-based 'horizontal' titles. Moreover the magazines' readership is tightly targeted, concentrating only on the defined industry or profession each title serves. This makes each magazine a well focused and relevant editorial product which readers value, and which therefore attracts a high quality of readership. (Chapter 5)
- 7 . The magazines tend to be read in a reflective relaxed frame of mind - either during time taken out from the stresses of the working day, or at home or while travelling. The reading occasions are typically moments of enjoyment. This is an excellent context in which to absorb advertising messages. (Chapter 5)

- 8 . The fact that magazines are printed on paper brings many advantages which readers value. Users appreciate being able to dip in and out, at moments of their own choosing, to scan each page in their own way, and to carry the publications about. They find their magazines comfortable to use, flexible, and responsive to the reader's needs. Readers feel in control – and like it. (Chapter 5)
- 9 . B2B magazines are well read. Many readers loyally read every issue. Even within a busy week, a considerable time is spent reading the magazines. Some readers have a particular feature to which they are always keen to turn first when a new issue arrives. (Chapter 5)
- 10 . B2B magazines are regularly shown to be readers' No. 1 information source when comparisons are made with other media. In rankings featuring B2B magazines, national newspapers, the internet, direct mail, conferences, exhibitions, television and various other media, B2B magazines consistently emerge in first place, usually by a wide margin. This applies whether the criterion is regular usage, thorough coverage of your sector, news of product launches or new suppliers, jobs, useful advertising, or a summary measure such as helping you to do your job better, or overall usefulness in your work. In these and many other respects, B2B magazines achieve the highest scores. (Chapter 6)
- 11 . Successful magazines become brands in their own right. Their names stand for authority and trust. Some attain "almost 'biblical' status". The brand values can be transferred to other media or products, such as websites. (Chapter 7)
- 12 . Websites have rapidly established themselves as the second most important B2B medium overall, after magazines. Decision makers perceive these two media as complementary, each enhancing what the other can do on its own, but with the web in a clearly supplementary role to the magazines. (Chapter 7)
- 13 . There are two very different ways in which B2B magazines and websites work together. There is a sharp contrast between publishers' own websites and the advertisers' websites. Publishers have used the internet in order to extend their editorial offering and product range - introducing archive retrieval, supplementary editorial, e-commerce, electronic newsletters, etc. The sites are also used to expand the publisher's audience beyond the print audience by creating online users who are new to the brand, to sell subscriptions to the print title, to provide added-value for print advertisers by offering web advertisements as part of a package, and so on. (Chapter 7)
- 14 . B2B magazines and advertisers' websites work together in a quite different way. Magazine readers can use the URLs published in the advertisements to go straight to the advertiser's website and obtain the latest product specifications, prices, contact details and other kinds of information. The magazines have become great drivers of traffic to advertisers' websites. To the advertisers, these are all genuine sales leads. The web has significantly enhanced B2B magazines' already impressive ability to generate sales leads. While for some titles the readily visible sales leads from reader response cards may have declined because of the web, this decline has been

more than offset by the less visible new stream of leads via the web – even if many publishers are not yet measuring this harvest of electronic sales leads. Nevertheless there is evidence that ‘read and click’ has already become the biggest boost to a publisher’s ability to deliver sales leads for advertisers since the invention of the reader service card. (Chapters 7 & 10)

- 1 5 . Since business magazines are so targeted to the readers’ specific industry or profession, the advertisements in them are also of great relevance to readers. They are widely considered by readers to be more useful than ads in other media, including the web – and easier to read too. (Chapter 8)
- 1 6 . A survey of advertisers’ attitudes to B2B media of all types showed that not only were magazines the most heavily used medium but also they were regarded as the most useful. Magazines were usually the first port of call when selecting advertising media. The main reasons were that they provided the most suitable environment for the advertising, were best for reaching the right audience, were an established marketplace for the advertisers’ own industry, were the most effective medium for raising the image and profile of the advertiser, and generated the most interest among colleagues and customers. They were also regarded as the best value for money, with the exception of direct mail. In addition there was a widespread view among advertisers that their target audience is at its most receptive when reading their B2B magazines. (Chapter 9)
- 1 7 . High levels of activity are sparked by seeing advertisements in business magazines. Activities include going on to the advertisers’ websites to find more information, looking elsewhere for information, cutting out ads and/or discussing them with colleagues, contacting sales people, and making purchases. (Chapter 10)
- 1 8 . Advertising in business publications builds brand awareness. The greater the weight of advertising, the greater the awareness is likely to be. The greater the awareness, the stronger the brand preference tends to be among those exposed to the advertising. Good advertising can also enhance the target group’s perception of the brand’s quality. (Chapter 10)
- 1 9 . There is also powerful evidence that advertising in B2B magazines creates sales and profits. The more the advertising pressure, the greater the sales and profits. (Chapter 10)
- 2 0 . It pays to continue advertising during a recession. Those who do so tend to enjoy increased market shares when the recession ends, whereas those who reduce or cease advertising in order to cut short-term costs tend to lose share. The benefits of maintaining advertising spend in an economic downturn occur as early as the recovery phase and continue when good times have been resumed. (Chapter 11)



Finally, here is a quotation from ten years ago which is still true in the internet age: “The pages of the business press are where business goes shopping. If you’re not investing the largest part of your marketing communications budget in those pages you’re just not selling where your customers are buying.” (3)



3 . Who are the decision makers?

Most of the significant business purchasing decisions involve decision makers in more than one job function. The more complex decisions usually involve a substantial team, working in different combinations at different stages of the process. Marketing campaigns need to reach all of these decision makers, and clearly it is necessary to understand who they are.

Steps in the buying process

The sequence of events through which companies typically go when buying non-routine goods or services which cost a significant amount can be generalised as follows – based on evidence from a long accumulation of surveys.

Step 1 . The need for a specific type of plant/component/material/service is identified. The need is usually first recognised by technical people (e.g. design and development engineer; production engineer) or 'operating management' (works manager, transport manager, etc, but excluding the Board and general management), who then try to persuade their superiors of the need.

Step 2 . A team becomes involved in the buying process, sometimes but not necessarily formally constituting a Working Party. Often the team will not include the purchasing officer except in the final stages.

Step 3 . Alternative kinds of equipment/components/materials/services are surveyed. Technical job functions (e.g. engineers) and operating management are mainly responsible.

Step 4 . A specification is drawn up. Tenders are invited and assessed. This too is primarily the task of technical staff and operating management. The purchasing officer may become involved on the tendering.

Step 5 . Suppliers and brands are selected. The decision of what to buy and from whom is made. Typically involved are technical people, operating management and (for the first and only time) the Board and general management. The purchasing officer may also be involved, especially where materials and components rather than plant or services are concerned.

Step 6 . The order is placed – usually by the purchasing officer if there is one. This person is limited in the contribution that he or she can make in the earlier stages because the choice depends so much on technical and political considerations.

'Decision making is shared'

The survey 'Buying In British Industry' (4), which identified the major decision makers in the specification of a number of key products within British manufacturing industry, reached this conclusion:

"The specifying and purchasing process in British industry is complex, involving input from a wide range of job functions and varying according to product, company type and company size.

"The major conclusion to emerge is that there is no single overall dominant job function in the buying process. Whilst several functions are consistently influential in the majority of product categories, clearly decision making is shared between a variety of personnel, particularly in the larger companies.

"The function with the most consistently high input overall is the technical director/chief engineer. This function is important in all product categories examined, at various stages of the buying process.

"Senior corporate management are most important (a) in smaller companies and (b) at the end of the buying process, authorising the final purchase. They tend to be involved at the early stages of the process of purchasing high capital expenditure items.

"Individual technical/engineering functions tend to be at their most influential when potential suppliers are being sourced and evaluated."

A recent example

A recent survey which corroborates this is the 'IT Week Reader Research 2001' (5). The study listed six stages involved in buying IT products, and for each stage asked readers of IT Week which job functions have significant influence. The table on the next page presents the results.

All seven of the listed job functions have some involvement at each stage of the process, but the degree of involvement varies considerably according to stage. For example the Managing Director is influential in formulating overall IT strategy in 33% of cases; and in 58% of cases the role is influential at the stage of authorising or approving an IT purchase. However there is little MD involvement in recommending a product or brand. With such complex products as IT purchases, the technical IT staff and management naturally have a dominant influence at all stages, only seriously challenged by Financial Directors and Managing Directors at the point of authorising an IT purchase.

Decision makers at six stages of IT purchasing process

Stage of process	IT Director	Other IT manager	IT analyst /engineer	Financial Director	Managing Director	CEO, Chairman	Other manager
Formulating IT strategy	69%	51%	25%	19%	33%	20%	23%
Evaluating requirements	54%	51%	46%	12%	21%	10%	25%
Technical specification	40%	46%	59%	7%	10%	5%	17%
Recommending product	45%	50%	46%	9%	14%	9%	21%
Authorising purchase	72%	46%	11%	70%	58%	30%	23%
Installation	36%	38%	57%	5%	13%	7%	8%

Source: IT Week. The table shows the percentage of purchasing decisions in which a given job function has significant influence, at each stage of the purchasing process.

While the statistics above reflect the views of IT people, and a somewhat different perspective might have emerged if other job functions had been asked the same questions, the main conclusion to be drawn would be unaltered. Advertisers wishing to influence such a decision making process have a lot of job functions to cover. Ideally all of these job functions should be reached. Ideally too the creative work should be varied according to the job function being targeted.

4 . The functions of B2B magazines

B2B magazines have achieved almost total coverage of decision makers, as will be shown in the next chapter. The reason is that the magazines serve a wide range of vital functions, and contain something important for every decision maker, whatever his or her role, discipline or seniority.

Some titles even attain what one research study called “almost ‘biblical’ status” (6).

Business people’s information needs

A qualitative study completed in 2002 by NFO WorldGroup for PPA (7) described business people’s information needs in the following way:

“Their markets:

They wished to know what was going on in their particular markets (including both vertical and horizontal markets where relevant), including trends, new product developments and new techniques.

“Industry gossip:

This included information about key companies and specific individuals, in particular who was moving, who was succeeding and who was failing. There was a sense of wanting to feel like part of a club. In some instances this sense of ‘club’ even went as far as reinforcing their sense of identity and self-affirmation of their status and value.

“Competitor information:

Specifically needing to find out about what their direct competition was doing, so that they could better prepare themselves and fight their corner of the market.

“Job vacancies:

The need to keep abreast with how their jobs/salaries compared with others – both on a practical basis (making sure they were in the correct job) and also on an emotional basis (making sure that they kept perspective on what else was out there, and the options that could face them).”

In addition, NFO noted, every sector and every job within it has highly individual detailed requirements.

Functions of B2B magazines

An earlier PPA survey, ‘The Power of Business Magazines’ conducted in 1996 by NOP (8), provided a complementary view of the functions served by B2B magazines. A large number of open-ended comments were collected, recorded verbatim. I have classified them according to the magazines’ function to which the informant was referring. My classification is as follows, with a brief amplification of each point, and is illustrated by verbatim comments.

1 . Keeping readers in touch with their own industry

A central role of the business press is to enable readers to keep in touch with their own industry or profession, in a general, overall way.

Finding out what's going on in the industry

"Dedicated publications are very useful. They give you a clear and better understanding of what is happening. General sources like newspapers and TV give you a glossary as opposed to specific information." (Purchasing manager of construction/civil engineering company)

"Invaluable, a window on the industry." (Food controller at large public house/restaurant)

"There is nowhere else that I can get all the information from, and all the updates that I need. I would be lost without my business publications." (Proprietor of small independent financial advisors)

"They (business magazines) are useful for a variety of reasons, because they give up to date news on what's specifically happening in the retail sector. If you look at the spectrum of magazines available, they cover everything." (Manager of a shopping chain store)

"Business publications are very useful, firstly because of their frequency. When new things come along they keep you up to date." (Business development manager of entrepreneurial company)

"They're the most convenient way of finding out what is going on." (Farmer)

Couldn't work properly without business magazines

A number of people explicitly said that they couldn't work properly without their business magazines.

"Without them you couldn't really work properly. This is because they keep you in touch with the outside world. It is necessary to read them for the day to day running of your business and the motivation of ideas." (Manager of public house)

"They are part and parcel of hospital life. You cannot practice without them." (Senior registrar at a hospital)

"They are the only source of information available to us that concentrates 100% on the building industry. They offer a diverse inward and outward look at the whole industry. We couldn't really function without them." (Senior partner in quantity surveying practice)

2. Keeping readers informed about specific aspects

In addition to keeping readers in touch with the industry generally, business magazines inform readers about specific aspects that are of special interest to the individual. Different roles and types of company imply varying interests, but everyone finds some key particular information in their magazines which is vital to their personal needs.

Strategic direction

The knowledge gained from the publications can help the reader to evaluate his/her own company's strategic direction:

"They (business magazines) keep you in touch with the outside world and right up to date with what is happening in the industry. With the information we gather from the publications, we can determine if we are on the right track or if we need to change direction." (Production director of small printing company)

Technical information

The provision of technical information is a key role of business magazines. In many sectors it has led to a sub-group of magazines which are primarily technical books, though many of the other magazines also carry some technical information among their other contents.

"(Business magazines) keep you up to date with technology and other developments in specific fields. Even if it does not apply now, it may do in the future." (Engineer in large electronics company)

"They are very useful in this ever-changing market. There are so many rules and regulations that need to be incorporated into data management systems, and this requires up to date technical information, which business publications supply." (Product manager of large electronics company)

"They are very useful for keeping you in touch with everything going on in the wider field of civil engineering, and keeping you informed of different products and techniques." (Bridge engineer, civil engineering company)

New products

Another essential role of business magazines is the provision of information about new products and product developments. This has created a sub-group of magazines which are primarily product books, but many titles not in this category also provide a certain amount of production information.

"They are a good source of information if you need to acquire new equipment." (Director of garage services company)

"They (business magazines) help our scientists and researchers to stay aware of new products and new business developments" (Technical information specialist in large petroleum chemicals company)

“They are very useful for a wide range of information, as opposed to me going to one supplier and him giving me information on one product.” (Communications manager of major credit company)

Information about prices

Besides setting out the prices of new products, many business magazines feature the prices of other products or services. Even in fields where the internet may carry the very latest up-to-the-minute prices, the convenience of having an accessible list on paper is often very telling.

“Useful for comparisons on the prices of food, raw products and equipment.” (Catering services manager at large hospital)

New suppliers

People with direct responsibility for making purchases are always on the lookout for potential new suppliers, and not only when existing suppliers are giving trouble.

“They are a good source of information and a handy source of new suppliers.” (Director of small travel agency)

Companies

The business press is a very extensive source of information and news about companies, which is of interest in some way to almost everybody.

“Business publications are extremely useful, because there are lots of write-ups and stories about companies’ activities and pitfalls. They’re imperative for running a business.” (Managing director of small electronics company)

“I don’t think any other source can give you the ins and outs of the trade; for example, who is buying who and how competitors are doing.” (Sales manager at garage services company)

“They keep you in touch with the sort of companies which might be useful for teaming arrangements” (Technical executive with a large instrumentation company)

Sales leads for readers

Another major use of the business press for certain job functions is as a source of information for chasing new contracts. There may be early signs of a contract possibly coming through in some months’ time, such as a report that a developer is bidding to acquire a certain piece of land; the prospective contractor can then contact the developer to make his interest known if the deal should come off. Further down the timescale, there may be lists of contracts or sub-contracts just announced or ferreted out as being open for tenders. This is vital information for sales teams.

People

Every industry is a people business, with a colourful collection of well-known and interesting individuals – but they are largely well-known because of the business press.

“They provide a focal point for a community that is very incestuous and thrives on knowing these things – people do like gossip!”
(Account planner at large advertising agency)

Legislation up-date

Somebody in each enterprise has to keep up to date with new legislation affecting the company.

“Business publications are 80% of our knowledge. We get up to date reviews of equipment and information on health and safety legislation from them.” (Executive head chef of large restaurant)

New skills

The magazines may help readers to develop new skills, find out where to go to learn skills, or discover the importance of them.

“They (business magazines) are useful for learning about businesses that have improved their turnover, quality and service with business management skills.” (Director of specialist restaurant chain)

Career opportunities

Many readers speak of the recruitment advertising being valuable for keeping in touch with what is going on in the jobs market and what the level of salaries are – and of course as a source of jobs for which one might apply.

“For career prospects they offer a very, very good selection of jobs.”
(Customer services manager of a branch of major travel company)

3. Usefulness of the advertising

While some of the must-have information is supplied by the editorial content of the magazines, some of it comes from the advertising.

There is no doubt about the value to readers of the advertising in the business press. The key is relevance to the reader. The high degree of targeting which business magazines achieve means relevance is maximised. When readers see an ad of relevance, they are prepared to do something about it.

“If I am looking for new ideas I can find out how much things are selling for. If I were to see an advert for something I was interested in, I would go and find out more about it.” (Farm owner)

The topic of advertising is dealt with in later chapters

Attitudes to business publications

Just how well the business press fulfils these functions is shown by a PPA survey in 2002 called 'The Essential Medium', which interviewed decision makers in the top 20 business markets, and was conducted by NFO WorldGroup (9). Respondents were asked whether they agreed or disagreed with a series of attitude statements. Verbatim responses collected by the survey exemplify the points.

'Business publications keep me regularly informed about what's going on in my industry'

There was almost total agreement with this statement. 93% of readers agreed, the majority (54%) agreeing 'strongly'. The verbatim responses show how some of the informants expressed it:

"They keep me informed of the activities within the market sector. They provide an overall source of information. I believe it's very important to keep abreast of what's going on. If I didn't read them I wouldn't know what's going on."

"You know what's going on, what's the new products, new machinery and overall it's just useful information you can pick up from the magazines. And you can pick up new ideas, broaden your horizons, improve what you're doing."

"They are a first rate asset to me and my work, and keep me informed of what's going on in the market. Very important."

'Business publications are an authoritative source of information'

80% agreed with this statement. One respondent defined 'authority' as being 'quality' and 'independence':

"Quality independent news coverage of industry trends which are valuable sources of information."

'I find business publications stimulate new ideas'

73% agreed with this statement. Three respondents put it this way:

"I think they are good because they get the ideas going."

"They are useful to me as they are full of ideas and I am always looking for new ideas."

"They are very useful for new ideas. It helps to give you more original ideas and helps with lateral thinking."

'Business publications give the breadth and depth of information about my sector that I need'

72% agreed. Typical comments about breadth and depth were:

"They are very useful for giving a broad overview of the whole industry sector."

"Gives enough details of the industry, and construction work in general as well, which is quite useful to me."

'Business publications are essential reading'

71% agreed. A few of the open-ended comments to this effect were:

"They're an essential part of our work, for information on products and services, to keep abreast of what's happening in the market place and for future new developments. It gives an idea of what we can sell and potential markets."

"I find them a very useful source of up to date news within our industry to such an extent that if you miss a month of publications you have lost track of the industry. It's a very important factor. Otherwise you are isolated."

"Completely necessary. You need to know what's going on in the industry. Everything else is too generic, you need to know specifics."

'I would recommend to people starting a career in my sector to read the business publications'

This statement was widely endorsed, with 83% agreeing. One respondent said:

"For anybody starting out in the trade I would say they are excellent sources of information."

'Business publications give me an independent view of new products and services'

82% agreed with this statement. In the open-ended question a high proportion of people spontaneously mentioned information on new products and services as being one of the key benefits of their business publications. The independence of the magazines' viewpoint was an important aspect of this.

"Sometimes it's the only way you get to know things, as opposed to speaking to people and websites. The publications have more of an independent point of view."

"Well it makes me aware of new products that the reps don't make you aware of."

"It keeps me updated with information such as costing and new products - products like livestock equipment or crops. It's the best source."

'I look forward to reading my business publications'

72% agreed with this. As one informant said:

"I look forward to reading them on Friday or Saturday morning's post."

'Business publications give me information I could not easily obtain elsewhere'

B2B magazines provide a good deal of exclusive information, which is reflected in 64% of respondents agreeing with this statement. For example,

“Very useful information. You can’t basically get any information about metals or other industry parts anywhere else. You can always find articles on them [in business publications], detailed articles I mean.”

The overall picture which these attitude statements paint is of a vital medium which readers use to keep themselves up to date with what’s going on in their industry, in the depth which they need, including information which is not obtainable elsewhere; a medium which stimulates ideas that readers can apply in their own work, which speaks with authority and independence; and a medium which offers not only information but pleasure, with most people looking forward to reading the publications.

5 . Reach and use of B2B magazines

There is a process of Darwinian evolution which ensures that the business press is attuned as closely as possible to readers' needs, and that it adapts as those needs change. In all sizeable market sectors there is strong competition between business publications. Often there are two or more weeklies competing head-to-head, and a number of monthlies or books of other frequencies, sometimes dividing further into news, technical or product books. The existence of this sharp competition means that the publishers are continually striving to enhance and develop the information they provide and the way it is presented. Constant reinvention, through the accumulation of continuous small modifications, lies at the heart of the magazine industry's success.

This often produces subtle but important differences between titles which superficially seem very similar. A business executive is thus able to choose those publications whose distinctive characteristics most closely match his or her personal interests and needs, whether it be in terms of content, depth, style, presentation or attitude.

The result is high penetration of each market sector by the business press, which is able to deliver to advertisers a well targeted audience. The magazines are read regularly and well, with considerable time spent on them. Often the copies or relevant pages are retained for reference, or passed to colleagues for further use. This chapter examines these aspects in more detail.

High Reach

One of the great strengths of B2B magazines is their ability to reach almost all decision makers in all markets, all disciplines, and at all levels of seniority. The magazines are able to penetrate every level of decision making within the purchasing chain. Each market has magazines that reach the heart of it.

Many people operate in both a 'vertical' market serving a single industry (such as construction, farming, estate agents, etc) and a 'horizontal' market serving a specific profession (such as accountancy or marketing) which operates across the vertical industry markets. B2B magazines catch them in both directions.

Evidence of the high reach of business magazines emerged from the PPA's 2002 survey 'The Essential Medium' (9). 87% of decision makers use B2B publications 'regularly' – defined as reading at least half the issues. Adding those who only see business magazines occasionally would take the percentage deep into the 90s.

Another PPA survey provides further evidence. 'Advertiser Attitudes to B2B Magazines' (10), published in 2001, was conducted by NFO/BJM in 21 business markets among people with responsibility for choosing where their company's products/services are marketed. In their role as readers, 99% used professional trade magazines for keeping up to date with their industry. On average they read 4.3 magazines regularly.

In their role as advertisers, 90% of respondents agreed with the statement 'Key decision makers read business magazines'.

A survey among Main Board Directors, 'Better Business Advertising to the Boardroom', published by British Business Press (11), found that 96% read their business publications regularly.

Joint industry readership surveys in vertical markets reinforce this picture of very high reach. To cite two examples:

- 95% of farmers read at least one farming publication, according to the 'Agridata Snapshot Readership Survey 2002', conducted by JT Research and Taylor Nelson Sofres (12);
- 92% of hospital doctors read at least one of their medical journals, according to the 'Hospital Media Survey 2001' conducted by Taylor Nelson Sofres (13).

In addition to any readership research that may exist for a sector, independent auditing of circulation by organisations such as ABC or BPA is an important element in proving the authenticity of claims to penetrate the sector.

Targeted audience

Tight targeting is another vital aspect of business magazines' reach. In a 1993 PPA report, 'The Value of the Business Press' (14), Sue Frampton wrote:

"Each title serves a specific discipline, interest or industry. Some magazines are bought or obtained by subscription and the purchase itself implies need and interest. Controlled circulation magazines are mailed direct to the reader who has provided the publisher with information about their job and company, which supports their interest in the magazine and their value to advertisers.

"The business and professional press invests heavily and continuously in building circulations – constantly collecting and updating data on market sector trends, establishments, job functions and purchasing influence of readers – ensuring that circulations evolve to match the markets they address."

The result of this continuous process is that each publication concentrates only on the defined market it serves, thus making it a well focused relevant editorial product which readers value.

From the advertisers' point of view, the targeted audience is of high quality (everyone in it is relevant to the market, and it includes the senior people), with no wastage, yet at the same time the medium provides high reach.

Board Directors, in the 'Better Business Advertising to the Boardroom' survey cited above, recognised this. 90% of directors agreed that "They (business magazines) have a targeted audience" and 72% agreed that "They reach a unique quality of audience".

How publications are read

Recipients are often keen to look at their magazine as soon as it arrives. A common pattern revealed by many studies of different magazines is to have a quick skim through as soon as the copy appears (even interrupting whatever work is going on at the time), then go back later to read in more depth. The following type of comment is not unusual; it is taken from focus groups run by NOP for Printing World magazine in 2001 (15):

“Q: When a magazine lands on your desk, what do you do?

“A: Have a quick look at it for ten minutes.” (Manager of printing company)

Many readers have a specific section of the magazine which is so key to them that they regularly turn to it first, or straight after scanning the front page. The same Printing World informant said:

“Most of us will go to the legals [listing bankrupt companies, etc]. The legals is the first thing you go to, you always do. There is a small part of it that is morbid curiosity, but also I think it is because it does affect all of us in the trade, be they a supplier, competitor, or worst – a customer.” (Manager of printing company)

Other readers simply browse through their publication systematically, scanning from headline to headline and reading what is of interest.

A qualitative study completed in 2002 by NFO WorldGroup for PPA (7) probed some of the emotional aspects of reading business publications. NFO wrote “The typical situations in which users found themselves when reading a business publication included when relaxing, taking a break; when feeling the need to unwind; and when wishing to go back to the familiar. Business publications were the trusted friend who remained there for you no matter what. What appeared to come through was that many business users loved the comfort that the business publication provided and the opportunity that it gave them to take time out from the madness” of the working day.

“Many business publications gave the user a tempered indulgence (rather than pure indulgence) in the sense that the content of the business publications was felt to be useful and work-related. In addition, many felt that business publications provided them with a sense of club due to the publications’ breadth (issues covered, relevant topics) which was able to speak to them as an industry.”

NFO continued “Business publications appeared to create a uniquely reflective, relaxed attitude.” The magazines, combining “the creation of a relaxed environment with the provision of both a broad and a more targeted perspective, established the strongest advantage for themselves.” This is an excellent context in which to absorb advertising messages. Why did readers feel that their business magazines “contain a unique balance of broad and targeted information”? The breadth came from the knowledge that the magazines served a profession or industry. The sense of targeted information came because readers knew “the focus would remain close to them as individuals within a professional context.”

NFO's comments about reading being done in a relaxed environment was reinforced by a statement in 'The Essential Medium' survey (9). Decision makers were asked if they agreed or disagreed with a series of statements. The majority (60%) agreed that 'reading a business publication can be an enjoyable and relaxing experience'. Even higher agreement was found for the statement 'Business publications are a valued part of our culture at work': 84% agreed.

NFO referred to readers' need for inspiration, and commented that "business publications appear to be meeting this need in a way that other media cannot match."

The physical characteristics of magazines were discussed in the research. NFO reported that "the business publication was valued because it was easy to refer to. Users were particularly appreciative of the fact that one could dip in and out of a publication, depending on the time available and your inclination at that time. Business publications are undemanding and flexible. Additionally, users valued the fact that one could let one's eye wander around the pages, scanning for whatever interested them." Magazines are also comfortable to use, and transportable. Readers appreciated the way they can be "taken on the commute home or taken around the country on business trips. The user's needs are allowed to take precedence over the demands of the medium."

The fact that magazines are easy to pass around "helped contribute to the feeling of sociability that was engendered with business magazines. Since many readers were using publications at times of relative relaxation, this ability to share it and share ideas contained within the publication was particularly valuable." One respondent said:

"Hard copy is more immediate. For example in the office someone will come in and say 'God, have you seen this?'... whereas if someone's on the internet and they say 'Come and have a look at this' we've all got to traipse into another office and you have to stand over and show them what's going on on the screen – it doesn't gel somehow."

NFO found that business magazines could also have 'badge' connotations. Some respondents felt that "by transporting the publication to areas outside of the professional context they were able to make a statement to the public about their status and profession."

NFO noted that "some people felt particularly attached to certain titles – especially if they had used these titles during their professional training."

Regular reading, and time spent reading

Loyalty to business magazines is high, as represented by regular reading. Looking across a range of industry readership surveys, regular readers typically constitute around three-quarters of all those who ever read a specified business magazine. This could be expected for titles which are distributed by controlled free distribution, but it is also achieved by many paid-for titles. It indicates that readers have a high degree of commitment to their magazines.

A few surveys illustrate this commitment in another way, by measuring the amount of time spent reading business to business magazines. An example is the 'Hospital Media Survey 2001' (13). Among the six magazines measured, the average time spent reading an individual magazine was 27 minutes. With most hospital doctors reading several titles, the total time spent reading magazines was much higher.

An American study conducted in 2001 examined time spent reading among business people in a wide range of markets. The 'B-to-B Media Study', conducted by Yankelovich Partners & Harris Interactive on behalf of American Business Media (16), showed that on average businessmen in the USA spend the considerable time of 2 hours 15 minutes a week reading business magazines.

Keeping or disposing

There is often further use for all or part of a magazine once the reader has finished reading. The 'Power of Business Magazines' survey (8) established the following profile of what happens:

“What do you do with your issues of business publications when you have finished reading them?”

35%	Keep them, complete, for future reference
34%	Pass them on to someone else to read
25%	Keep some parts and throw the rest away
24%	Throw the whole issue away

Source: 'The Power of Business Magazines'. **Base:** regular readers

Just over a third of regular readers retain their copy. A similar proportion pass the copy on to colleagues. A quarter keep some part of the magazine before throwing it away. 75% of readers have some further use of the copies. Two informants from the survey illustrated this by saying:

“We take relevant bits out of them and keep it on file.” (Head of small property developer)

“If there are new things going on we usually copy them or pass the publication on to colleagues.” (Engineering manager of manufacturing company)

6 . The number one information source

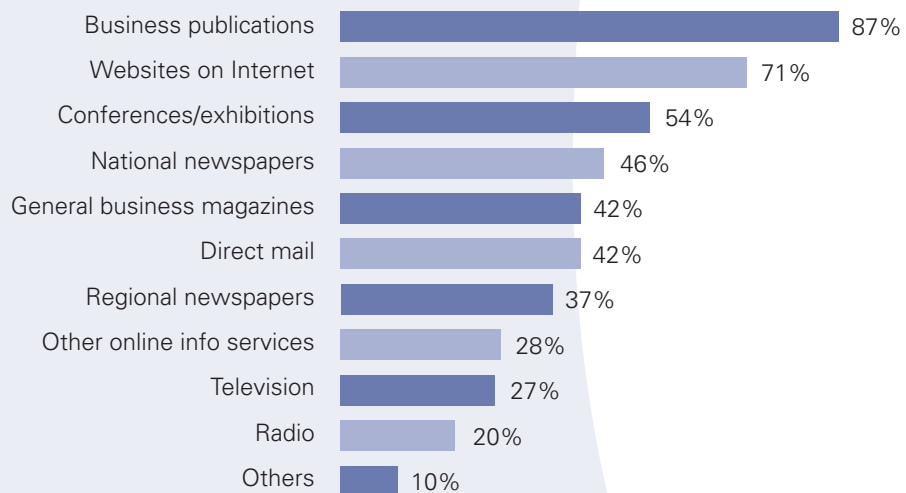
Previous chapters have dealt with the attributes of business magazines in isolation. This chapter compares the performance of the magazines against other media.

B2B magazines are shown to be the number one information source. Many studies have demonstrated this. A notable example was PPA's 'The Power of Business Magazines' (8). This has been updated by the most recent of the major UK studies, the PPA's 'The Essential Medium' (9), published in 2002 and available on the PPA website at www.b2bmedia.co.uk

No. 1 for reach

'The Essential Medium' found that business publications were, by a comfortable margin, the medium most widely used on a regular basis to gain information about decision makers' own industry or sector. 87% said they used the medium 'regularly' – defined as reading at least half the issues.

Media and information sources regularly used to gain information about your sector



Base: All respondents

Websites have rapidly established themselves in the course of very few years as a major player. 71% of decision makers said they use websites regularly, ranking the medium in second place, well ahead of the rest of the field.

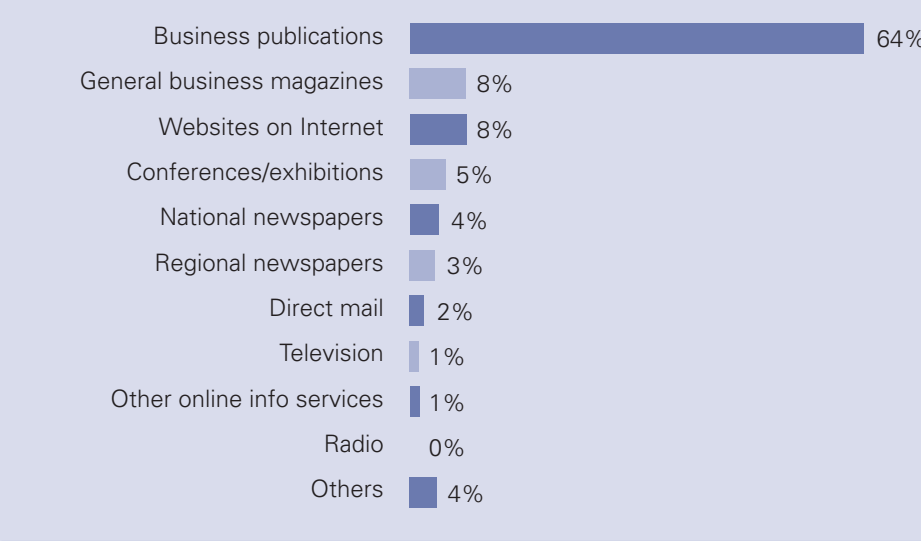
Just over half of decision makers used conferences and exhibitions regularly as a source of information, though ‘regularly’ for this medium means something different – and less frequent - compared with other media. 46% of respondents used national newspapers and 37% used regional newspapers for information about their sector. General business magazines (those covering the economy in general without focusing exclusively on a specific sector) were regularly used by 42%. Direct mail clearly has a value to its recipients since 42% cited it as a regular source of relevant information. The broadcast media of television and radio have earned a minor role as information sources for one’s own sector, with around a quarter to a fifth of respondents respectively citing them.

No. 1 source for useful information

Business magazines are the No. 1 source for a wide range of types of information. This was demonstrated when ‘The Essential Medium’ survey asked respondents, for each of eleven kinds of information, which source was the most useful for providing that information. Respondents were prompted by a list of the media they had already said they used regularly.

The most useful source for providing ‘thorough coverage of your sector’ was business publications. The contrast with all the other media was stark.

Providing thorough coverage of your sector – most useful source

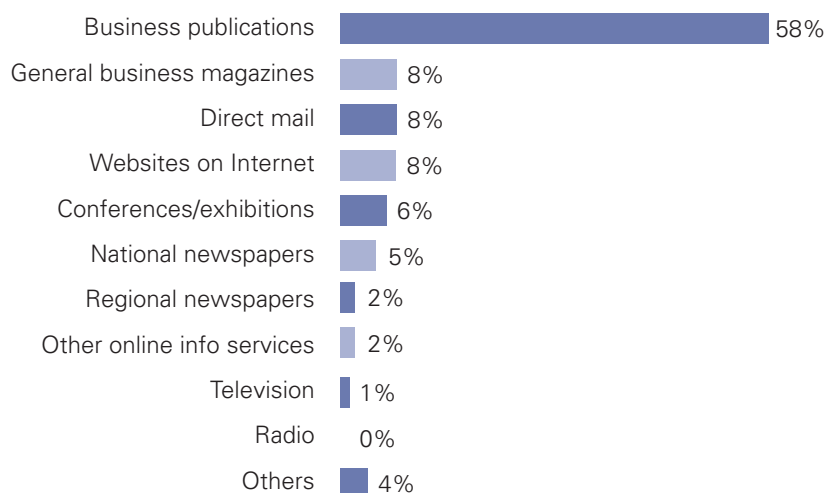


Base: All respondents stating a preference

64% chose business publications as the most useful, whereas no other medium was cited by more than 8%. General business magazines and websites were both chosen by 8%, with conferences/exhibitions next on 5%.

For the vital topic of news of product launches, business publications were again cited by a majority of respondents (58% in this case) as the most useful source, while the minority vote was shared by the remaining media. Three media were ranked in second place, but only with scores of 8% each: websites, general business magazines, and direct mail. The position of direct mail in the ranking is noteworthy, reflecting that much of direct mail is promoting new products.

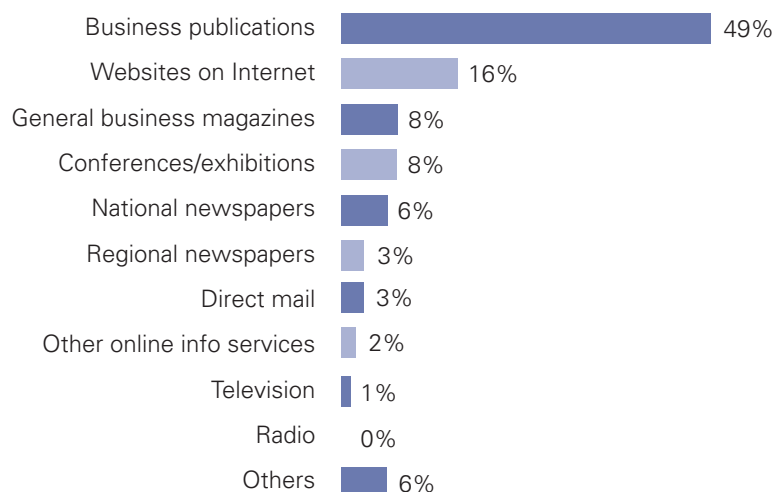
Keeping you up to date with news of product launches – most useful source



Base: All respondents stating a preference

As an overall summary of the relative value of the different media, respondents were asked which was their first choice for 'helping you to do your job better'. About half of respondents chose business publications as the most useful for this, three times more than chose the second-placed medium. This was the internet, selected by 16%. This in turn was double the scores for the next media – general business magazines and conferences/exhibitions, each chosen by 8%.

Helping you to do your job better – most useful source



Base: All respondents stating a preference

The results for the other seven types of information asked about are summarised in the table on the next page. For each kind of information, the table shows the percentage of decision makers who nominated business publications as the most useful source, and the medium which ranked second, with its score. In every case business magazines ranked top, with a wide lead. Full results for these statements can be found in Chapter 4 of 'The Essential Medium' report (9).

The findings have demonstrated that on all measured aspects business magazines dominate in terms of usefulness - from broad coverage of the sector and everything that's going on in it, to more specialised information needs such as new products and services, new suppliers, the recruitment market, new business opportunities, and relevant advertising.

While B2B magazines have proved that they remain the pivotal medium, it is striking how quickly websites have made an impact. Although well behind B2B publications, the web has become the second most important medium overall for decision makers (though not for every single type of information need), ahead of the traditional media of newspapers, general business magazines, conferences/exhibitions, direct mail, and so on.

The related new medium of other online information services has made far less impact. While a quarter of decision makers are using it regularly, it does not achieve more than 2% saying it is the most useful medium for any of the eleven information needs investigated.

Most useful source for:

Helping you to stay in touch with what's going on in your sector:	
B2B publications:	61%
No. 2 medium (websites on internet):	11%
Helping you to understand how your sector is changing:	
B2B publications:	56%
No. 2 medium (websites on internet):	9%
Helping you learn from the successes and mistakes of others:	
B2B publications:	54%
No. 2 medium (national newspapers):	11%
Providing you with information about new products and services:	
B2B publications:	57%
No. 2 medium (websites on internet):	11%
Helping you select new suppliers:	
B2B publications:	44%
No. 2 medium (websites on internet):	19%
Looking for jobs, or helping you keep up to date with the job market:	
B2B publications:	49%
No. 2 medium (national newspapers):	16%
Helping you to spot new business opportunities:	
B2B publications:	44%
No. 2 medium (websites on internet):	11%

Base: All decision makers stating a preference

The PPA's 'Advertiser Attitudes' survey of 2001 (10) presented a similar picture among marketing professionals. When they were asked which information source was the most useful in their jobs, the answer was professional trade magazines, voted most useful by 65% of informants. The internet was in second place but a very long way behind, voted most useful by 18%. All the other media were chosen by 5% or fewer informants, as the next table indicates.

Most useful medium in your job	
Professional trade magazines	65%
Internet	18%
National/international newspapers	5%
Direct mail	3%
Exhibitions	2%
Conferences/seminars	1%
Other magazines	1%
Regional/local newspapers	1%
Television	1%
Other	1%

Source: 'Advertiser Attitudes to B2B Magazines'

Reinforcing this, an earlier survey, 'Better Business Advertising to the Boardroom' published by British Business Press (11), found that among Main Board Directors of UK companies with turnovers in excess of £10 million:

- 81% said that business publications provide the best editorial coverage of their industry
- 79% said that the business press is best for new ideas for me and my staff
- 87% said that the business press is best for seeing new technical applications
- 79% said that the business press is best for finding new operational methods

The pre-eminence of business publications is not just a local UK phenomenon. In developed countries it is the common pattern, arising from the characteristics of the medium itself. As an example, a recent survey in Germany showed that business magazines outperformed other media in a range of respects. The 'Leistungsanalyse Fachmedien 2001' study (17) was published by Deutsche Fachpresse, the German business magazines publishers association. Top decision makers were defined and identified, comprising 1.9 million people. 95% had used B2B magazines as a source of information in the last 12 months, higher than any other measured medium.

The research asked respondents which of six media (including the internet) they considered were valuable and trusted sources for a series of purposes:

- For keeping you up to date: B2B magazines were ranked highest with 82% of decision makers saying they were a valuable and trusted source for keeping them up to date. In second place were sales representatives with a score of 61%.
- For information about new products: B2B magazines were top with 78%. In second place were trade fairs with 66%.
- For making the market transparent: B2B magazines were first with 78%. Trade fairs were again second, with 68%.
- For price comparisons: B2B magazines ranked highest with 68%. The second medium was trade fairs with 62%.
- For being helpful in reaching buying decisions: again B2B magazines were considered the most valuable, with a score 61%. In second place were sales representatives and trade fairs, with 59%.

No. 1 within individual market sectors

The same story is painted by a range of UK surveys covering individual sectors. For example, the 'Agridata Snapshot Readership Survey 2002' (12) asked a representative sample of farmers "What sources of information do you regularly use to gain information about farming?" and then "Which one of these is most useful to you?"

The ranking of all sources regularly used at all is shown in the next table.

Sources regularly used:	
Farming publications	89%
Regional/local newspapers	56%
Agricultural shows	40%
Agricultural livestock markets	40%
Television	32%
Direct mail	27%
National newspapers	23%
Internet or agricultural online services	22%
Agricultural conferences/seminars	21%
Radio	21%
General business magazines	7%
Agricultural directories	7%

Base: farmers with 20+ hectares of crops or grass

The farming business press was not only regularly used by 89% of farmers, but was also far ahead of any other medium.

Even so, the lead grew when assessing which one medium was the most useful information source. The business magazines outstripped all other media by a factor of more than six. 59% of farmers considered that their farming publications are the most useful, while no other medium was chosen by more than 9%.

Most useful source:	
Farming publications	59%
Regional/local newspapers	9%
Agricultural livestock markets	9%
Internet or agricultural online services	5%
Television	3%
Agricultural shows	3%
Agricultural conferences/seminars	2%
Direct mail	1%
National newspapers	1%
Radio	1%
General business magazines	0%
Agricultural directories	0%

Base: farmers with 20+ hectares of crops or grass

Even when non-media information sources are included in the list it is possible for B2B magazines to prove the most useful source.

In the 'Personnel Market Readership Survey', conducted in 2000 by NOP for Reed Business Information (18), discussions with colleagues, customers and clients, and contacts in other companies were included in the list of sources. Nevertheless the personnel and training magazines ranked top for sources used for keeping informed about the personnel/training market, with 91% citing them. When it came to the single most useful information source, personnel and training magazines again appeared at the top. The ranking, in the table below, showed that more than a third of personnel/training decision makers thought their business publications were the most useful, well ahead of the second source.

Most useful source:	
Personnel/training magazines	37%
Personnel & training reference books/directories	21%
Discussions with colleagues, or contacts in other companies	14%
Contact with professional bodies/trade associations	10%
The internet	6%
Brochures/promotional material	2%
Other business magazines	2%
Other	3%

Base: Personnel/training decision makers

A similar example is the 2001 'Commercial Property Publications Survey', conducted by NOP for Reed Business Information (19).

93% of commercial property decision makers used commercial property publications as information sources. These publications then emerged as the single most useful source, with 33% nominating them - just ahead of discussions with colleagues and with contacts in other companies.

The second-highest buyable advertising medium was commercial property news and information websites, but only 6% chose these. The next table shows the complete ranking.

Most useful source:	
Commercial property publications	33%
Discussions with colleagues, or contacts in other companies	30%
Discussions with customers/clients	7%
Commercial property news/information websites	6%
Contact with professional bodies/trade associations	5%
Brochures/promotional material	2%
Other industry publications	2%
Commercial property listings websites	2%
Conferences/exhibitions	1%
Other	8%

Base: Commercial property decision makers

Multi-platform B2B campaigns

While this chapter has examined the evidence that magazines are the primary B2B medium, it is also clear that the other B2B media offer their own unique benefits, and a combination of several platforms – with magazines the vital ingredient at its core – can often make an even more effective campaign than using magazines on their own. Adding secondary media such as conferences, exhibitions, direct mail and the internet will not significantly improve the reach of a campaign, since magazines on their own are read by almost everyone, but other media can add value to a magazine campaign in other ways, particularly when the creative work is closely integrated.

The internet's potential contributions are examined in the next chapter. A case study of a successful multi-platform campaign is given at the end of Chapter 10.

7. The impact of the web

With websites rapidly attaining the No. 2 position among business media (as the previous chapter showed), the relationship between the web and the No. 1 medium deserves exploring further.

“The arrival of electronic information providers has changed the environment in which information is delivered,” Roy Greenslade wrote in a PPA Research Report in 2000 (20).

Numerous research studies (many of them confidential) show a widespread and probably universal acceptance that increased use of online delivery of information is inevitable and to be welcomed. Yet this does not mean abandoning printed publications. Rather, magazines and online sources will tend to focus on different things, each medium complementing the other.

Clearly some information is better provided on a website rather than in a magazine. Some is better left in the magazine.

Thus websites are excellent for providing immediate updates of information; fast-moving regular news services; a filtered supply of prescribed types of information specified by the individual user; access to vast archives of stored data; a convenient means of reproduction; and so on.

Printed publications meanwhile are excellent for providing general overall reading to keep in touch with the industry; a value-added packaging and interpretation of news and events; the opportunity for encountering interesting and worthwhile information that one wasn't looking for (print's power of serendipity); physical as opposed to electronic storage; a simple-to-use format which avoids the technical complexity and frustrations of the internet; portability; and so forth.

For a publisher the two channels can work together to provide an enhanced editorial product centring around the brand. For the user, publishers' websites can be a valuable part of the vast world of all internet sites.

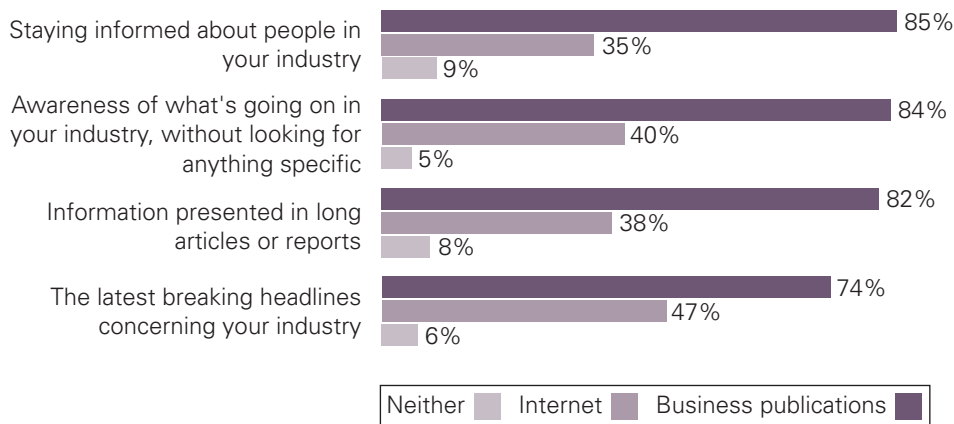
Decision makers' use of print and web

The way that business decision makers have been using the two media was investigated by 'The Essential Medium' research in 2002 (9).

The survey listed eight types of information and asked for each whether the informant normally uses business publications, websites on the internet, both, or neither.

For seven of the eight types of information, it was B2B magazines to which decision makers overwhelmingly turned. Moreover most of those who used the web were also using the magazines; very few used the web without using B2B magazines as well.

Sources normally used for...



Base: All respondents stating a medium

85% used B2B magazines for staying informed about people in their industry (see the first statement in the accompanying chart). The internet was used by 35% of people. 9% said they used neither of these media.

The duplication between the two media is instructive. It is set out in this table:

Using B2B magazines but not internet	56%
Using internet but not B2B magazines	6%
Using both	29%
Using neither	9%
Total	100%
Total using B2B magazines	85%
Total using internet	35%

More than half the respondents (56%) were using business publications but not the internet for staying informed about people in their industry. By contrast, only 6% were using the internet exclusively. The internet's total usage of 35% was mainly made up of people using both media. Thus the net is seen to be very much a supplementary medium, attracting very little solus usage for this type of information.

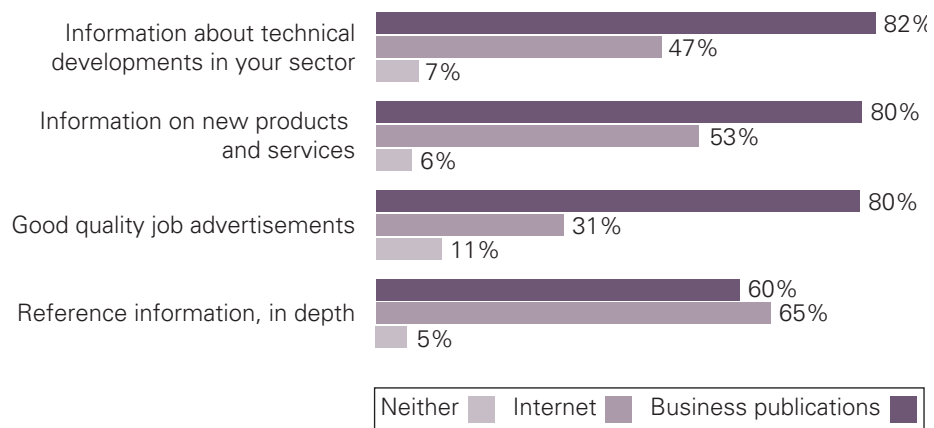
Similarly for the second statement, 'awareness of what's going on in your own industry without looking for anything specific'. 84% used business magazines while 40% used the web. Of the web's 40%, 30% were also using magazines and just 10% were using the web only.

The figures are similar when looking for information that is presented in long articles or reports.

The immediacy of the internet is an advantage which shows when looking for the latest breaking headlines concerning one's industry. Almost half of decision makers (47%) used the internet, and of these 20% were using it on its own. Nevertheless 74% were still using B2B magazines for the latest headline news – and almost half of respondents were exclusive users of B2B magazines.

The second chart presents results for the remaining four statements, which are concerned with seeking very specific kinds of information.

Sources normally used for...



Base: All respondents stating a medium

When hunting information about technical developments in one's sector, or information on new products and services, 80% or more of decision makers used B2B magazines and about half used the net. For such a new medium as the net, its performance is impressive. Most people using it were also using the magazines. Only 11% (technical developments) and 14% (new products and services) were using the internet alone.

There has been much debate about how powerful the internet is as a vehicle for carrying recruitment ads. When asked where they looked for good quality job advertisements, 31% said they used the internet. However only 9% used the net on its own while 22% were using it as a complement to the magazines. B2B magazines maintained their established strong position: 80% turned to them for good quality job ads.

The clear pattern emerging is that for these types of information the prime medium is B2B magazines, while the internet is not only being used by fewer decision makers (usually a minority) but also most of those using the net are doing so in conjunction with B2B magazines.

The exception to this pattern is reference information in depth, because the archival capacity of the internet far exceeds that of a single issue of a printed magazine. Some magazines do indeed provide extensive reference material but the web is a natural place for detailed look-up information to be stored for long periods of time (while being updated as necessary), such as full specifications of all products and their variants in a supplier's range, or complete technical details of scientific developments. These uses are not replacing the key functions of B2B magazines; rather they are rendering such things as manufacturers' catalogues redundant. Business magazines can co-exist very happily with the internet in this respect.

Consequently when decision makers were asked which source they normally use when looking for reference information in depth, similar proportions used the net and B2B magazines, with the net slightly ahead (65% compared with 60%). The unduplicated figures were 34% using the net only, 29% using B2B magazines only, and 31% using both.

With all eight types of information discussed, very few decision makers fail to use at least one of these two media when looking for information.

Decision makers' attitudes

This pattern of usage of the two media is linked to decision makers' attitudes to them. 'The Essential Medium' survey investigated this by reading out seven statements and asking informants to say whether they agreed or disagreed with each statement, and whether strongly or slightly.

The proposition that "the internet and business publications complement each other" was firmly endorsed, with 79% of respondents agreeing. There was very little support for the contrary statement, that "the internet means there is no need for business publications any more"; 90% disagreed.

84% of decision makers agreed that "business publications are a valued part of our culture at work"; the web has not altered that.

The advantages of the printed page were reflected in the answers for three statements. 79% agreed that "I find it easier to read printed articles than articles on a PC screen". Indeed, a majority (56%) agreed strongly. 60% agreed that "reading a business publication can be an enjoyable and relaxing experience". An even higher proportion, 83%, agreed that "I'm more likely to read an advertisement in a business publication than on the internet". 60% agreed strongly with this.

The potential complementarity of B2B magazines and the web was brought home by the very high agreement that "some of the websites run by business publications are useful". 87% of decision makers thought so. The future for publishers of business magazines is to embrace the web as well, operating sites which add to what the printed magazines offer, and to a limited extent modifying the magazines' editorial offer accordingly.

Publishers' own websites

The websites operated by B2B magazine publishers have a distinctly different role from the other websites in the industry which decision makers use.

The principal objectives of publishers' websites were assessed in a study conducted in 2002 by FIPP (International Federation of the Periodical Press) which examined the experiences of successful websites run by business publishers' around the world (21). The study found that the most important single objective, shared by almost everyone, was to create new revenue streams in the long term. Short-term revenue streams were a major objective for only a minority of publishers.

The second most common objective was to expand the publisher's audience beyond the print audience base by creating an online audience, including non-readers of the print title. The means of achieving this formed another common objective: to increase the publisher's product lines, such as news flashes, electronic newsletters, archive retrieval, and so on.

Another majority objective was to use the website to attract new readers for the print products.

About half the publishers had the specific objective of providing website advertisements as added-value for advertisers appearing in the print publication.

This constellation of motives is of course very different from those of manufacturers and suppliers who run their own websites. One implication of this for publishers, and for what they can offer to their advertisers, is discussed later.

Websites are natural brand extensions for magazines. Successful magazines become brands in their own right. Their names stand for authority and trust. The values of the brand can be transferred to other media such as conferences, exhibitions and awards, and certainly websites.

The Greenslade report (20) commented "Content is the most valuable commodity that publishers have to counter this threat [from the internet]. The powerful combination of the publishers' brands, content and relationships is formidable." In the electronic age "a deep knowledge of the workings of the industry, the value and supply chain, and relationships with both buyers and sellers will be crucial to success. Business publishers are best placed to take advantage of the new technologies. Business-to-business publishers have engendered relations by adopting the market-focused approach and have demonstrated their ability to leverage their content and brands to provide the integrated information service the market demands."

Advertisers' websites and electronic sales leads

The previous chapter showed that the internet has not only rapidly established itself as an important information source, but also in many respects ranks second only to B2B magazines. Some of the web's value lies in the information on publishers' websites, but even more important to decision makers are the sites operated by other organisations, including the companies who are advertisers within the magazines.

A major role which magazines now play is to direct readers to the websites of the magazines' advertisers. The typical pattern is that a reader sees a relevant advertisement in his or her magazine, the advertisement stimulates an interest in finding out more about what the advertiser offers, the reader notes the advertiser's web address which is shown in the ad, then a little later goes on to the internet to visit that website.

In other words, the magazines are generating electronic sales leads for their advertisers.

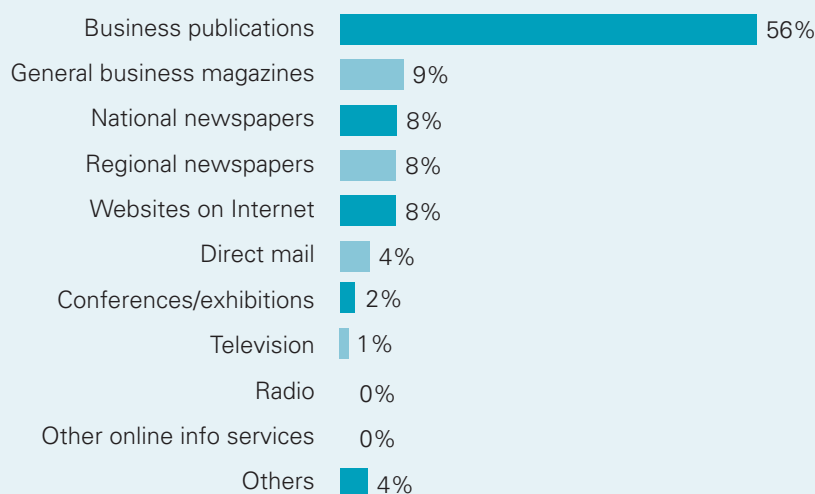
Chapter 10 discusses this in more detail, including statistical evidence of the effectiveness of the two media working together. The basic formula is that B2B magazines plus the web equal increased sales leads, compared with only having reader response cards as in the pre-internet days. The web is a great ally for business publications.

8 . The advertising: readers' perspective

Since business magazines are so industry- or discipline-specific, the advertisements in them are potentially of great relevance to readers.

'The Essential Medium' survey (9) showed that advertisements in B2B publications are considered far more useful than those in other media. 56% of decision makers said that business magazines were the most useful source 'containing advertising which is useful to you'. This is more than six times the score for the next best medium, general business magazines (9%). National newspapers, regional newspapers and websites were each chosen by 8% of decision makers, while the remaining five media scored 4% or less – as the accompanying chart shows.

Containing advertising which is useful to you – most useful source



Base: All respondents stating a preference

In the same survey 73% agreed that business publications "contain advertising that is useful to my job". A couple of verbatim comments illustrate the point:

"I look for new products and advertising information about products."

"Well I think that it's all very interesting, and there's a lot of advertising that is useful to you."

Similarly, in the earlier 'Boardroom' survey (11), 78% of Main Board Directors said that advertisements in business publications are more useful to them than advertisements in other media.

The 'Advertiser Attitudes' survey (10) found that, among executives responsible for marketing decisions, 89% agreed with the statement that, as readers, "I notice advertisements in business magazines".

The advertisements are effective not only when a reader is deliberately seeking information about a certain product, but also when something catches the reader's eye and he or she makes a mental or written note to get more information. For example, a printer in the Printing World focus groups (15) said:

"The adverts from manufacturers are straightforward and honest. It does this, it's got this, and you say hmmm, that might be interesting, and then that's a tick – yeah, we'll have a look at that one when we come to it."

This is the type of moment when the reader might tear out the ad and file it, for the day when decisions have to be made. Or note the advertiser's URL and go to the website for further information. The ads are a jumping off point from which to go to advertisers' websites, as Chapter 10 discusses.

As the previous chapter noted, 'The Essential Medium' survey found that 83% of respondents agreed that "I'm more likely to read an advertisement in a business publication than on the internet". 60% agreed strongly with this.

There is evidence that for many readers the B2B press carries a degree of authority which rubs off onto the advertising. The 'Power of Business Magazines' survey (8) contained two attitude statements asking about this:

- 'I tend to trust companies more if I read about them in business publications': 41% agreed
- 'I would be more likely to appoint a new supplier if I'd read about them in business publications': 45% agreed.

9 . The advertising: advertisers' perspective

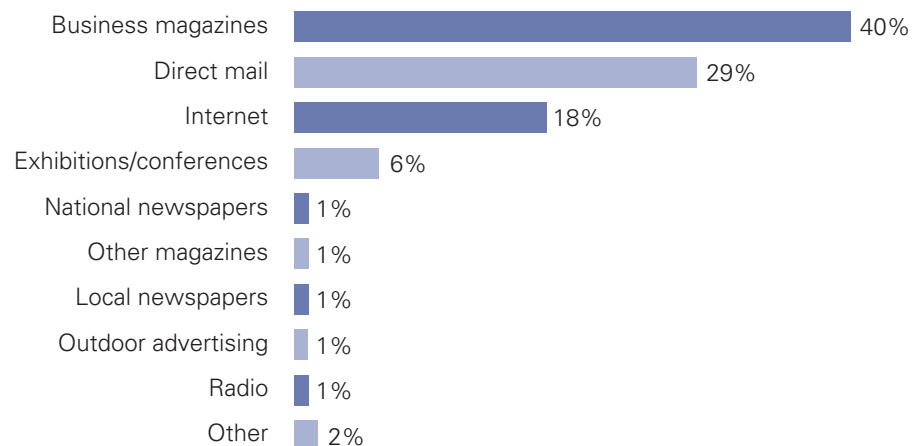
The 'Advertiser Attitudes to B2B Magazines' survey of 2001 (10) was commissioned from NFO/BJM by PPA primarily to enable the industry to evaluate advertiser views of the medium as a whole and its role as an advertising medium in particular. The sample covered 21 top business markets and interviewed people with responsibility for choosing where their company's products/services are marketed.

Almost all these advertisers (92%) had used business/professional magazines, and exhibitions/conferences, for promoting their products and services in the last twelve months.

87% had used direct mail, and the internet was coming up fast with 85% using it in the last twelve months. No other medium had been used by more than 45% of advertisers.

Within this media mix the advertisers considered that the most important medium was business/professional magazines. When asked which one medium they would use if they could only use one, business magazines were the medium of choice.

Medium used if advertisers could choose only one



40% said they would use business magazines, substantially higher than the second medium, direct mail (29%), while the internet was in third place but a long way behind, with 18% choosing it. The auxiliary nature of exhibitions/conferences is seen from the fact that only 6% of advertisers would choose this medium if they could only use one – even though exhibitions/conferences tied with business/professional magazines as the most widely used medium.

The survey went on to examine advertisers' perceptions of five media: business/professional magazines, direct mail, national newspapers, the internet and conferences/exhibitions (22). Business magazines performed better than any of the other four media – and mostly by a wide margin - in terms of:

- Providing the most suitable environment for my advertising
- Raising the profile and image of my company/products in the industry
- Being used most by my industry for marketing products/services
- Reaching the advertisers' target audience
- Being the easiest to use
- Generating the most interest among colleagues and customers

Among the attributes which advertisers were asked about, the only one where business magazines did not win was 'value for money', where direct mail pushed business magazines into second position.

An earlier survey, 'How British Business Advertises', conducted by MIL for British Business Press (23), listed twelve possible objectives for a marketing campaign and asked a large sample of advertisers which medium was the most effective for achieving each objective.

Marketing objective	Most effective
Build company reputation	Business press
Create product awareness	Business press
Advertise new product launches	Business press
Create direct sales leads	Business press
Provide effective support for your sales force	Business press
Increase potential customer base	Business press
Reach specific target audiences	Business press
Improve the business status of your company	Business press
Get cost effective advertising	Business press
Provide the right business environment for your products/services	Business press
Demonstrate your products/services	Exhibitions
Communicate detailed information about your products/services	Brochures

The business press was rated the most effective medium for ten of the twelve objectives. Although the survey was conducted before the internet became a major force, today's available evidence about the internet suggests that the objective where the web would be most likely to take over from the winning medium is the final one: replacing brochures as the means of communicating detailed information about products and services.

Another ray of light was cast by the 'Boardroom' survey (11). It found that 96% of Sales and Marketing Directors said that the business press is best for providing effective advertising for their marketing campaigns.

87% of Sales and Marketing Directors said that the business press is best for market information to improve sales targeting. And 86% said that the business press is best for providing sales leads.

Returning to the 'Advertiser Attitudes' survey, the pre-eminent role of the business press was seen in another way when the advertisers were asked whether they agreed or disagreed with a number of statements. There was very high endorsement of the statements that business press advertising enhances the image of the company, is an important factor in strengthening and maintaining market share, and is the first medium to be chosen. Advertisers generally thought that their target audience was at its most receptive while reading the business press, and that their companies would be adversely affected if they didn't advertise there.

% agreeing with statement	
Advertising in the business press enhances the image of my company	96%
Spending money in the business/professional press is an important factor in strengthening and retaining market share for my company	79%
They are my first port of call when it comes to choosing where to advertise	77%
Our target audience is most receptive when reading the business press	69%
My business would be affected if I didn't advertise in business magazines	64%

Source: 'Advertiser Attitudes to B2B Magazines'

10 . The effectiveness of B2B magazine advertising

B2B magazines can prove that it pays to advertise in them. A wide range of criteria can be used for measuring the effectiveness of advertising, ranging from awareness of the advertisements or the brand, to sales and profits, with a variety of intermediate stages in between.

This chapter examines evidence about brand awareness, action taken as a result of seeing advertising, the generation of sales leads, and sales and profits.

Sales leads, sales and profits: The Landmark Study

One of the most rigorous studies of the effectiveness of B2B advertising was the ARF/ABP study 'The Impact of Business Publication Advertising on Sales & Profits' – often known by one of the chapter headings, the 'Landmark Study' (24). Although published some years ago now, and based on American data, there is no good reason to doubt that the conclusions still apply, and to the UK too.

What makes this an outstanding study is that the effects of advertising were measured under strictly controlled conditions, where the only thing that changed was the advertising pressure. The survey design is outlined in the footnote¹, but in essence three types of product were studied: a portable safety product, a commercial transportation component package, and highly specialised laboratory equipment. Potential buyers of each were divided into three groups and given different weights of advertising exposure. Then the effectiveness of the advertising was tracked.

As the report says, "the results are clear: business publication advertising works!"

1 Three different types of product were studied, representing different market conditions. They were: (a) a commercial transportation component package; it was high-priced and long-life, with a moderately complex purchase process; it was sold through a network of dealers; (b) highly specialised laboratory equipment, relatively expensive with a moderately complex purchase process, with limited potential buyers and not bought regularly; sold direct to end-users; (c) a portable safety product; it was a low-price short-life non-complex product, bought on a regular frequent pattern; sold direct to end users.

Each product was advertised for 12 months in appropriate vertical B2B publications, with no other advertising taking place and very little other promotional effort.

For each publication used (all subscriber-only titles, subscribers were divided into three equal groups, the groups being given different weights of advertising exposure by varying the advertisements printed in the magazine copies sent to each group.

Measures of effectiveness - sales enquiries, product sales and profits - were tracked during the 12 month campaigns and for some months beyond, separately within each weight-of-exposure group.

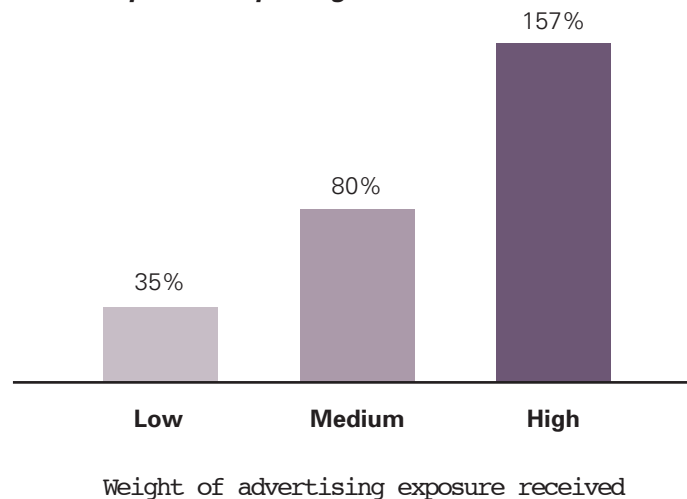
Sales

Sales were monitored for all three products. In all three cases, not only did the advertising generate sales, but sales increased as the weight of B2B advertising increased.

For the **commercial transportation package**, at the end of 14 months (two months after the final advertising insertion) end-user sales had increased by 35% among the Low exposure group, by 80% among the Medium exposure group, and by 157% in the High group. This is a dramatic and clear progression, showing that the more the advertising pressure, the greater the sales.

Sales increase (%)

Commercial transportation package



This product was sold through dealers, not direct to end users, so there was also a separate advertising campaign in the dealers' publications. End-user sales were found to be highest when both the end users and the dealers were exposed to heavier business publication schedules. It is evident that when a product is sold through dealers it pays to target both groups with advertising.

For the **highly specialised laboratory equipment** there was a similar pattern among end users. At the end of 12 months sales rose by 27% among the Medium exposure group, and by 40% among the High exposure group. The third group received no advertising, and there was no increase in sales.

For the **portable safety product**, the 'Low' exposure group showed almost the same rate of growth (265%) as the Medium group (270%), but the explanation is that a cock-up at the printer meant that the Low group was given almost as much advertising pressure as the Medium group! The 'Low' group can thus be re-named 'Low/Medium'. Among the High exposure group sales increased by 670%, two and a half times more than among those with Medium ad exposure.

Profits

Data on cumulative profits arising from the sales were available for two of the products, and both demonstrated that the B2B advertising had increased profits as well as sales.

For the **portable safety product**, after 16 months the profit (calculated in index form) from sales generated by High advertising exposure was indexed as 631, while Medium advertising exposure generated profit indexed as 357. The Low/Medium (almost Medium-weight) exposure produced profit indexed as 350.

For the **commercial transportation package** the profit indices were more complex, taking into account the weight of exposure among dealers as well as among end users. The table below shows that profit after 12 months increased as weight of exposure among end users increased, and also as weight among dealers increased. The highest index was where end users and dealers were both at High levels of advertising exposure.

Exposure among end users Profit (index)	Exposure among dealers	
High	High	395
High	Medium	231
Medium	High	372
Medium	Medium	154
Medium	None	129
Low	Medium	129

Sales leads

Reader service enquiries also showed the power of advertising, particularly at higher weights.

The **commercial transportation package** found that High advertising pressure created 14 times more qualified sales leads than did the Low advertising pressure. The indices were: High, 1388; Medium, 594; Low, 100.

For the **portable safety product**, the High cell produced 1.8 times as many sales leads as the Low/Medium cell. The indices were: High, 177; Medium, 139; Low/Medium, 100.

What is striking about all these analyses is not only that advertisements in business publications lead to increases in sales, profits and sales leads, but also that there is a consistent progression of increasing benefits as the advertising weight increases.

Brand awareness

Generating brand awareness is usually an important function of advertising, and it can be a key criterion of a campaign's effectiveness. Measuring brand awareness will normally provide a quicker indication of progress than waiting for sales data or its equivalent, especially for products where the purchasing decision is a complex and lengthy one.

A number of case studies of successful campaigns are shown on the PPA's B2B website (www.b2bmedia.co.uk), with new cases being added from time to time.

One example in which brand awareness was a vital concern was a recent campaign in the UK by Microsoft called Business Critica (25). Microsoft relies on the reseller channel to supply business customers with software products and solutions. A traditional concern for this sector has been a perceived difficulty in obtaining technical support from Microsoft when a solution they have installed needs urgent attention. The Business Critica campaign was designed to launch a free technical telephone service which would assist the reseller in correcting faults whilst on customer sites – thus benefiting both reseller and customer.

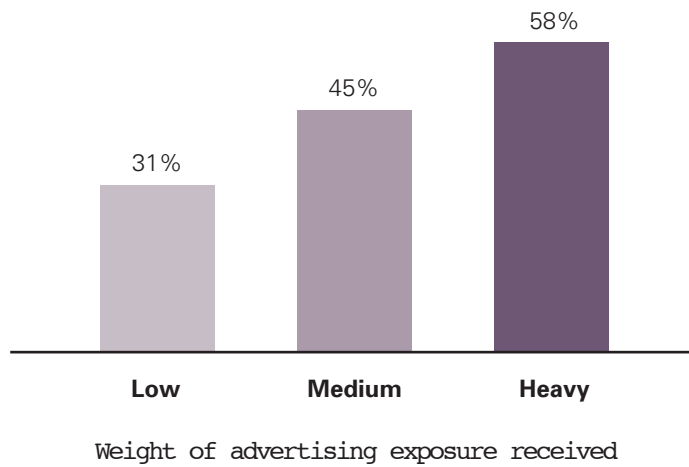
The campaign ran in two leading reseller magazines, with some direct mail support. Awareness levels are tracked independently for Microsoft on a quarterly basis. Clearly as a new product the service would begin with a zero level of awareness. In the quarter immediately after the launch the service achieved a 30% spontaneous awareness (i.e. without specific prompting) among resellers – regarded as an excellent figure given the diverse nature of individuals and businesses in this sector. In addition a website set up for the campaign received 6,683 page views in the first month of the campaign, three times the resellers' average monthly online contact with Microsoft – and a fine example of print leading readers to the advertiser's own website. Finally, more than 1,400 resellers quickly signed up to Microsoft's new telephone support service, an immediate encouraging conversion rate of about 10%.

Particularly valuable are studies carried out under controlled conditions, where comparisons in awareness levels can be made between different weights of advertising, or between advertising and not advertising. Because such research is difficult and costly to set up, and other commercial pressures may make it difficult to adhere to the plan throughout the campaign, examples are rare, but several American projects qualify. They were conducted some years ago but remain highly relevant.

One of these studies was by Cahnners in the international semiconductor market (26). The target audience was divided into three parts, which were exposed to different weights of advertising for a product.

At the end of the campaign, those exposed to a low level of advertising (less than four pages) registered an awareness score of 31%. Those exposed to a medium weight of advertising (4 to 12 pages) scored an awareness of 45%. Those receiving heavy advertising (more than 12 pages) scored 58%. Thus the higher the level of advertising investment, the higher the level of brand awareness achieved.

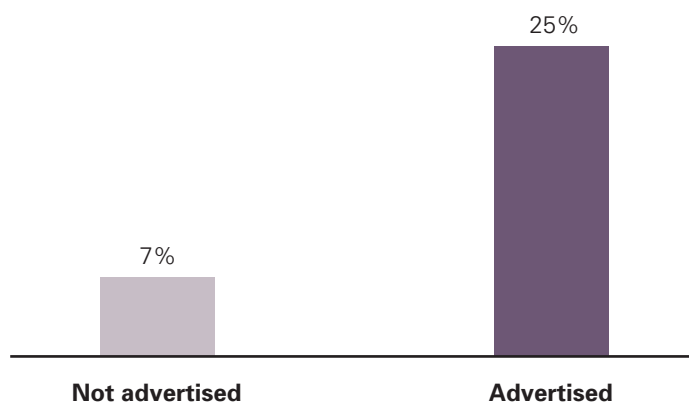
Increase in brand awareness (%)
Semiconductor product



The second study was conducted by McGraw-Hill for its magazine Chemical Engineering (27). Tracking studies measured the brand awareness across a period of two years of 2,594 products sold in the chemical process industry.

614 of these products had been advertised and 1,980 had not. McGraw-Hill found that for the non-advertised products the average percentage growth in brand awareness across the two years was 7% - but for the advertised brands it was 25% (see chart below).

Increase in brand awareness (%)
2,594 chemical process products



In another American study, the Strategic Planning Institute, in conjunction with Cahners Publishing Company, used their PIMS (Profit Impact of Market Strategy) database covering several thousand companies to explore advertising's impact on brand awareness (28). They concluded that "to increase brand awareness levels, aggressive (above 'par') marketing relative to competitors appears important. The data showed that businesses spending more than their 'par' marketing level showed definite increases in awareness. The level of expenditure that is 'par' for a company depends upon its competitive situation, its market and its strategy." The study went on to conclude the awareness tends to decay, and needs reinforcing by continued advertising pressure; and that even a strong market leader under threat from a new competitor must protect its level of awareness by better-than-par marketing.

Another analysis linked brand preference to brand awareness. The University of Lowell examined Semiconductor International's Brand Preference Study (29) covering a large number of brands, and found that once a minimum threshold level of brand awareness is reached, any further increase in awareness tends to be matched by an increase in preference for that brand. Of course the product and marketing qualities of the brand are primary in creating preference, but these must be communicated in order to obtain the maximum benefit. The analysis found a straight-line relationship between brand awareness and preference, once the awareness threshold (estimated as 10%) had been achieved, as the table below shows.

High brand awareness is linked to high preference

If awareness level is:	...then average preference score is:
10%	0%
20%	4%
30%	8%
40%	12%
50%	16%
60%	20%

Averages smoothed and based on large number of semiconductor brands

This is an 'average' generalised pattern based upon a large number of different brands in a variety of marketing circumstances. While the exact relationship between awareness and preference will obviously vary considerably for individual brands, the key point is that there is a link between the two: the higher the awareness, the higher the brand preference is likely to be.

The overall picture from these studies is that advertising in business publications builds awareness; the higher the advertising pressure, the higher the awareness levels are likely to be; and the greater the awareness, the greater the customers' preference for the brand.

One more aspect is to be added at this point. The Strategic Planning Institute’s analysis mentioned above (28) also asked buyers to rate a range of competing products in terms of quality. The quality ratings were then matched to the level of advertising support the products received. For products receiving no advertising, the average quality rating (the percentage of respondents who viewed the product as being of a high quality) was 21%. For products classified as having Low advertising support, the average rating was 25%. And for products with High advertising support, the average quality rating was 32%. In other words, for products with above-average advertising weight the perception of the product’s quality was 50% better than for products which were not advertised.

The Strategic Planning Institute concluded that the more a product is advertised, the higher the perception of its quality is likely to be.

Professor Patrick Barwise (30) drew the same conclusion from examining case studies in the IPA Data Bank of Advertising Effectiveness Awards entries. He wrote “The success of a high-quality product can be greatly increased by good advertising which increases the product’s perceived quality and emotional appeal”.

Action taken

One of the criteria measured by the ‘B-to-B Media Study’ (16) conducted in 2001 by Yankelovich Partners and Harris Interactive for American Business Media (ABM) was action taken as a result of seeing advertising in business magazines. ABM noted that the advertising “sparked remarkable levels of activity”. Actions taken during the last six months, as a result of B2B magazine advertising, are shown in the table.

Action taken in last 6 months as a result of seeing advertising in B2B magazines. % of respondents who had:	
Been prompted to find more information about a product or service	81 %
Looked for more information about a product or service on the web	74%
Cut out or discussed ads with colleagues	68%
Purchased or recommended purchase of a product or service	58%
Talked to a salesperson	55%

Source: American Business Media/Yankelovich & Harris

More than half had purchased or recommended purchase of an advertised product, and more than four-fifths had taken steps to find out more, stimulated by the advertising. Among other things, the advertising had sometimes prompted executives to go to the web for further details, to discuss the advertising with colleagues, and/or to get in touch with a salesman.

The cross-referencing between B2B magazines and the web is a reminder that, while business magazines form the single most important medium for business-to-business advertising, there is much to be said for using a combination of media, with business magazines at the core of the mix. For example, business magazines, websites and trade shows work well together because their differing characteristics complement one another, enhancing awareness and stimulating action. In particular, the web is increasingly being seen as a major reference source.

ABM commented that B2B magazines, web sites and trade shows when used in combination “are successful for advertisers because they work together to increase awareness and stimulate action. Advertising frequently – and capitalising on the synergistic effect of print, web sites and trade shows – generates more awareness, interest and impact, which leads to profits from advertisers’ B2B media investments”.

Sales leads: advertisers’ websites are magazines’ friend

Until the last few years the term ‘sales leads’ for advertisers chiefly meant reader service response cards (often called ‘bingo cards’) torn out of B2B magazines and mailed to the publisher. Now it means these plus the readers who go direct to the advertisers’ websites.

Pre-internet, the established response system was that readers saw an ad featuring a product on which they’d like more information. They filled in the response card (maybe circling or writing in several products) and posted it to the magazine. The magazine distributed the readers’ requests to the various advertisers, who then sent out the requested literature or made personal contact. The whole process could take several weeks before the potential customer received a response.

The arrival of the internet has revolutionised this. Now the readers see an ad that provokes interest, they want more information, note the advertiser’s website URL that’s printed in the ad, type it into their PCs and click. Within seconds they’re in the advertiser’s website and finding the answers to their queries.

Meanwhile the old method is still working: some readers are continuing to fill in the response cards, but usually in smaller numbers than before because some have migrated to the internet for this.

It is almost certain that print is now even more effective than it was before the arrival of the internet. There can be little doubt that the number of enquiries delivered by the combination of internet and the bingo cards exceeds the number delivered by response cards alone in pre-internet days. The reason is partly that it is so easy to read and click, and partly that the reader knows he or she will get information instantly from the website and at the user’s own moment of convenience. By contrast, the knowledge that when using bingo cards it could take weeks for the requested literature to arrive must have deterred many from using the cards. Much private research showed that if the enquiry was urgent, readers tended to telephone the advertiser direct, but then the magazine usually got no credit for the sales lead.

In one way it is tempting for publishers to try to route readers' online requests via the publishers' own websites, whence the requests would be re-routed to advertisers. It means publishers keep control of the information flow and know how many enquiries they have generated. But it's not the way the readers want to work – they want to cut out the middle man and go direct to the advertiser, which the web permits.

For publishers to prove the effectiveness of their magazines in generating sales leads, it is essential to measure the degree to which readers are indeed prompted by print ads to click on advertiser websites. This must be measured either at the point when readers are about to leave the page (i.e. research among magazine readers) or at the point when they arrive on the website. The latter has the advantage that software can be installed on the advertisers' websites which collects the information automatically and on a continuing basis – for example through an online questionnaire which asks where the visitor came from.

"The readership and response of print has never been better. The basic problem is magazines are not tracking and reporting all the leads" said Paul Beatty in October 2002 (31), speaking of the United States. "Magazines who are not tracking readers coming off the printed page and going direct to the web are missing 60% of the leads. Advertisers who are not tracking readers coming off the printed page and going directly to the web are not measuring the value of their investment. Agencies who are not measuring all the leads and who are buying on reach and cost alone are not doing the proper job of selection."

Beatty concluded "Readership and response are up, not down. The problem is the tracking. There is no better way to sell products and services. The print-to-web connection has been a dramatic plus for magazines to show results. Read, click, sell and buy."

Beatty cited evidence (32) from several US magazines which had monitored the volume of traffic from the printed page to advertisers' websites, in addition to traditional reader response cards. For instance:

- A metal machinery magazine's respondents were up 170% and leads were up 75%
- A home services magazine's respondents were up 184% and leads were up 68%
- A computer magazine's respondents and sales leads were both up 32%

Magazines make advertisers' websites work much harder, but one can also say the websites enable magazines to work harder too: by providing an attractive 'read and click' destination they increase the volumes of sales leads produced by magazines. The combination of print and web is more productive for all sides. Advertisers' websites are magazines' friend.

What do readers look for when they go to advertisers' websites? Focus groups for IT Week probed this in a 2001 study among IT managers who read IT Week (33). Gilmour Research reported "Once on the website, these respondents demanded proof of a corporeal existence in their supplier.

Advertiser websites were expected to contain technical product details (or be written off as 'marketing sites') but as much as anything the website's main use was to convey an impression of what the potential supplier company would be like to work with." Two respondents said:

"A website is an enabling technology, enabling me to move forward. Brochures don't do that. I want to be able to make a decision about whether or not I can work with these guys."

"I treat it as an environment where I can be informed about what the organisation can do for me and how I can get in touch with them"

Return on investment

Another study from American Business Media measured the return on investment in B2B magazine advertising (34). Fairfield Research Inc were commissioned to investigate the frequency and value of purchases made by decision makers as a result of seeing advertising in the business press. Their conclusion was that, on average, for every \$1 spent on B2B magazine advertising, advertisers enjoyed \$12 of sales – a very healthy return on investment.

Integrated multi-platform campaigns

Case studies are building up of integrated multi-platform campaigns with business magazines at their core and the internet as a new and effective companion, complementing the traditional promotional platforms of exhibitions, roadshows, conferences, direct mail, and so forth.

The PPA's B2B website (www.b2bmedia.co.uk) displays a number of such case studies. One example is the Unilever Bestfoods PG Tip Catering campaign called Project Bedrock (35). Devised by Torch b2b, it ran in 2001/2002 and was a winner in the PPA's 2002 B2B Advertising Excellence Awards. The campaign was targeted at the catering industry, from national accounts chains through to independent cafes. The media consisted of advertisements in the catering magazines, a business press datacapture card, an online tea clinic, pop-up direct mail, and two kinds of point of sale material - one for use in cash-and-carry stores to attract caterers, and the other for caterers to display to attract consumers. The B2B Advertising Excellence Awards judges declared that "The innovation and creativity in this campaign was very impressive", and praised the way the creative work was highly integrated across the media.

The result was 15,000 hits on the website in the first two months alone; 1,000 datacapture cards returned for active telebusiness follow-up, and 1,500 point of sale kits released to caterers via the online tea clinic. Moreover by the end of the campaign there was a 28% increase in sales year-on-year in January 2002. All this was considered an outstanding outcome.

11 . B2B advertising in a recession

Strategies for coping

What is the best advertising strategy in an economic downturn? Professor Patrick Barwise of the London Business School has published an extensive review of the evidence on this (30). He concluded that the most successful companies maximise long-term shareholder value by maintaining their advertising investment when the economy slows down and weaker competitors cut back. This enables them - at lower cost than when the total market is growing - to build market share. A prime reason for this is that if competitors cut back, those who maintain or increase their adspend achieve a higher 'share of voice'. Any reduction in these firms' short-term financial performance is typically soon outweighed by their increased revenue and profit growth when economic conditions improve.

Barwise argued that regardless of economic conditions, every firm needs a clear strategy based on classic marketing principles – including how much to invest in advertising. These principles still apply when the economy slows down. The financial markets look for long-term shareholder value, not just short-term financial performance. If a firm has a convincing strategy it can keep investing in marketing even if the economy slows down, without a negative reaction from shareholders.

Based on the accumulated evidence, Barwise advocated three positive strategies for coping in a recession:

- 1 . “Look for new creative, targeting, or media opportunities. In some contexts, the slower market conditions create new opportunities to emphasise different customer benefits or segments.
- 2 . “Strengthen your market position against weaker rivals. The research shows clearly that the strongest, most successful firms can use the opportunity of an economic slowdown to attack their weaker rivals.
- 3 . “Keep going. Arguably this is the best strategy of all. It is based on the idea that long-term shareholder value comes from excellent strategy executed consistently over many years. The concerns about recession – that customers may spend less on the category, that short-term financial performance may be under pressure – are balanced by the advantages – that the same adspend gives a higher share of voice and that the financial markets will support a long-term strategy if they find it credible.”

The need to continue advertising

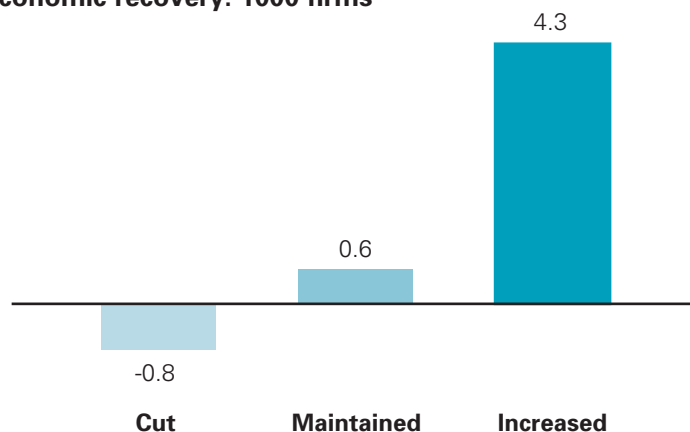
Among the wealth of evidence assessed by Patrick Barwise was a 1999 analysis by Tony Hillier. Hillier examined marketing and financial data on 1,000 firms (mostly business to business) in Europe and USA, held in the PIMS (Profit Impact of Market Strategy) database collected by the Strategic

Planning Institute in Massachusetts (36). Hillier divided the 1,000 firms into three groups according to whether they had cut, maintained or increased their marketing spend during recession. For each group, he examined profitability (defined as inflation-corrected return on capital employed) during recession and during recovery.

He found that those businesses which had increased their marketing spend were, on average, not significantly less profitable during the recession than those which had only maintained their marketing, or which had cut it. Profitability averaged 10% for those cutting their spend, 9% for those maintaining it, and 8% for those increasing it.

The big differences came during the recovery and afterwards. During the recovery the firms which had cut their marketing spend in the recession averaged a fall in profits of 0.8%. Firms which maintained their spend had an increase in profit of 0.6% during the recovery, but those which had increased their spend in the recession enjoyed an average increase in profit of 4.3% during the recovery.

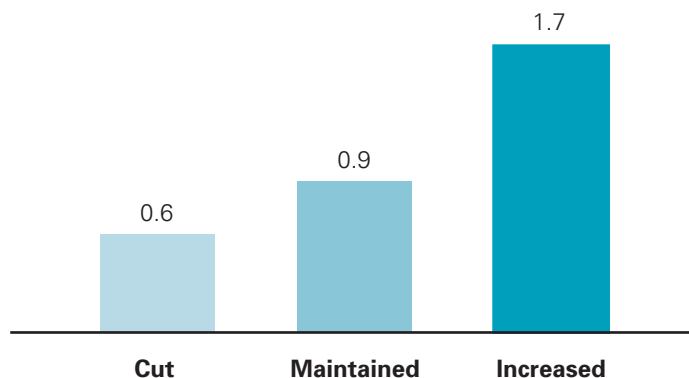
**Average percentage increase in profits
during economic recovery: 1000 firms**



Marketing spend during recession, compared with before recession

A difference was also evident in market share of sales during the first two years of recovery. Those firms which had cut marketing spend in the recession gained an average of only 0.6 percentage points of market share during the first two years of recovery. Businesses which maintained spending in the recession gained 0.9 percentage points in market share in the first two years of recovery. But companies which increased their marketing spend in the recession gained an average of 1.7 percentage points of market share during the first two years of recovery. (See chart on the following page.)

Increase in market share (percentage points) during first two years of recovery: 1000 firms



Marketing spend during recession, compared with before recession

Hillier concluded "The natural reaction of many businesses experiencing a downturn is to cut costs in areas like advertising and promotion. Our findings prove that they should do exactly the opposite if they are to ride out the recession and thrive thereafter."

ABM guidelines

Similar experience was found in the United States by American Business Media. ABM's research conducted in 2001 by Yankelovich/Harris (16) found that an overwhelming majority of American executives - 86% - agreed that companies that advertise in a down economy stay more top-of-mind when purchase decisions are made, and create more positive impressions about their commitment to their products and services.

In 2002 ABM listed the following points, where each individual point had been proven by research (37):

- If a company fails to maintain its 'Share of Mind' during an economic downturn, current and future sales are jeopardised. Maintaining 'Share of Mind' costs much less than rebuilding it later on.
- If during an economic downturn you maintain a strong advertising presence while your competitor cuts his budget, you will automatically increase your 'Share of Mind'.
- Advertising through both boom and down times sustains the necessary brand recognition.
- Maintaining a company's advertising during an economic downturn will give the image of corporate stability within a chaotic business environment, and give the advertiser the chance to dominate the advertising media.
- Economic downturns reward the aggressive advertiser and penalise the timid one.

- During an economic downturn, a strong advertising/marketing effort enables a firm to solidify its customer base, take business away from less aggressive competitors, and position itself for future growth during the recovery.
- Maintaining or increasing advertising budget levels during economic downturns may be necessary in terms of protecting market position vis-à-vis forward looking competitors.
- When times are good, you should advertise. When times are bad, you *must* advertise.
- Advertising in an economic downturn should be regarded not as a drain on profits but as a contributor to profits.

About the author

Guy Consterdine is principal consultant at Guy Consterdine Associates, a consultancy which specialises in media research, with particular emphasis on print media.

Among other current assignments, he is research consultant to PPA. Reports he has recently written for PPA include 'The Essential Medium: decision makers usage of B2B magazines' and (on consumer magazines) 'How Magazine Advertising Works' and 'Measuring Advertising Effectiveness'.

Guy has many years' experience of B2B magazines, both as a consultant and in various roles within publishing houses and advertising agencies. Before founding his consultancy he was Director of Research at International Thomson Publishing Ltd, at that time one of the leading magazine publishers with a large array of B2B magazines and consumer titles. Prior to that he was Marketing Services Manager at Times Newspapers Ltd.

He began his career in major advertising agencies, where his roles included Media Research Manager, International Media Manager, and Media Group Head. In the latter function he was responsible for the media planning on many of the agency's accounts, including a range of B2B clients. During this period he served as Chairman of the Media Research Group.



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This report and a slide presentation summary of it are downloadable from www.b2bmedia.co.uk

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