

An opportunity to acquire a well-established small/medium-sized London-based publishing company with a strong record in delivering top quality multimedia publications either under its own imprint or for third party publishers.

Executive Summary

Established in 1995 as a supplier of editorial and design functions and products to other publishers – a service commonly known as ‘packaging’.

Has also published several successful partwork products either under its own name or in joint venture with third parties.

Specialises in developing collectable illustrated non-fiction series marketed either as partworks or as direct response continuity products. Both are lucrative publishing niches.

Current and previous clients and partners include Reader’s Digest, IMP, Time-Life, DeAgostini, GE Fabbri, Chorion, Grolier, Marshall Cavendish, Hachette and the BBC.

Has an established and well-developed professional infrastructure, with excellent accounting and reporting systems specifically designed for the publishing industry.

Also has the research, marketing, fulfilment and subscription management capability to handle the specific demands of the partwork and direct response markets.

Enjoys well-established contacts with all of the main players in the partwork, continuity, direct response and book industries.

Owns three significant subscriber databases, which together provide details for over 35,000 confirmed collectors of series-style products.

Small, experienced team

Managing Director

- A Chartered Accountant with over 25 years involvement and interest in the media sector.
- Founder of company – with responsibility for its finance, administration and strategy.
- Extensive experience of the UK partwork and continuity publishing sector was critical in establishing the company as a publisher as well as a packager.

- Previously Finance Controller of one of the world’s biggest partwork companies, and Finance Director of another key current partwork player in the UK market.

Publishing Director

- Fifteen years of experience working across trade and consumer magazines, illustrated non-fiction books, continuity series and partworks.
- Two stints at the company, the first from 1998 to 2004 as Editorial Director, the second from 2006 onwards when asked to rejoin the company as Publishing Director.
- Has also worked as a Commissioning Editor for two major international book publishers.
- Has specialized in new product development for the last decade and provides the creative lead for the company’s publishing activity.

Marketing Director

- Ten years marketing experience in the publishing sector, on a wide portfolio of B2B and B2C magazines titles.
- Expertise in subscription management, media-buying and production logistics.
- Central to establishing the company as a direct response service provider and publisher.

Staff

- A further ten members of staff including a highly talented and motivated creative team of editors and designers all of whom have been at the company for at least three years and most for nearer ten.

Products and services

Packaging

The company’s reputation for packaging top quality products relies on the following services:

Editorial: commissioning, copywriting, editing, proof-reading, indexing

Design: page layouts; jackets; templates; multimedia; 2D and 3D illustration; photography; shoot management; web design; CD-ROM design; filming; DVD editing

Production: pre-press; on-press

Direct response marketing

The company also offers a direct response marketing service to clients looking to exploit their backlists. This involves the management of accounting, media buying, fulfilment, reporting, promotional material and product adaptation.

Publishing

The company's own partwork and direct response publishing activity additionally relies on:

Market research: quantitative research; qualitative research (focus group management)

Marketing: TV advertisement production; media buying; trade distribution; subscription fulfilment

Financial: accounting; reporting; forecasting

The market

Partworks: publishers and packagers

A partwork is a series of magazines designed to be collected and kept (often with an associated collectable item). They are:

- aimed at mass markets
- sold in high volume
- launched with £1m TV advertising
- market-tested to measure sales potential
- sold via the news trade and subscriptions

Typically in the UK a partwork publisher would look to sell 250,000 copies of part 1 with total sales across (for example) a 60-part series of over 5 million. A partwork of this type generates revenue of £5.5m and contribution of £1.2m for the publisher. A packager would expect revenue of up to £500K and contribution of over £100K.

In the UK the key partwork publishers are: GE Fabbri, DeAgostini, Eaglemoss, Hachette and RBA – all clients of the company.

Direct response: publishers

In a direct response marketing campaign, the promotional message (conveyed by adverts or inserts in publications, mailshots, or telephone marketing) requests consumers to respond directly to the advertiser either by mail, phone, website or e-mail. Direct response products are:

- collectable series like partworks
- market-tested like partworks
- much less expensive to test and launch
- sold via subscriptions and at lower volumes
- expected to give an excellent return on investment

A typical direct response launch will generate revenue of around £1m with contribution of around £250K.

In the UK the key publishers of direct response continuity series are: IMP, Grolier, and Atlas Editions.

Financials

| | Turnover | Gross Profit | PBIT |
|--------------------|----------|--------------|-------|
| | £000s | £000s | £000s |
| Historical* | | | |
| 2005 | 3,918 | 648 | 138 |
| 2006 | 3,431 | 671 | 116 |
| 2007 | 2,471 | 646 | 127 |
| Forecast | | | |
| 2008 | 1,484 | 697 | 147 |
| 2009 | 1,745 | 651 | 125 |
| 2010 | 2,541 | 827 | 301 |

* Restated

The company's business model changed at the end of 2006. Investment in high-risk, high-turnover partwork publishing was curtailed to be replaced from 2008 with lower-risk direct response publishing with higher margins.

Market opportunity

Packaging

The company is expanding its packaging business to include the provision of services to book publishers, and the provision of direct response marketing services to partwork publishers and other content owners.

Publishing

The company plans to renew its publishing activities – but switch from high-risk partwork publishing to lower-risk direct response campaigns – and so build on both its margins and intellectual property value.

An opportunity to acquire a solid publishing company looking to expand its operations

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