

Understanding the Print and Publishing Sectors in the City Fringe

EXECUTIVE SUMMARY

Authors

Burns Owens Partnership
Parker Associates Economics and Strategy Ltd
Experian Business Strategies



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PO Box 270, Guildhall
London
EC2P 2EJ

www.cityoflondon.gov.uk/economicresearch

Foreword

Michael Snyder
Chairman, Policy and Resources Committee
Corporation of London

The Corporation of London is pleased to be an active member of the City Fringe Partnership, the economic development partnership for the area to the north and east of the City of London. The Board of the Partnership is private sector led and includes members from the City Fringe's financial and professional services and creative industries sectors. Camden, Islington, Hackney and Tower Hamlets, and the London Development Agency (the Mayor's agency for business and jobs) are other key members of the Partnership, which has recently produced its 'City Growth Strategy' for the City Fringe.

This is based on the work of Michael Porter of Harvard University who along with the Chancellor of the Exchequer launched the overall strategy in November 2003. The City Growth approach to regenerating inner city areas in the UK concentrates on promoting and exploiting their competitive advantages, their strategic location, the evidence of effective clusters of industries, their human resources and the demands of the local market in order to bring both social and economic progress to some of the most disadvantaged parts of our community.

The City Growth Strategy requires a process of evidence-based policy making and the involvement of businesses themselves. This report is therefore another step towards knowing more about the businesses of the City Fringe. It demonstrates the importance of their location next to the City and how they contribute to its success. It starts a process of determining what more the print and publishing industries will need to flourish and grow.

The Corporation has jointly financed this report with the London Development Agency. Its production has been steered by a group including representatives of industry trade organisations, Higher Education institutions and training organisations, chaired by the City Fringe Partnership. I commend it as a productive outcome of constructive partnership working.

We look forward to the findings of the report being taken forward through the work of the City Fringe Partnership, with business fully engaged and with the support of all the Partnership's members as we seek to maximise the competitiveness of London's central business district in ways which bring sustainable economic, social and environmental advantages to the communities of the City Fringe.

*Michael Snyder
London
September 2004*

Executive Summary

This report is an empirically-based investigation of the nature of the print and publishing industries in the City Fringe area of London. It is intended to form part of the evidence base from which the City Fringe Partnership (CFP) can develop a strategy for supporting the industries in the Fringe area.

The historical linkage between printers and publishers means that the two sectors are often considered as one. But print and publishing are different, with contrasting business models, capital and property requirements, and skills needs. Publishing remains the single largest customer industry for printers, yet it does not account for the bulk of sales in the print sector. Certainly in the City Fringe area of London, there is very little evidence of linkages between businesses in the two sectors. Therefore, **any interventions should start from the recognition that two separate strategies for print and publishing are required.**

Print and publishing in the City Fringe have experienced contrasting recent fortunes. Between 1998-2002:

- The publishing sector **increased** both employment and business numbers, at a greater rate than nationally, albeit at slightly below the rate seen in the sector in London over the same period.
- The print sector experienced **decreases** in both employment and business numbers, and these decreases were proportionally greater than the declines registered within the sector at both the national and regional level.

The result is that currently:

- **Employment and businesses in the publishing sector are strongly concentrated in London, and the region's employment in the sector is strongly concentrated within the City Fringe area**, with the 27,097 employees accounting for 40% of the region's employment in the sector in 2002.

- In contrast, **employment and businesses in the print sector are less concentrated in London, and the region's employment in the sector is less heavily concentrated within the City Fringe area**, with the 7,889 employees accounting for 27% of the region's employment in the sector in 2002.

Publishing in the City Fringe

The sector has three key components in terms of the numbers of businesses: magazine/journal publishing, book publishing and book retailing. The presence of two major newspaper groups is also very significant in terms of employment in the City Fringe. Reflecting the recent growth of the sector, businesses in the publishing sector have experienced a good last 12 months, with turnover, employment and profits all rising.

Magazine/journal publishing in the area contains many companies producing titles for the business market, often only one title or a number of titles for one well defined market segment (e.g. telecoms, legal), in addition to a number of niche/specialist consumer titles. This means that **the majority of these publishers identify with, and orientate their businesses toward, the specialist vertical markets for which they cater, rather than operating as part of something called the 'publishing sector'**. They are therefore part of the competitive process for these other sectors. As a result, the **CFP should consider including these publishers in its existing programme of cluster support in key sectors** (e.g. financial services, ICT), rather than starting a new 'cluster' initiative – though this will require a more detailed segmentation of publishers in the area.

There are other routes into the sector for the CFP and the most promising is through **the community affairs divisions of the two major newspaper groups that run Corporate Social Responsibility (CSR) programmes**. These include locally-based support and training programmes linking media businesses with local communities and young people. Both of the community affairs divisions are keen to develop these aspects of their work and to find new partners to enable them to do so.

These possibilities should be pursued, although **the bulk of the opportunities is most likely to lie in advertising and subscription sales**, due to the existing supply of highly educated and skilled entrants on the editorial side.

Printing in the City Fringe

The sector in the area consists predominantly of general and quick printing: low to medium volume, often with a fast turnaround, printing items such as corporate and promotional literature. The main exceptions to this are the remaining newspaper print facilities in Wapping. **Printing in the City Fringe exhibits more classic ‘cluster’ attributes than publishing:** it places a much greater reliance on local and regional markets and the City, procures more locally, and features sub-contracting and informal referrals between businesses.

Printers in the City Fringe are facing a number of serious challenges. These challenges are common to the sector in the UK as a whole, and include falling demand for hard copy associated with the rise of digital media, over-capacity across the sector, and overseas competition from low-cost locations such as the Far East. **But they are particularly pressing within the context of inner London, where property and wages are more expensive (c.30% more)**, and where the particular effects of congestion and transport policies place further additional operating pressures on print businesses.

New technologies are also providing new opportunities and larger firms in the City Fringe are exploiting these, together with offering some other non-print services such as facilities management. **In the main, however, printers in the City Fringe do not compete on these added-value services but through a combination of flexibility, proximity to customers and price.** The danger is that further advances in technology will undermine the advantage of proximity, leaving City Fringe printers exposed on price.

Despite its current difficulties, there will always be a strong demand for print items from the City and the rest of London. The City Fringe print sector is also important to the continued competitiveness of the City itself. **The future for the larger/leading print companies in the City Fringe is likely to lie in offering a combination of print and value-added services. This is not a realistic option for many of the small, traditional companies in the City Fringe, which lack the capacity and management skills to be able to move into these markets. Sustainability will depend on improving the fundamentals of their businesses and the research suggests there is plenty of scope for achieving this.**

The CFP should consider intervention strategies designed to support both of these competitive strategies. In tackling these issues, there is already a range of sector-led initiatives underway at the national level designed to: **improve production processes and streamline supply chains**, such as the DTI-backed Manufacturing Advisory Service (MAS); **help firms to review and re-think their competitive strategy**, such as the BPIF/DTI Print Module Benchmark Index; and **train new entrants and raise skill levels** to meet changes in technology and markets, such as Modern Apprenticeships, the Access to Skills initiative, and a number of management development programmes. These initiatives should be investigated with a view to assessing their appropriateness and identifying how **CFP could work with partners to fill gaps in provision and/or add value by adopting/adapting existing initiatives.**

In addition, **there are three further areas where the CFP and its partners should consider more stand-alone interventions:** targeted **workshops/seminars** which address identifiable gaps in print firms' knowledge and understanding of the use of the internet for marketing and e-commerce; **a local procurement scheme** to promote the area's printers to the City (also incorporating the Corporation itself); and **measures to improve cross-sector networking.**

The Corporation of London

The City of London is exceptional in many ways, not least in that it has a dedicated local authority committed to enhancing its status on the world stage. The smooth running of the City's business relies on the web of high quality services that the Corporation of London provides.

Older than Parliament itself, the Corporation has centuries of proven success in protecting the City's interests, whether it be policing and cleaning its streets or in identifying international opportunities for economic growth. It is also able to promote the City in a unique and powerful way through the Lord Mayor of London, a respected ambassador for financial services who takes the City's credentials to a remarkably wide and influential audience.

Alongside its promotion of the business community, the Corporation has a host of responsibilities which extend far beyond the City boundaries. It runs the internationally renowned Barbican Arts Centre; it is the port health authority for the whole of the Thames estuary; it manages a portfolio of property throughout the capital, and it owns and protects 10,000 acres of open space in and around it.

The Corporation, however, never loses sight of its primary role – the sustained and expert promotion of the 'City', a byword for strength and stability, innovation and flexibility – and it seeks to perpetuate the City's position as a global business leader into the new century.

