

Media Selling, 4th Edition

Appendix A - Selling Magazines to Agencies

By Phil Frank

Media buyers are inundated with information. They have more data to consider and understand than ever before. The manner in which they digest this massive amount of information and utilize it to help make recommendations on which media vehicles they will invest in, is very personal. Each buyer's approach is unique.

The tools that buyers have are not just research, but also strategy and tactics. The best buyers try to balance all of these elements. They are also creative in finding ways to make research work in their favor.

Media buyers and salespeople tend to look at an advertising campaign from two different vantage points. Buyers look at a campaign as a composite, trying to satisfy their marketing objectives in a manner that takes good strategy, smart tactics, and their priorities into consideration. Sellers focus just on their medium, making sure that they get their fair share of a budget (and more).

The Buying Process

The buying process consists of three stages: (1) Studying data and determining which markets to buy (pre-buy analysis), (2) making a decision, and (3) placing orders (the buy). In studying and determining which markets to buy, a buyer takes many elements into consideration and analyzes them to figure out what magazines or media outlet are going to be must-buys and which ones will have to fight to get the business. In this analysis, buyers begin to sense where they have leverage.

Buyers have many tools in the early stages of a buy, and they try to use them to their advantage. Many buyers, particularly in recent years, rely more and more on objective data from syndicated research firms, and often put magazines with the largest reach on their short list of must-buys. However, experienced buyers consider magazines that add depth and texture to an advertising campaign; they believe these elements can lift the creative execution based on their own subjective interpretations of the market and a magazine's editorial content and environment.

Media buyers have a responsibility to make the best choices and to buy at the lowest rates they can find. But the best buyers are able to balance these two priorities and deliver effective advertising recommendations.

Studying the Marketplace

Studying the marketplace, buyers will look at many facets of the media marketplace and look closely at individual magazines. They will look at information from syndicated research on the demographics of each magazine's audience (composition and coverage), as well as any information they can gather on the psychographics of all of the magazines being considered. Additionally, they will try to balance all this objective research with a certain amount of subjectivity.

Demographics

When they conduct an analysis of a magazine's demographics, buyers look at two measures: audience composition and coverage of the target audience. Composition is a percentage of a magazine's audience that is in a particular demographic. (For example, 67 percent of *Sports Illustrated's* audience is composed of Men 24-39). Coverage is more of a quantitative measure of a magazine's audience. Coverage is a percentage of a particular demographic that is reached by a magazine. (For example, *Women's Day* reaches 23 percent of Women 25-34).

Buyers look at both sets of data and give each magazine a weighted average on composition and coverage. These weighted averages are applied to all magazines being considered, and then magazines are ranked according to these weightings. So, a buyer develops a list that shows, based on objective data, which books are strong performers and which magazines are weaker according to the criteria they have selected. The magazines low on the list will be expected to provide aggressive discounts if they want to be included on a buy.

Quantity Versus Quality

Buyers who are trying to promote a product, brand, or service to a large audience but also are interested in a particular type of people, will want to deliver reach against a large audience but also be sure that they are utilizing magazines that address the interests and tastes of their target audience. A good buyer tries to balance reaching a large quantity of prospects with reaching the highest quality prospects with a well-thought-out magazine plan.

Psychographics

Strategic buyers further differentiate magazines by looking into the psychographics of the audience they deliver. They will try to find a way to match the attitudes, interests, and life-styles of their prospects to a magazine. Psychographics can be loosely defined and broadly applied, thus they tend to be used on a secondary basis in analyzing a market for an upcoming buy.

A marketer that sells a new European car may be trying to find a demographic segment of Adults 25-49 with an annual income of over \$75,000 and who are in a managerial position. And they may find through research that their customers are also people who like hike prepare meals at home more than three times a week, and own pets. Thus, once buyers have ranked books by their demographic performance; they may alter this list based on how books deliver on the psychographics of their audience. So, an epicurean magazine may have low composition and only above average coverage, but because its editorial carries a lot of recipes for home cooking, it would potentially be considered higher than other magazines with similar demographics.

Beyond conducting these standard analyses, there are differences in how one buyer may study a market versus how another buyer studies it. Some buyers tend to put more weight on these objective data while others are more subjective.

Subjective and Objective Analysis

To complete the exercise of balancing magazines that deliver quantity and ones that

deliver quality, a planner has both objective resources, such as syndicated research, and subjectivity that is based on a buyer 's awareness of trends.

Buyers will look at all the syndicated research they can get their hands on, and the objective data has a great deal of influence on the final purchase. However, there are other factors to consider when putting together a must-buy list. These are more subjective aspects that help distinguish a solid plan.

In the area of more subjective considerations, a smart buyer will consider factors such as:

- Whether or not a magazine is receiving carrying from a competitor.
- If the magazine provides a highly unique and untapped audience
- If the magazine is getting buzz from PR or strong word-of-mouth reference
- If the magazine has unique opportunities for different creative advertising executions
- If the magazine has unique editorial (special issues, for example)
- If the magazine has extraordinary ad positioning opportunities
- If the magazine as the ability to gain positive PR exposure

Setting The Market

Once all the studying is completed, buyers have a sense of what books make sense to be considered and they must now set the market in a way that will make it highly manageable and provide buyers with several points of leverage. Setting the market is done in a fairly logical manner. It begins by utilizing research data to try to shrink the market by negotiating separately with magazines in different editorial categories, playing one magazine off against another and one category or against another. For example, telling all of the seven sisters (the top seven women's magazines such as *Better Homes and Gardens*, *Good Housekeeping*, and the *Ladies Home Journal*) that the others in the category are all giving big discounts.

Buying Criteria

Buyers will use their research and their judgment to create a first-cut list. The buying criteria used to make these decisions are based primarily on objective research, but with some subjective considerations.

Buying criteria are typically expressed in terms of minimum indices versus a specific target audience. For example, to make the first cut a magazine must deliver, at the minimum, a 130 index in composition and at the minimum a 120 index in coverage against Adults, Age 25-54, Professional/Managerial, and College Graduate or more. A buyer is now setting the market, and all books that meet the criteria are able to participate in the later rounds of negotiations.

Segmenting the Market

Next, buyers will take the shortened list of magazines and begin to divide it into smaller sections in order to continue to set the market. This phase is initiated by buyers so they can better compare and contrast magazines that have similar characteristics in either an editorial category or key audience delivery.

For example, buyers will segment the market so that three or four large-scale business books or that four or five of the women's service books are grouped together for comparison. They will often create spreadsheets for a quick glimpse at how the

competition looks in each segment. The key elements they will compare include:

- Composition Index
- Composition Index Rank inside of a segment
- The weight or value that composition holds in their evaluation process
- Coverage Index
- Coverage Index Rank inside of this segment
- The weight or value that coverage holds in their evaluation process
- Efficiency (CPM)
- CPM Rank
- The weight or value that CPM holds in their evaluation process
- Final weighted rank

Weighting a factor simply means assigning a value of how important it is in the evaluation process. When creating this spreadsheet, the weights for each element of comparison are expressed in a percentage, and when all the weights are added together they should sum to 100 percent.

Depth of a Buy In a Segment

As buyers set the market, they can estimate what pricing will come in from the market, and begin to make preliminary estimates on how many books they actually will end up buying in the final version of the plan.

The factors that weigh on this decision are based on some of the following elements: editorial differentiation, efficiency, out-of-pocket costs, and strategic importance in reaching the target audience.

In the end a buyer will decide whether or not to buy one or two publications, or two of three publications in a segment, which is vitally important for buyer to tell sellers, because a buyer's decision will determine how aggressive sellers will need to be in negotiations.

Managing a Budget

Finally, buyers will put one more twist into setting market and that is how will they manage their budget. This often comes down to strategic priorities and the objective of the advertising. Should this budget support a promotion and create very broad reach over a short period of time or does it need to convey a more intricate message over a longer period of time? This is where the marketing side of the buyer's mind comes into play.

Additionally, advertising tactics will help buyers decide how to manage their budget. Will they be launching with a high-impact, multi-page creative and then sustaining their presence with smaller and smaller units, or will their entire campaign be composed of a series of fractional pages running in a variety of magazines? These considerations leave the buyer with some decisions that can be made further into the negotiating process.

Making the Buy

Entering the more competitive rounds of negotiations that will ultimately lead to some sellers winning the business and some going home empty handed, buyers and sellers become very tactical. Buyers will probably begin to slowly release some pieces of information that they have been holding on to that will make or break a seller's proposals.

Buying Tactics

Smart buyers hold their cards very close to their chest, releasing just enough information to have the market stay as competitive as possible. Often, one seller can dictate the entire direction of a segment and not receive the business in the end. If a buyer sees a seller starting to substantially drop prices, the buyer will make this known to the seller's competition to see how they respond. Often sellers will trump each other and set a new bottom to the market. A smart seller realizes what is happening and will assess if buyers are simply riding the downward spiral, or if they would settle early with one or two books who submit best and final offers.

As a Media Director in 1993 I witnessed a segment of magazines compete for my business for three consecutive years. The segment contained three publications that were close in audience composition and coverage. One magazine had a unique editorial posture that gave it an advantage, although I was not going to disclose that early in negotiations.

All three magazines submitted their first proposals and they were offering aggressive discounts. All proposals ended up with very competitive CPMs. All of the magazines were told of their standings after this first round. One of the magazines took its discount much, much deeper than I expected and totally caught the others by surprise. The other two responded and deepened their discounts, but not as deep as their aggressive competitor.

I told the first book that the other two had responded with deeper discounts, I did not offer too many specifics, but said that once again the competition had tightened up. The first magazine dropped its rates again, now putting its discount at a level I had never witnessed before in this segment.

I gave the other two books word of this second move by their competitor and neither one bit. They realized that the other book was willing take the business at a loss and they would not go there. They said they were done negotiating, having offered their best and final rates.

In the end, I had to tell the book that went with the deepest discount that it had over-discounted, and if it was willing to drop their price so far, I could no longer see value in their product. The other two books realized that they had to respond to the first move, but not the second.

For me as the buyer, I knew I was not going to buy the lowest discounted book, but it had allowed me gain leverage and drive the price lower in the other two books.

Tie Breakers

Tiebreakers come into play when, after several rounds of negotiations, the competition is so tight that it is hard for buyers to make a decision. Therefore, buyers must look to elements of a proposal other than audience strength and price.

Tiebreakers that may be: what ad positions are promised (covers, opposite TOC, or far forward), the strength of marketing extensions, or the relationship a buyer has with a seller. It is rare that a buyer ends up negotiating with two books and having a dead heat, but it is not unheard of, and the intangibles, such as relationships, become very important—they are tie-breakers.

In the final analysis, after buyers have thoroughly examined all of the objective data, applied expert subjective judgment about editorial environment, and have negotiated aggressively, in a tie-breaking situation the secret of success is not to look into the mind of buyers but into their hearts.