

Media Selling, 4th Edition

Chapter 22 – Magazines

By Phil Frank

Magazines and newspapers, together, represent two of the oldest media in the world. Going back to the 1860s, magazines and newspapers played a vital role in the history of advertising. Since that time, magazines have been documenting the events, opinions, and cultures of the world.

Magazines are incredibly personal, with 19,419 magazines dedicated to a wide variety of interests in 2006.ⁱ If you have a hobby or an interest in something, there is a magazine for you. When a reader and magazine come together, it is a different relationship than a person has with a television program, a radio personality, or a website.

Magazines arrive in people's mailbox, on the doorstep, or in their shopping cart because people have made an effort to get the magazine and to pay for it. The fact that readers pay for magazines is a fundamental difference between magazines and most other media. This transaction creates a relationship built on trust. Readers trust that the editors of a magazine will provide them with a quality product that appeals to their tastes and interests and is worthy of their investment.

Selling advertising in a magazine can be fulfilling because, if you enjoy reading a particular magazine, you will have conviction and a sense of satisfaction when you sell advertising in it and you will be among the group of salespeople regarding the best salespeople in media – magazine sales representatives.

The magazine business is also quite challenging because it is highly competitive. Marketers are selective when they invest their money and they choose only a limited number of magazines in which to buy advertising. Most marketers cannot afford to surround a reader with ads in multiple publications, and, thus, competition for limited advertising budgets is intense. Therefore, it is imperative that good magazine salespeople position their books to have top-of-mind awareness in an advertiser's mind to get their fair share of limited budgets. Also, because of the competitive sales environment, it is vital for a successful magazine salesperson to have a strategic understanding of an advertiser's business and to cultivate strong personal relationships.

The people who work in magazine sales need to be more than effective, smart negotiators, they need to be creative in how they position their product to a variety of advertisers. They need to think strategically to develop winning ideas that distinguish themselves and their product in the marketplace, and they need to be flexible enough to alter their approach as many marketers face the challenge of multiple advertising alternatives, especially online opportunities.

The History of Magazines

In the late 1800s magazines were read by only a few people because magazines at the time were expensive to produce and expensive to distribute – there was no mass transportation at the time, so they appealed primarily to an upper-class audience.ⁱⁱ

Magazines at that time were small, soft-cover books that carried stories of limited appeal because they had a European, aristocratic approach. The masses were reading newspapers and weekly tabloids. The magazine production process was expensive in the 1800s and technologically limited; printing 100,000 copies took a very long time. And, until the United States Congress created second-class mail in 1879, the Post Office would only carry magazines a short distance, and it was quite expensive.ⁱⁱⁱ

In 1883, a Scotsman named S.S. McClure dropped the price of his magazine, *McClure's*, a general interest magazine, to only 15 cents. It became very successful and widely read. Not long after, a rival publisher lowered the price of his magazine to 10 cents, from 25 cents. This set off a new age in magazine sales, as everyone realized that dropping cover prices could lead to increased circulation.^{iv}

However, magazines still looked like and read like books. There were no headlines or continued stories; pictures were confined to small sizes, but design and production of magazines would soon change. In the 1890s, sketch artists were employed by magazines and assigned to cover events and stories. The artists sent back dramatic and romantic interpretations of the world. As one historian pointed out, the drawings of the Civil War were far from the reality of gruesome events.^v

In the early 1900s, the first photo interview was conducted and started what would later lead to significant changes in editorial approach and design. New technology also was developed, which changed the look of the printed page, and advertising agencies now saw real possibilities for new forms of advertising layouts.^{vi}

In the late 1800s magazines carried mostly small-sized classified advertising. But new magazine and advertising designs and layouts were suddenly attractive to advertisers, and the economy of producing magazines underwent massive changes. By the 1930s, magazines were starting to bring in more and more advertising dollars, and this surging revenue made it possible to sell magazines to readers at below production costs. Thus, publishers could lower cover prices and increase readership. Magazines no longer were selling to merely readers; they tried to attract a steady and returning audience for advertisers.^{vii}

Advertisers soon realized that full-page ads with slogans, headlines, and logos allowed for a different language in selling their products and services. The best magazine designers came from advertising agencies, and they reshaped editorial content to bring readers to the ads. From the 1930s on, advertising continue to strengthen its grip on publishers.^{viii}

The design revolution continued in 1940s and 1950s, led mostly by fashion magazines. Bleed photographs were developed – photographs or art that extend to the edge of the page. Several influential art directors refined design using big pictures, experimented with headlines, and jumped the gutter – ran pictures or headlines across the centerfold of a two-page spread. In the early 1970s, Time Inc.'s *People* magazine launched and positioned itself as a general-interest magazine that lionized celebrity – it was one of the greatest launches in magazine history.^{ix}

Since the 1970s, there have been continual changes in magazine design and technology, and the medium has grown because of its innovative approach to finding more and more areas of interest so that people continue to justify paying for more magazines than ever before, and paying for more magazines – there was a nine percent jump in the number of magazines between 2000 and 2006 (17,815 vs. 19,419).

The Current State of Magazines

New trends are developing in the way magazines are produced and delivered. Production is getting more sophisticated, thus allowing advertisers to insert two or three different versions of an ad in selected editions, such as regional editions, of a magazine. New editorial segments continue to be developed, and readers are still intrigued by attractive, up-to-the-minute design. Publishers and editors are being continually challenged in their approach by other media, and are looking for ways to stay original, unique and relevant, including moving their magazine's content to the Web, as *The New Yorker* and *The Atlantic* did in 2007.

Editorial

Editorial Diversity. The primary differences between magazines and other media is that there is a magazine for the diverse interests of a huge number of people.

It's hard at first to realize the vastness of the editorial universe, but think about the working mother for a moment and the many different aspects of her life. How many different magazines might be of interest to such a woman:

- She works and has an interest in the business world: *a business magazine*
- She likes to get away from her job and travel: *a travel magazine*
- She's a parent: *a family magazine*
- She shops for many things for her home: *a home magazine* and *a food magazine*
- She likes to keep up with the world: *a news magazine*
- She likes to take in a movie or music: *an entertainment magazine*
- She takes her appearance seriously: *a fitness magazine*, *a fashion magazine*, and *a beauty magazine*

That makes ten areas of interest that she spends time and energy on each week, and there are many magazines to help satisfy those interests.

Magazines offer readers information in subjects and areas of their life that reflect their values and aspirations, which is one reason that average reader spends 45 minutes reading each of issue of a magazine.^x

There is literally a magazine for everyone. Exhibit 22.1 shows the number of consumer magazines from 1996 – 2009.

Exhibit 22.1

Number of Magazines

| <u>Year</u> | <u>Total Magazines</u> |
|-------------|------------------------|
| 1997 | 18,047 |
| 1998 | 18,606 |
| 1999 | 17,970 |
| 2000 | 17,815 |
| 2001 | 17,694 |
| 2002 | 17,231 |
| 2003 | 17,254 |
| 2004 | 18,821 |

| | |
|------|--------|
| 2005 | 18,267 |
| 2006 | 19,419 |
| 2007 | 19,532 |

Source: Magazine Publishers Association. 2008. *The Magazine Handbook 2008-2009*.
http://magazine.org/advertising/handbook/Magazine_Handbook.aspx

As readers crave to be entertained and informed, magazine editors and publishers look for opportunity to fulfill these needs. Each year the magazine industry works to bring new magazines to the market, filling the narrowest of interests and the broadest of topics. In 2006 there were 324 new consumer magazines introduced to satisfy the need people feel to be informed and entertained. The launches spanned 44 different interest categories, as shown in Exhibit 22.2.

Exhibit 22.2

New Magazine Launches by Interest Category, 2007

| | |
|----------------------------------|---------------------------------------|
| 38 Metropolitan/Regional State | 3 Sex |
| 27 Crafts/Games/Hobbies/Models | 3 Fishing/Hunting |
| 15 Automotive | 3 Dogs/Pets |
| 13 Fashion/Beauty/Grooming | 2 Science/Technology |
| 13 Special Interest | 2 Military/Naval |
| 12 Entertainment/Performing Arts | 2 Comic Technique |
| 11 Black/Ethnic | 2 Gay/Lesbian |
| 10 Home/Home Service | 2 Nature/Ecology |
| 8 Health | 2 Teen |
| 8 Sports | 2 Literary/Reviews/Writing |
| 7 Children's | 2 Politics/Social Topics |
| 7 Women's | 2 Fitness |
| 6 Arts/Antiques | 2 Travel |
| 5 Camping/Outdoors | 1 Gardening |
| 5 Computers | 1 Gaming |
| 5 Business/Finance | 1 TV/Radio/Communications/Electronics |
| 4 Epicurean | 1 Media Personalities |
| 4 Motorcycles | <u>1 Horses/Riding/Breeding</u> |
| 4 Bridal | TOTAL 248 |
| 4 Music | |
| 4 Men's | |
| 4 Pop Culture | |

Source: Magazine Publishers Association. 2008. *The Magazine Handbook 2008-2009*.
http://magazine.org/advertising/handbook/Magazine_Handbook.aspx

Some launches quickly become regular features on the newsstand, *ESPN – The Magazine*, *O, In Style*, *Maxim* and *Teen People*, for example. Some launches get a lot of publicity, but eventually fold for one reason or another, *Rosie*, *Talk*, *Yahoo! Internet Life*, and *Industry Standard*, for example. The success or failure of a magazine often have a direct links to general psyche of the country, the economy, people current tastes and fads, and the rise and fall of certain industries.

Editorial is the Brand, the Product

For an advertising salesperson, a magazine's editorial, combined with the audience it attracts, is the product they have to sell. The editorial content (referred to as just editorial from now on) is the beginning and end of a magazine's success. It's the editorial that distinguishes one magazine from its competitors. *Time* magazine's editorial is far different from that of *U.S. News & World Report's*. It is the editorial that readers pay to have delivered to their homes or purchase on a newsstand. It's the editorial that draws a certain type of reader to a magazine, thus creating a demographic profile that salespeople use to attract advertisers interested in reaching that particular demographic.

It's the editorial of a magazine can be the catalyst of a successful magazine or the cause of its downfall. Editorial becomes the brand of a magazine, and editorial is the stimulus for growth in readers and, in turn, advertising pages. Marketers who want to reach those readers will want to be associated with the magazine's brand. And, in time, certain advertisers and their brand become so closely associated with a magazine that the two brands seem to meld together. Think of sports magazines and a beer advertiser or beauty magazines and a cosmetic advertiser. This close association leads to some sensitive issues regarding editorial and advertising.

Advertising-to-Editorial Ratio

Nearly all magazines contain both editorial and advertising. It's advertising that keeps subscription and newsstand prices reasonable. While editorial and advertising both inform and entertain, magazine staffs work hard to keep a reasonable ratio between these two elements. To readers, if editorial and advertising are not in a suitable balance, it can have one of two effects: (1) Alienate readers because of too much advertising or (2) not deliver enough revenue to keep the magazine alive because of too much editorial. In 2006 in consumer magazines, the percentage of advertising to editorial was 53 percent editorial to 47 percent advertising, a ratio that has remained relatively stable for a decade.^{xi}

Balancing editorial and advertising is a science and an art, and there are times that there are exceptions to the average 53/47 ratio. The exceptions are all over the newsstands, but when executed in an intelligent way, an imbalance is hardly noticeable. In bridal magazines, car magazines, and computer magazines where the advertising-to-edit ratio can swing all the way to 80/20 because readers are often as interested in the ads as they are in the editorial

In developing and maintaining the correct ad-to-edit ratio, magazine editors and magazine publishers, who run the business side of a magazine, tend to work quite closely together and focus on readers' interests. However, they fall on different sides of the fence when it comes to final editorial control.

Edit and Advertising: Church and State

"Church and State" is the phrase magazine people use to describe the line that exists between the editorial side of a magazine and the business and advertising side. The separation can be fuzzy at times, but it boils down maintaining the integrity of the relationship between the editors and the readers of a magazine. Just as church and state

should be independent, as laid out in the U.S. Constitution, so should the editorial and the advertising side of a magazine.

As an example, imagine if you're reading an article in *BusinessWeek* about home mortgages and inside the story there is a favorable mention of a particular bank; then, smack in the middle of it, there is an ad for the same bank mentioned in the story.

Finally, imagine that this bank is one of the magazine's largest advertising clients; would you think the mention in the story was a coincidence? Could the editor have been influenced to write a favorable story about the advertiser in the magazine? If you, or readers in general, perceive that the editorial of the magazine is not objective, you might stop reading the magazine.

On the issue of the integrity and credibility of the editorial is where, editors and publishers are in agreement. Editors need to maintain the objectivity and credibility of the magazine by keeping the reader's faith that the writers are independent. Publishers occasionally become angry when editors write critical articles that involve advertisers, but a responsible publisher realizes that this objectivity is the very reason readers trust the magazine's editorial.

The biggest outcry comes from advertisers. It's not uncommon for an advertiser to ask a salesperson if some editorial pieces can be created that would frame their advertising in a beneficial way. This response to such a request should be an automatic "no" for a salesperson, but often money clouds a publisher's judgement, and there is a face-off with the editor. In the end, editors typically win, and, hopefully, advertisers understand.

This issue hits at one of the two core responsibilities of the editors, which are not to compromise on editorial integrity and always to keep readers' best interest in mind.

Audience

An audience for a magazine starts with its circulation and grows as original readers pass an issue along to other readers. This second part of a magazine's audience is aptly labeled the pass-along audience. Circulation comes from two sources, subscriptions and single-copy, or newsstand, sales.

Subscribers

A magazine gets subscriptions when readers agree to pay an upfront fee to a magazine in order to have the magazine sent to an address. Consumers usually receive a discount over the price they would pay if they were to buy the same number of issues one at a time at a newsstand. In addition, with a subscription, consumers have purchased the convenience of having the magazine delivered to their home or office. For the magazine, there are two advantages: (1) They have made a guaranteed sale of their magazine well into the future and (2) they grow their audience in a way that creates greater stability over time.

In 2007, 87 percent of all consumer magazines were sold by subscription, a percentage that has been growing steadily over the last 10 years. Also, there hasn't been a major change in the last 10 years in the total number of consumer magazines sold.^{xiii} Therefore, as media planners wonder where to invest their dollars, they can consider magazines' stability, particularly in light of the media fragmentation that has occurred over the last 10 years, led by cable television and the Internet. Stability is an important

consideration for someone charged with the responsibility of investing millions and millions of dollars in advertising.

Single-Copy, or Newsstand, Sales

While subscriptions represent the stable part of a magazine's circulation, single copy sales demonstrate the vitality and an ongoing gage of interest in a magazine. Single-copy sales are an important measure for a media buyer to study, as this piece of data provides a gage of a magazine's editorial strength, the appeal of its graphics design, the relevancy of its cover story, and its overall ability to compete in popularity with other magazines that fit into a similar category of interest.

Good magazine media buyers take many other factors into consideration as they evaluate the health and strength of a magazine's total circulation. For example, magazines that are more established should not have to rely too much on newsstand sales to keep its circulation strong. On the other hand, a successful launch of a new magazine should result in a high number of newsstand sales, should demonstrate that it is gaining momentum early in its life, and should help to convert many of these single-copy purchasers into subscribers over time.

Qualified Circulation

The practice of qualified, or controlled, circulation takes place more in business-to-business and trade magazines. This is a circulation strategy in which publishers actually give a magazine away free but only to people who meet certain qualifications. A magazine being written about the software industry may want to give its magazine away to product engineers, for example.

Because readers have to qualify in order to receive the magazine, and by limiting the number of readers through certain qualifiers, the magazine creates an attractive audience for advertisers who want to reach qualified buyers.

Establishing and Growing a Rate Base

Advertisers and media buyers establish an agreement that a magazine must deliver a guaranteed number of readers on an issue-by-issue basis. This guarantee on the actual number of people who receive a magazine, either by subscription or by buying a single copy, is known as a magazine's rate base.

Magazine publishers use the rate base to set their advertising rates on the basis of CPMs, and these CPMs become guarantees of the number of readers that an advertiser will reach. Magazines set and adjust their own rate base, but, naturally, they try to grow their rate base so they can, in turn, raise their advertising rates.

Additionally, a magazine's circulation is affected by its age. As I mentioned above, a magazine that has been published for 50 years or so, such as *Sports Illustrated*, will probably not see huge changes in its audience size or rate base because the audience has matured and leveled off. In fact, magazines that have been around for many years and that are consistent in maintaining their rate bases, demonstrate that they maintain their relevance to their readers. However, for a younger magazine that is still developing and has yet to achieve its potential audience level, rate base increases are common and actually cheered on by media buyers as a sign of popularity.

Magazine publishing companies are experts at pricing their magazines. They decide on the price of a single copy of a magazine based on several factors, which include: (1) The frequency of the publication, such as weekly as in the case of *People* or monthly in the case of *Architectural Digest*; (2) the editorial category and the audience it will attract, such as an upscale or mass appeal audience; (3) the number of competitors, in other words, does the consumer have a lot of choices in a magazine category; and (4) the perceived value to a reader.

Circulation managers at magazines continually look to build and grow their audiences. They typically look for interesting promotional opportunities. Some magazines will give away merchandise such as clothing, appointment books, or chances to travel in order to induce people to subscribe. Or they may look to partner with a retailer such as a grocery store, a pharmacy, or a more specialized store, that will bundle the sale of a subscription with that of their own goods.

This practice of building circulation and raising rate bases has recently undergone scrutiny and some challenges. For example, recently, a consumer advocate group was able to stop Publisher's Clearing House from selling subscriptions to potential readers via sweepstakes. Sweepstakes and contests were a consistent source for new subscribers, and recent restrictions of these practices have put even more pressure on circulation managers to replace those subscribers no longer available through the use of sweepstakes by using other methods.

Rate Base Audits

To avoid any questionable practices, magazine publishers and agency planners and buyers have gone to a third party to monitor the rules by which a magazine can raise its circulation, and thus its rate base its rates. The monitoring entity is known as the Audit Bureau of Circulation (ABC). One of the ABC's most important jobs is to question any suspicious activity in rate base growth. Suspicious activity can include continuing to send issues to people who have cancelled or counting as full price subscriptions that have been sold at deep discounts.

Revenue from Circulation

The average magazine draws 55 percent of its revenue from advertising and 45 percent from circulation. It's easy to see how publishers see their advertising sales team and their circulation sales team as equally important. This 55/45 split hasn't changed much in the last few years, and even as the economy leaps and dives, the ratio has remained steady. The ratio of 55 percent advertising revenue, 32 percent subscription revenue, 13 percent single-copy sales revenue has remained roughly the same for the years 2004 - 2006.^{xiii}

The circulation business is a \$10 billion industry in its own right. Circulation managers are facing many challenges in the early part of the decade as editorial departments are continually looking for openings on the newsstands and the opportunity to develop new magazines. Good circulation directors tend to be aggressive with both new and old magazines, and will often run a series of short-term promotions to increase single-copy as well as subscription sales. They know that if they can recruit subscribers, there is a good chance that the magazine will be able to hold them for a long time, which will help sustain and grow revenue far into the future.

Audience

There is a saying in the real estate industry, “Location, location, location.” Many advertisers would say that for media companies it should be, “Audience, audience, audience.” While decisions on where to spend media dollars are not always one-dimensional, audience size does play a big role.

For the most part, advertisers want audiences to be both targeted and large. Magazines deliver in both ways. Inside one issue of magazine, advertisers can reach tens of millions of consumers and magazine readers have demographics that are much more desirable than television audiences or the even than consumers on the Internet.

Magazine Reach

Many media planners and buyers make the argument that network television is the best medium for reach; however, with the fragmentation of audiences and programming successes by subscription-only cable networks, this argument is not as air tight as it used to be.

There are a large number of magazines that can compete with top-rated network television programs on the basis of audience accumulation and reach. There are many magazines that deliver larger audiences than most cable networks and top-ranked websites.^{xiv}

Pass-Along Audience

You may be wondering how magazines can achieve this reach, particularly if the circulation numbers of the top 25 magazines are, for the most part, under five million.

Magazines are portable and consumers can read them at home or away from home. Additionally, most issues of most magazines are read by more than one person. This extra audience is referred to as the pass-along audience, as I mentioned previously.

Depending on the quality of the editorial and the interest category, some magazines have a pass-along audience that reaches over ten readers per copy. More specifically, the way this works is that a magazine is delivered either at home or at work and several different people pick it up and read it. When you go somewhere—a doctor’s office, a friend’s home, a barbershop, or a library—how many people are actually reading an issue of a magazine? This is largely how magazines accumulate the massive reach that makes them very competitive with other media. Exhibit 22.3 shows the many locations in which magazines are read.

Exhibit 22.3

Magazine Reading by Place

| | |
|-------------------------|-----|
| In Own Home | 81% |
| Out-of-Home | 76% |
| Doctor/Dentist Office | 37% |
| In Someone Else’s Home | 26% |
| At a Newsstand/Store | 26% |
| At Work | 25% |
| Beauty/Barber Shop | 14% |
| At Library/Club/School | 8% |
| On an Airplane | 7% |
| Business Reception Room | 7% |

| | |
|------------------------|----|
| During Other Travel | 2% |
| Traveling to/from Work | 2% |

Source: Magazine Publishers Association. 2008. *The Magazine Handbook 2008-2009*.
http://magazine.org/advertising/handbook/Magazine_Handbook.aspx

General Profile of Magazine Readers

Magazines, in general, offer an audience that is younger, more affluent, better educated, and more empowered than other media do. Additionally, heavy magazine readers are a very loyal group, and consume less television than the general population. These characteristics make the average magazine reader very desirable for advertisers, especially when compared to the average television viewer. For example, a cross-media comparison conducted by leading media agency, Carat, found that the top 25 magazines lead versus the top 25 prime time television programs in reaching teens 12 to 17.^{xv}

Production of a Magazine

Magazine production is an art unto itself. First, there is the physical production of the book, then the quantity produced, and finally the frequency of publication.

In terms of the physical production, there are two methods of binding. The first is called saddle stitch. In this method, the pages are laid on top of each other over an arm, the way a saddle lays on top of a horse, and then fastened together, or stitched, with staples. The second method is called perfect bound. This method employs gluing the pages to a spine, much the way many books are.

Perfect-bound production is largely used for magazines that carry a substantial number of pages in one issue, because staples are not large or sturdy enough to pierce and hold a large number of pages. It is typically easier for perfect-bound magazines to handle advertising on heavier paper stock than it is for saddle-stitch magazines. However, saddle-stitch magazines offer publishers a more efficient way to customize different versions of the same issue to reach specific subscribers.

Pricing

Magazines are largely priced the same way other media are. Pricing is based on cost-per-thousand (CPMs) and is measured on the basis of circulation. Magazines that have mass appeal tend to have lower CPMs, typically in the range of \$7.50 to \$25.00. Other magazines, which reach special-interest audiences, have higher CPMs. The CPM's of some of the smaller, more specialized magazines are usually in the range of hundreds of dollars, and can easily surpass \$500. Yet media buyers and advertisers know that other media have a lot waste coverage and cannot put advertising in front of special interest and highly desirable demographic groups in as pinpoint a manner as magazines can. In contrast, the CPMs for *direct mail catalogues* can be as high as \$3,000, so a \$500 CPM for a highly targeted magazine seems like a bargain.

For an example of the importance of pricing in selling and negotiating magazines to agencies, read "Selling Magazines to Agencies" in Appendix B.

Research

There are several syndicated research companies that provide vital information to magazine sales teams and media buyers alike. These are Mediamark Research, Inc. (MRI) and Monroe Mendelsohn Research (MMR), which are similar to the Nielsen ratings in network television, all of which you learned about in Chapter 16.

To give you an indication of how important research is and how it can be used to pinpoint a target audience, following is an example of how I used research when I was a media supervisor at Ammirati and Puris, an advertising agency. I once had a client that produced a product that kept fruit fresh for a long time and was good for either canning, preserving, or serving fruit. The product worked well and fruit salad would not get a brown tinge on it in an hour. Through research we found that our target audience was primarily women in the Southeast of the United States. We were able to use research to find women, in the Southeast, who canned more than 15 jars of fruit each month – a small audience of heavy users – and we were able to find several magazines that reached just this target audience.

Buyers look at demographic research and psychographic research. There are many studies that help a buyer understand the psychographics, or lifestyle of their target audience, for example, aspiring vs. comfortable, or settled vs. adventurous; and their interests, for example, cars, jazz, local politics, or nature hikes. Magazines are particularly suited to deliver desirable demographics in an environment that addresses the interest and psychographics of a target audience.

Positioning an Ad in a Magazine

Media buyers are often taught to find the medium that reaches their target audience, and then buy it at the best price they can negotiate. Once a buyer has selected a magazine on those two parameters, the next discussion is typically about the position an ad will receive inside the book. Depending on how image conscience an advertiser is, this part of the discussion can play a major role in negotiations.

Publishers realize the importance of position and charge extra for the most desirable positions inside their books. The most desirable positions are determined according to two main factors: (1) Visibility, which has to do with the way that readers actually read a magazine, and the assumption is that most read from front to back, and (2) adjacency to desirable editorial.

There are three or four positions in a magazine that are considered more visible than other positions. These positions are: (1) The first ad inside the front cover, referred to as the second cover (2) the page on the inside of the back cover, referred to as the third cover, (3) the back cover itself, referred to as the fourth cover, and (4) the page opposite the Table of Contents (TOC).

Other key positions are based on how close to the front of the magazine an ad is positioned. Advertisers that are positioned more forward are more likely to be seen, simply because most people read a magazine from front to back. For the most part, the front of the book is read more than the back. Good publishers and editors work hard to spread the more widely read editorial throughout the magazine in an attempt to have readers go through the entire the book.

Finally, another desirable position is having an ad adjacent to specific editorial that may have particular interest to a certain part of a magazine's audience or ties well into an advertiser's creative execution. For instance, in a sports-oriented magazine, a financial

advertiser may remark how they are the leader in performance among their competitors, and the magazine may list statistical leaders in a sport. Thus, an ad and the editorial have some synergy and may provide added exposure for an ad.

Another desirable editorial position occurs when single copies of magazines are bought largely on what appears on the cover. In those cases, an advertiser may want to secure a position adjacent to the editorial of the cover story, thinking that readers will spend time in that part of the magazine which would give an ad there greater exposure.

Ad Units

There are many different types of ads that appear in magazines; currently there 22 ad sizes that are measured for effectiveness. These range from a single page that is black and white to an ad using color. The position of an ad, the appearance of an ad, and the size of an ad are reasons why some ads seem to be more ubiquitous and be remembered more than others. Exhibit 22.4 shows the impact of magazine advertising by type of unit, color, position, and paper stock.

Exhibit 22.4 The Impact of Magazine Advertising by Type of Unit, Color, Position and Paper Stock

| <u>Type of Magazine Advertisement</u> | | <u>Recall Index</u> |
|---------------------------------------|-----------------------------|---------------------|
| UNIT | Full page | 100 |
| | Inside front cover | 107 |
| | Inside back cover | 105 |
| | Back cover | 117 |
| | Multiple-page units | 115 |
| | Two-page spread | 109 |
| | Less than full page | 80 |
| COLOR | Black and white | 100 |
| | Spot color (s) | 96 |
| | * 4-color | 106 |
| POSITION | Second half of issue | 100 |
| | First half of issue | 102 |
| PAPER STOCK | Regular | 100 |
| | ** Heavy | 118 |

*Four color, (incl. 5th color or metallics) two color and black and white.

** "Heavy" defined as any paper weight heavier than run-of-book stock. Source: Affinity Research VISTA Print Rating Service, 2008.

Source: Magazine Publishers Association. 2008. *The Magazine Handbook 2008-2009*.

http://magazine.org/advertising/handbook/Magazine_Handbook.aspx

Advertisers continue to find new size and shapes of ads that they can put in magazines. Larger ads and more creative size and shapes help advertisers' messages achieve greater impact. The various sizes tend to be given names that always make it interesting for the production people to try and understand. Some names include; French Doors, Double Dutch, ½ Page Flap, ⅓ Page Gate, and Tabs, for example.

Marketing Extensions

More and more advertisers are asking publishers to provide some kind of strategic extension for their advertising campaign or marketing strategy. These extensions can

either be included in the cost of the advertising, or for larger scale extension, a publisher may ask for and receive incremental revenue.

These marketing extensions are referred to by several names, including merchandising and added value. In the current competitive magazine marketplace, publications will often give advertisers one to two percent of their advertising spending for marketing extension. These extensions can include everything from reprints of their ads to be used for direct marketing to customers or prospects or as collateral sales material for an advertiser's own sales force.

What's happening more often is that magazines are creating larger and larger extensions, including hosting seminars, setting up entertainment events, and conducting sweepstakes, for example. These programs are usually offered to the advertiser for an incremental investment, which is often highly discounted from the true value of the extension.

Giving advertisers marketing extensions is becoming more and more prevalent in the current magazine marketplace. As clients and agencies undergo downsizing, and the window of opportunity for truly a groundbreaking and successful product launch is getting smaller and smaller and marketers are continually looking to their media partners to develop concepts to cover a wide spectrum of marketing responsibilities.

This increased demand for media companies to develop broader and broader marketing extensions and cohesive programs has been spurred on by the impact of a slow economy and its effect on both marketers and advertising agencies.

Marketers are reducing their staffs and, thus, are reducing both manpower and intellectual capital in their organizations. Additionally, marketers are reducing the number of agency relationships and consolidating the work with typically one or two agencies as opposed to having specialist work on different aspects of their marketing communications.

Advertising agencies are consolidating their buying functions, which is providing them with greater and greater clout in negotiating for lower prices; thus, magazines must develop ideas for which they can charge premiums. Agencies are being pressured by their clients to deliver efficient costs, a strong return on investment, and new, high-impact creative ideas. Simultaneously, agencies have to reduce their staff size, and this reduction lessens their ability to provide marketing support, which, in turn, results in a rising demand for media companies to provide additional services and more in the way of added value.

Working with Both Advertising Agencies and Clients

Good magazine salespeople cover both agencies and clients because they can learn a great deal from both about how to craft the most effective solution. And combining the information that they get from each and using it wisely typically results in the good salespeople being distinguished from the rest of the pack.

Agencies are paid to analyze media and make investment recommendations based on the overall marketing objectives and strategies of the client. The client's magazine salespeople typically call on brand managers and they are paid to keep their product fresh in the minds of the consumer and help build equity in a brand and the product. It's this equity that creates and sustains long-term loyalty among their customers. In other words, agencies a great deal of information about specific advertising campaigns, while

clients have large-scale information about the overall marketing direction of a brand and can know about market conditions and strategies and the competitive landscape.

It has been a traditional practice in the magazine selling field to call on clients. Brand managers, advertising directors, senior vice presidents of marketing, and even CEOs will see salespeople from major national magazines, particularly those that cover their industry, *Car and Driver*, *PC World*, and *Travel and Leisure*, for example. Over the years, no other media, with perhaps the exception of the major television and cable networks, have had access to top management, and this access is one of the great advantages of selling for national magazines.

Magazine Advantages Over Other Media

One of the reasons magazines have access to top management at both agencies and clients is that they are not only important national media but also because magazines are unique from other media in many ways, ranging from the physical characteristics of magazines to the way that people respond to advertising.

Effectiveness of Print Advertising

Magazine advertising is a core resource to some of the world's largest marketers. Magazines have the reach, the demographics, the immediacy, the efficiency, the creative platform and the ability to both communicate with a mass audience and target a narrowly defined group of people. Marketers find this combination of reach and targetability appealing.

Magazines have proven effective for both brand building and selling products. For generating awareness and building momentum for a brand, magazine advertising is more relevant and targeted – consumers enjoy the advertising more than television or online advertising, according to a 2007 Dynamic Logic Ad Attraction survey, as seen in Exhibit 22.5.

Exhibit 22.5 Consumers Enjoy Magazine Advertising and Agree “Advertising adds to the enjoyment of the following:”

| | |
|---------------------|-----|
| Reading Magazines | 48% |
| Listening to Radio | 36% |
| Watching Cable TV | 32% |
| Watching Network TV | 32% |
| Using the Internet | 21% |

Source: Magazine Publishers Association. 2008. *The Magazine Handbook 2008-2209*.

http://magazine.org/advertising/handbook/Magazine_Handbook.aspx

In terms of targetability by interest, magazines are highly competitive with the Internet and cable television. The Internet currently has in the neighborhood of five billion websites, and growing daily, compared to about 19,500 consumer magazines. There are often thousands or even millions of websites on one topic. For example, a Google.com search on the term “interest rates” returned 50,290,000 results. This fractionalization makes it exceptionally difficult to place advertising in order to achieve

reach quickly. Even though search advertising on Google.com using AdWords is highly targeted, is also extremely fragmented.

With the cable television, there are more than 300 channels currently available. Even the most popular channels typically average only a 1.0 rating in prime time. Magazines not only provide the diversity of cable, but also greater reach.

Magazines and ROI

There is an old saying in advertising, “I know my advertising is working, but I’m just not sure where my advertising is working.” In the late 1990s and early part of this century, marketers, more so than any time in recent history, began to stress that advertising needs to generate a return on investment (ROI). The Internet was a major catapult for ROI because it provided specific feedback, immediately, on the productivity of an ad in terms of response rates.

Now, it’s common for marketers to hold their ad agency to ROI goals, and in turn ad agencies are trying to hold media companies to ROI goals as well. ROI has become such an important element of advertising, that marketers are now having their finance departments attend meetings in which ad agencies are trying to win a company’s advertisement assignments, for example.

Therefore, media has to show, in one form or another, that they can help with sales and produce ROI on the dollars they receive. Many studies have shown that dollar-for-dollar magazines produce a 23 percent more effective return on investment than other media at comparable budget levels, as summarized in Exhibit 22.6.

Exhibit 22.6 Magazines Improve Marketing and Advertising ROI

Recommendations for Reallocation of Media Spending*

| | |
|----------|-----|
| Magazine | 69% |
| Online | 44% |
| TV | 19% |

* Percentage of studies where spending should increase for medium, based on a Marketing Evolution study.

Source: Magazine Publishers Association. 2008. *The Magazine Handbook 2008-2009*.

http://magazine.org/advertising/handbook/Magazine_Handbook.aspx

Relationship with Readers/Audience Involvement

Consumers pay for magazines and newspapers on a regular basis. No one pays to watch the Super Bowl or “Late Night with David Letterman” on television.

You may pay your cable company to get 300 channels, but not specific programming. No one pays to listen to his or her local radio station; you simply get a radio and turn it on. No one pays to surf CNN.com or Yahoo.com, you pay your cable company, or telephone company, or an internet service provider (ISP) to get access to the Internet, but, for the most part, you are not paying to go to a specific non-porn site.

With print, magazines and newspapers, consumer are turning over money for every magazine or paper they want to receive and money for every issue they want to read. This transaction is fundamental to understanding the relationship magazines hold with their readers.

It is not uncommon to hear someone ask, “What are your favorite magazines?” The variety or lack of variety in their magazine choices can be an interesting insight into someone’s interests. The answer may be, “I subscribe to magazines X, Y and Z, and on occasion I’ll pick up Magazines A, B, C.” Magazines are very personal for their readers, providing the information and entertainment that is most relevant and interesting to them.

The relationship between a reader and magazine, represented by the transactional nature of the relationship, is very much built on trust. If a reader pays for an issue, they expect value. If the value they expect is delivered, then readers return and pay again, expecting the magazine to deliver again. If that trust is broken on a consistent basis, readers do not return.

For advertisers, this relationship is certainly an excellent context in which to communicate. Readers of magazines are committed to their decision on what to read and what not to read. They carry issues of magazines to work, while they commute or travel, even while they are on vacation. Because of this relationship, readers tend to interact with advertising in a very different way as well.

Advertising in magazines grabs consumers’ attention and motivates them to purchase the products, brands, and services advertised. Additionally, a reader of a magazine has to be actively engaged with a magazine for advertising even to be seen. If a reader is not turning the pages of a magazine, nothing happens. However, if a television viewer or radio listener wanders away losing all interaction with a broadcast, the broadcast continues, and advertising runs with nobody there to receive it.

Unique Creative

For several reasons, magazines offer the copywriters and art directors of advertising agencies a rare opportunity – to tell a story or explain something in more than 60, 30, or 15 seconds. There is no limit on the time someone can spend accessing the contents of a magazine. This type of access is referred to as *random access* because readers can access a page as often as they like and whenever they want, on a random basis. Radio and television are *linear access* because listeners and viewers cannot go back or skip forward to hear or view just those parts of the programming that interests them. Because of this type of access, print ads have the opportunity to expand the way they communicate with a reader.

Try to explain, or sell, something to a friend in 30 seconds – the average length of a television commercial – it is difficult. Thirty seconds is not a long time; you cannot give much information in 30 seconds, so copywriters for television concentrate on trying to get viewers to make an emotional connection with a brand by making them laugh or cry or lust for the brand. For copywriters, magazines give them more liberty to explain product benefits, to make competitive comparisons, to give more information, and to define a brand.

Also, magazine advertising can be fun. There are many entertaining, creative platforms for an ad. Whether it is putting a sticky note on an ad, creating suspense with consecutive pages, or using pop-ups, magazines offer much more than a one-dimensional piece of paper to work with. On the other hand, a straightforward full-page ad in a magazine provides the space to tell a good, informative brand story.

Context for Advertising

Magazines provide excellent opportunities for marketers to take advantage of having their ad appear in an environment that is relevant to, complementary to, and in harmony with their advertising message. This concept is referred to as context. Having an ad appear in an environment that is relevant to the advertising message or to the product is good context.

Because there are a multitude of magazines that cover a vast array of interests, marketers have a wonderful opportunity to take advantage of the special, complementary context that magazines can provide for their messaging.

Magazines in the New Economy

Many magazines are fighting to maintain their profitability levels, or to maintain any profit at all. New magazines are being launched, and while some fail, others are quite healthy and are putting their older competitors in a position of high risk. The competition of one title versus another is always healthy and keeps editorial staffs sharp and up-to-date on how consumers digest information and what information they want.

As magazines face competition from television, the Internet and other media, the cooperation between these different media is also on the rise and will help minimize many of the competitive threats. For example, Time-Warner-owned CNN.com drives traffic to Time-Warner-owned *Money* and *Fortune* magazines online web pages, which opens up the possibility of cross-platform selling.

Jobs Selling Magazine Advertising

Most magazines have a similar structure in their sales operations, and this structure offers different types of jobs for different types of people. The various departments and the jobs inside of them are:

Sales. Sales, the frontline of any media company, can be the most rewarding role, but sales is also the most demanding. Typically, the entry level for a magazine salesperson coming right out of school is either to start as a sales assistant or a junior account executive at an advertising agency. Generally, the sales organization for a magazine consists of the following jobs, starting at the top: Publisher, Associate Publisher, Regional Manager, Office Manager, Senior Account Executive, Junior Account Executive, and Sales Assistant.

As people enter and move up the ranks of a sales division, they will find they are spending time with fewer and fewer clients and spending more time on managerial issues. However, publishers and their primary associates are not sitting in their offices all the time. Publishers will often travel across the country to call on a magazine's largest accounts.

Account executives, which in this book we refer to as salespeople, are typically making multiple sales calls each day. Most will start with a breakfast meeting, then a schedule other calls throughout the day. In the span of a week, a salesperson will make between 10 and 25 calls depending on the location and availability of their clients.

Magazines are very dependent on relationships. The medium is not commoditized, as much of television and radio is, and it faces fierce competition every day. Therefore, it is important to be in synch with clients every step of the way and build and maintain very close relationships with these clients.

Sales Development. The Sales Development group works very closely with sales to create strategically oriented proposals that capitalize on the inherent assets of a magazine and how it can help elevate a marketer's message. People in this group need to have a strong marketing background, be able to understand advertising objectives, and translate all of these elements into creative solutions that can sell a client's products.

In recent years, sales development teams have been spending more time on sales calls with salespeople. It is important that this group understand the opportunities and priorities of their clients, and they are often asked to help sell the architecture and core elements of the proposals they develop, including cross-platform opportunities.

A sales development job has less pressure than a sales job does, as typically compensation is not tied to achieving a sales goal and, therefore, salaries and total compensation are usually lower than that of salespeople.

Marketing. At times Sales Development and Marketing teams are combined in some magazines. However, the responsibilities are distinctly different. The focus of Marketing/Events is on making sure a magazine and its editorial and audience are well understood by the advertising marketplace.

Marketing people work directly with their research departments to help understand the make-up of the magazine's audience. They also work directly with editors to help position the magazine's content in a unique way.

People in marketing also help develop a positioning story and value proposition for a sales team that will help salespeople position the magazine in a way that maximizes their opportunity to sell ad pages.

Research. Research departments at magazines are taking on more diverse responsibilities than ever before. The Internet has been a primary cause of this change. Historically, research departments would study data being delivered by syndicated research firms, but now they are more proactive and being asked to provide their analysis not only of a magazine's audience, but also of the direction and trends of the marketplace and of their advertisers' businesses.

Research departments work closely with the sales department to study historical trends of individual advertisers or categories of advertisers. They look for positive momentum or downward trends, either of which can signify opportunities for growing revenue. Additionally, these departments are now developing capsules of information on advertising prospects that provide salespeople with the opportunity to approach their clients with knowledgeable background information on their company and their industry.

If a magazine has just been launched and its audience is too new and too volatile to be measured by syndicated research, it is the responsibility of a research department to develop a prototype of its audience. The prototype is developed by selecting other magazines that have similar editorial, circulation, and demographic appeal. Prototyping a magazine's audience can be very interesting as it involves trying to create a personality for a magazine based on what little available data there is.

Finance. The Finance group at any magazine is important to every salesperson because this department helps to develop the pricing component of every sales proposal. The finance department has interesting perspective of a magazine. Because finance people work with every salesperson, they know the ins and out of each deal that is put together and can be extremely helpful and even creative in pricing a deal. Often, pricing is not as simple as studying history to see what prices an advertiser has paid in the past or

forecasting future growth from certain accounts. Pricing also involves figuring out the production costs that a magazine may assume for special creative units as well as other production costs. Overall, this team makes sure that every proposal that goes out the door is bringing revenue to the bottom line of the magazine.

In conclusion, a career in magazine sales is one of the most interesting, rewarding, creative, and satisfying of all media sales. Whether you sell for a city magazine, a trade magazine, or a national mass-consumer magazine, you will find selling for one of the oldest advertising media is both highly competitive and extremely satisfying because you can find a magazine that fits your greatest interests and passion and can therefore sell a product that you love to intelligent, interesting people.

Test Yourself

1. When was the first mass-appeal magazine sold for 15 cents?
2. Give an example of how many different magazines, by interest category, that a working mother who has an interest in her business, the world, her family, her children, travel, and her appearance might subscribe to.
3. Approximately how many different magazine titles were there in 2007?
4. How many new magazine launches were there in 2007?
5. What is the advertising to editorial ratio in the average consumer magazine?
6. Explain what is meant by the phrase “church and state” as it applies to the magazine business.
7. What percent of the total revenue of an average consumer magazine comes from subscriptions?
8. Explain the difference between a saddle-stitch and a perfect-bound magazine.
9. Give three reasons for magazine’s effectiveness as an advertising medium.

Project

Purchase a copy of *People* magazine and read it carefully, noting all the editorial features in the magazine and the advertising. Then, create a PowerPoint presentation that will be given to Pepsi-Cola recommending that it make a major, year-long investment in *People*, which will require shifting some dollars out of network and cable television. Do not be concerned with or present any cost figures; your task is to get Pepsi-Cola to reduce its television expenditures and invest in *People*. Rely heavily on information about magazines’ effectiveness you will find in *The Magazine Handbook*, available at www.magazine.org.

References

- Art Kleiner, 1979, *A History of Magazines on a Timeline*, Co-Evolution Quarterly.
- Samir Husni. 2002. *Guide to New Consumer Magazines*. New York: Bowker.
- Magazine Publishers Association. 2008. *The Magazine Handbook 2007/8*. New York: Magazine Publishers Association.
- Oxbridge Communications. 2003. *National Directory of Magazines*. New York: Oxbridge Communications.

Resources

www.adage.com/datacenter (*Advertising Age* magazine's data center)
www.magazine.org (Magazine Publishers Association website – lots of useful information)
www.mediafinder.com (Media Finder – the largest database of U.S. and Canadian periodicals)

Endnotes

- ⁱ Magazine Publishers Association. 2008. *The Magazine Handbook 2007/08*.
www.magazine.org/resources/research.html
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