

Company news

Flat Year for Magazines? American Legion Enjoys Biggest Issues Since 1919! In a traditionally slow period for advertisers, American Legion Magazine's June through September issues revenue has jumped 21% over 2006, primarily from display advertisers.

"While some magazines may be down, it just goes to show you that certain magazines which are well focused to a core group of passionate readers are doing just fine" said Jim Elliott. The Elliott Company is the sales and marketing firm handling solicitation of advertising on behalf of the American Legion.

The Elliott Company has opened a San Francisco office. Located at 425 Market Street (Suite 1020), the office is now home to **Jay Howard**, Northwest Sales Manager. Jay had an extensive career including media sales for The Chicago Tribune, The Wall Street Journal, Newsweek, Time Inc., National Geographic, Technology Review and a brief association with Kiplinger's in the fall of 2006.

Welcome Back Jonathan Stone! Jonathan joins the New York staff after a 7 year hiatus. Jonathan is a publishing veteran who returns to the James G. Elliott Co., Inc. following positions as Associate Publisher with Boating Magazine, Power & Motoryacht and most recently Regional Advertising Manager with Fast Company. Previous experience includes time spent with ABA Journal and Attaché Magazine (JGE), Field & Stream and Outdoor Life, U.S. News & World Report and Forbes Magazines.

We welcome your feedback!
Leave your comments at
www.adsandideas.com

James G. Elliott Co., Inc.
626 Wilshire Blvd., #500
Los Angeles, CA 90017
tel: (213) 624-0900
fax: (213) 624-4389
email: j.elliott@jamesgelliott.com

President's Letter

Outsourcing Sales: If You Are Considering It, Can Your Organization Handle It?

In 2001, I wrote an article in our company newsletter about outsourcing sales to independent representatives. In that article, the point was made that the potential outsourcer had to ask questions about their ability to ensure that an outsourced relationship would work. In addition, we created a checklist of questions to ask of the potential outsourced sales company to make sure that there was compatibility. We'll cover that checklist in the fall edition of Ads and Ideas.

In light of the volume of commercial publishers and associations which are currently looking for either a regional independent representative or a total outsourced sales solution, I thought it might be helpful to repeat the article in an effort to help organizations make the right decisions if they go this route.

Outsourcing sales to independent representatives is something that many of the current generation of publishers have never done, particularly in the major markets. But in light of the current environment, the option to outsource some or all of the selling function must be explored.

The Outsourcing of sales isn't rare in media. It has always been done in broadcast media. In publishing, it goes in cycles. Fifteen years ago, many large consumer publications used outside reps to sell their advertising.

The question now, based on a number of calls we have recently received, isn't whether to outsource, but to whom.

When a publisher outsources sales, there has to be a clear understanding of what choices exist. Too often, decisions are based on

relationships with people who used to work as direct sellers without an understanding of how the publishing organization may fit with that of the rep firm. Certainly, personalities are an important consideration, but this is only a fraction of what should be considered.

After 23 years of owning a firm, and representing 150 magazines, I have realized that it's not "one size fits all." A recent article I wrote for an association magazine, which is condensed for this newsletter, addresses some questions that a publisher should ask when considering outsourcing.

There are two major considerations that any publishing organization should consider before outsourcing their advertising sales. The first is whether or not the publisher can in fact sustain and nurture an ongoing relationship. The second is whether the rep firm selected can meet the needs of the publisher.

ARE YOU READY TO OUTSOURCE?

The following are some things to ask before initiating a search for an outsourcing partner:

- Are you sure that ALL of your key players are willing to work with an outsourced sales operation? The whole process will be difficult if a middle manager, who wants to build an empire, is forced to implement a results-oriented solution imposed by senior management.
- Are there hidden agendas that conflict with the outsourcing model?
- Is senior management willing to monitor this process and be accessible if problems arise?
- Are you willing to accept a different work culture that may include work hours that are different from yours? Or different travel and entertainment cultures?
- Have you added up ALL your real and hidden costs for your own direct sales operation? (State taxes, medical insurance, postage and overnight shipping expenses, and travel in market are some of the costs often overlooked.)
- Have you clearly defined what your expectations are from both a strategic and tactical standpoint? Do you expect to share manpower or do you need exclusive dedicated salespeople? If you want exclusive people, are you willing to pay for it?

These are some of the big questions to ask before moving forward. One of the hardest



lessons I have learned when effectively outsourcing is that it has to work for both sides. One or the other side may really want the relationship but that doesn't guarantee success. Both sides have to work on the relationship just like a marriage. They have to review it regularly and make adjustments when something isn't working.

In the next issue, we will review "Choosing Your Outsourced Partner" and cover some of the questions to ask.

RESEARCH NOTES

It's Time to Grow Up

By Susan Weiss

"Get them young; keep them for life" is the conventional wisdom that the advertising industry has followed with an almost slavish devotion, targeting the 18-24 and 18-34 year old consumer—and younger, if no legal obstacle is presented. From time-to-time, an "older" target of 25-54 pops up, but nearly always with a stated desire that the skew be towards the younger portion of the cohort. Consumers over the age of 55 are simply not on the radar.

The growth of the U.S. advertising industry has coincided closely with the population bulge known as the Baby Boomers. In 1964, the year that Ogilvy & Mather was formed, the oldest Boomers turned 18. And in 1998, the youngest Boomers turned 34. For more than 30 years, a substantial portion of Boomer consumers have populated the sought-after 18 to 34 advertising target—but not anymore. In 2007, Boomers are aged 43 to 61.

While the traditionally desirable youthful market was populated by the enticingly large Boomer generation, the question of what's important—the age or the size of the market—was moot, as there was convergence on these points. Now, however, to the dismay of the Boomers themselves as well as to advertisers, this generation has had the temerity to age into an unpopular demographic.

But what's not to like? Boomers have value beyond their substantial market presence. Study after study finds that regardless of aging—perhaps even because of aging—the Boomer generation still merits marketers' attention.

A recent headline in the Wall St.

AGREE MOSTLY:	BOOMER	
	18-24 INDEX	ELITE INDEX
I prefer to buy things friend or neighbors would approve	210	49
A celebrity endorsement may influence me to consider/buy a product	189	17
I am influenced by what's hot and what's not	149	62
I'd pay more for a product with an image I want to convey	134	44
Brand name is the best indication of quality	122	68
I buy the brands I grew up with/the ones my mother used	120	60
I wait until others try things before I try	114	64
I'll pay more for a product made by a company I trust	79	137
My spouse has a significant impact on the brands I choose	74	123

MRI Fall 2006; Boomer Elite = 45-64 with HHI \$150,000 or more

Journal trumpeted that "middle age may be good for your wallet." A team of economists reviewing data on credit, loans and other financial products found that 53 is the "sweet spot" between the mental agility of youth and the wisdom that comes with experience—at this age, consumers are least likely to make financial mistakes.

ESRI (working with U.S. Census Data) forecasts that the average household disposable (after tax) income of 45-to-64 year olds is \$91,500 vs. \$35,339 for those younger than the age of 25. These findings nicely tie into a recent research study from Focalyst highlighting the "Boomer Elite." These are Boomers with an annual pre-tax income greater than \$150,000 (\$100,000 if retired). They have a high incidence of marriage, are well educated and own homes valued at nearly twice that of the average Boomer. Focalyst finds the Boomer Elite are on top of their finances; well prepared for retirement, comfortable managing their own investments, and are willing to pay a premium for quality goods.

GET THEM YOUNG...

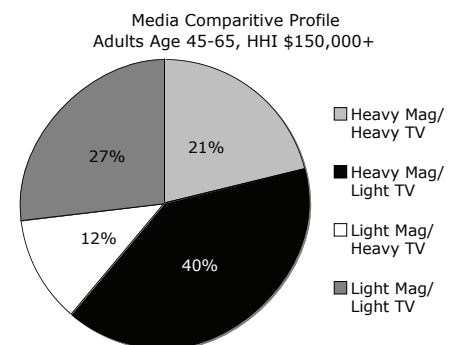
What about the notion that brand preferences are set for life at a young age? Data from Mediamark Research Incorporated (MRI) certainly supports the notion that young adults are influenced by others in their purchase decisions. 18 to 24 year olds are highly likely to be influenced by trends, celebrity endorsements, and to make purchases that their friends and neighbors will approve of—and to buy the brands their mothers use.

KEEP THEM FOR LIFE?

Now that they're parents (or old enough to be), Boomers aren't buying what their mothers bought—they make up their own minds. The MRI data show that older consumers—particularly affluent ones—are not as dependent upon outside influences as young adults in purchase decision making. While the Boomer Elite are willing to pay more for a trusted brand, they are not as likely as the youth to agree that a brand name alone is an indication of quality. While the opinion of their spouse is important; the influence of their mothers' has waned. This group is independent, experienced and educated—and affluent enough to purchase what they choose.

Boomers do double duty: they make up their own minds as well as influence the purchase decisions of their children.

How to reach them? Magazines had better be in the mix: MRI's Spring 2007 data shows that affluent older adults are much more likely to be heavy readers of magazines.



>Susan Weiss has over 20 years of experience in the research field. She is the Research Director for James G. Elliott Co., Inc. and President of Kanban Consulting Corp., providing strategic and tactical research support services to the media industry.