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It isn't brand new to everyone.

President's Letter

Oh, what a difference a few months can make! The first quarter of 2008 has been one of the roughest in magazine ad sales history. A quick glance at the revenue numbers for monthly magazines is sobering. The decline has been caused in part by many agencies holding back on placing 2008 schedules due to their clients not releasing budgets. But it has also been due to advertising money being diffused into various new delivery platforms.

Of course, the magazine industry has been trying to hold on to some of these dollars by creating their own multiple delivery platforms for their content. However, there is no dominant selling strategy in the way they actually sell advertising around these new platforms.

For instance, some magazine companies have created a separate digital advertising department. Some have hired outside representatives to handle on-line advertising, with a different outside group to handle mobile and so on. Others have taken their current sales force and trained them to be knowledgeable in several different media platforms.

We are keen on the last strategy being the most sensible approach because, regardless of the platform, it is the brand and its community that set magazines apart from other media. It is the strength of our business. For those of us who have also been on the buying side of the business, there is, and has always been, one thing that stood out about magazine representatives. Both trade and consumer magazine reps have always sold the brand -- which is a conceptual sale.

Historically, magazine sellers were allowed to call on clients, account people at the agency and the media department because they were selling the audience, and what made that audience distinctively different, both psychographically and demographically from the competition. Magazine sellers have always been distinctively different stylistically in their approach from that



of broadcast sellers in that the sale was more complicated, involving more channels of decision makers built around selling conceptually. Branding is a concept.

A good friend, Dave Smith of Mediasmith—a large digital San Francisco advertising agency—told me recently that their agency had identified many new digital platforms by which to offer up content. For example, they have identified things like:

- Rich Media Display Advertising
- Video Display Advertising (Web)
- Video SEM/SEO & Video Distribution
- Video on Demand & Interactive Television
- Over-the-Top (OTT)
- Widgets
- Mobile
- Digital & Interactive Out-of-Home
- Digital & Interactive Cinema
- Consumer-Generated Media and Advertising
- Mashups
- Blogging
- Social Networks
- Peer-to-Peer
- RSS
- Advergaming and In-Game Advertising
- Virtual Worlds

By the way, to learn more about each one of these subjects, you may visit Mediasmith's website to see a section dedicated to emerging technologies: <http://www.mediasmith.com/about/emergingtech.html>.

From an advertising sales perspective, how many different groups—either internally or externally—will a magazine brand require to handle their ad sales needs in this world of diverse platforms? And what will happen to a consistent brand story with so many different groups involved?

I would strongly argue that magazine representatives are uniquely positioned to handle ad sales in this emerging world of different delivery platforms.

In our travels among publishers, we often

hear that magazine reps don't understand the Internet. But when you investigate these statements more carefully, often what they are really saying is that magazine reps don't understand the technological aspects of the online medium. However, that doesn't mean that they don't understand the audience or the community represented and can't, with a little training, translate the particular online site into a part of a brand for an advertising buyer.

Frankly, how many magazine representatives actually understand the many facets of the print production part of the magazine industry? I have noticed that magazine management frequently confuses the activity of order taking with the art of selling. Those folks that often take orders also perform tasks on the web that are similar to those performed by a print production manager in magazines or a traffic manager in the broadcast world.

Training to sell the brand

Training is, of course, necessary here to sell a brand which resides in different media platforms. But that training has to be in just the fundamentals or basics of each medium—not in the technical or mechanical aspects.

For instance, a seller should understand the fundamentals of podcasting: how it is delivered, its advantages and drawbacks and what kind of advertising works with the medium, but the seller doesn't have to be an expert in the technology. Hopefully, the brand has a podcast traffic manager to handle the technical questions.

Our client, Ancestry.com, is creating ongoing webinar programs for each of their various delivery platforms so that our sales force can become educated on the fundamentals of each electronic medium.

This is an interesting time to be in the media business. There will be lots of new media headed our way in the near future and, more often than not, they will be headed up by

individuals with technological backgrounds. But at the end of the day, creating a brand is what will separate those that last from those that don't. And a part of selling the brand is having a sales force with the right skills to communicate the brand into something an advertiser can understand. ■

Your Rate Card Matters

By Ron Kops

It has been said that when you lose control of your pricing, you lose control of your profits. This appears to be the case for many (if not most) magazines, especially in the trade arena.

It does not have to be this way.

When you look at any typical magazine P&L statement it is amazing how little control you have over it. The vast majority of expenses are essentially fixed, i.e. printing/paper/postage/editorial/production/renewals/agency orders/selling expenses/overhead, etc. On the revenue side, (no matter what your ad director may tell you) he or she has little say in the number of ad pages that come in. Many years ago, when I was head of Budgeting and Planning for CBS Publications during its heyday, I was able to forecast year-end ad pages within 2% once the April issues were in. While this tended to infuriate those ad directors that were predicting a "fall turnaround", it was a definitive, object lesson in ad page control.

Other revenue structures that are seen to be "immune" to improvement include newsstand sales, renewal percentages, new business subs, and list rental. Unfortunately, the current trend in each of these cases is downward. The one exception is, of course, web



revenues, whose growth usually varies by the length of time a company has seriously been involved. The game today is to try and offset the ad revenue losses with on-line sales. No easy task, since ad pages usually command much greater dollars than their on-line replacements.

Where does this leave magazine publishers? The one significant weapon that is within your control is the one most often overlooked – your rate card. What's that you say? You don't have any control over pricing? As the song goes, "it ain't necessarily so." Let me clarify, there is no magic wand; simply raising rates is not the answer. If you are third or fourth in your field, there may not be anything you can do. But for most others there are any number of ways you can improve your yields.

Why are yields so important?

Well, just think for a moment—what happens to your costs when your yield goes up?...That's right – nothing. You print the same page, in the same issue, with the same people. Your mailing costs don't change, nor does your production or overhead. In other words, every dollar increase in yield goes entirely to the bottom line (except for any increase in sales commissions).

How important can yield be?

Let me give you a prime example. I once evaluated a major publication and found they were significantly underpricing their product which occupied a unique position in the marketplace. In addition, there were a number of "deals" being made well below the going rate. By raising prices (selectively) and getting the sales team to stand firm and eliminate most of the deals, we were able to increase revenues by \$10 MM (in 6 months). How much of this increase was due to yields? – All of it! (Ad pages stayed the same).

While this example is exemplary because of its size, it is hardly an isolated case. While many magazines are

(initially) not in a position to improve yields, we have been successful in scores of situations. There are many elements involved, beginning with a strategic evaluation of the total publication (often advertising declines are reflective of other problems), which will lead to a Game Plan on how, where and when to move forward. The process can be long and some investment may be needed, but success "yields" pure gold. ■

W. Ronald (Ron) Kops has been running Kops & Associates for over 25 years. During that time Ron has completed Strategic Analyses and Rate Recommendations for over 300 publications in 22 countries on 4 continents. Ron is quick to point out that there have never been two that were alike. He can be reached at ronkops@aol.com.

Company news

Green Media, the horticulture division of M2Media360, has commissioned the James G. Elliott Co., Inc. with their sales and marketing responsibilities. This division includes trade publications *SportsTurf*, *Landscape and Irrigation*, *Outdoor Power Equipment* and *Arbor Age*. M2Media360 is a business-to-business media company with over 20 print and online properties dedicated to separate, distinct and highly vertical industries.

James G. Elliott Co., Inc. announces à la carte Marketing Solutions to both current and project-based clients. We have expanded our offerings to include Marketing, Creative Design & Production services and Research services. For more information, please visit www.jameselliott.com.

The Kiplinger sales team in New York recently hosted 21 clients and guests at their annual **AIG Stowe Ski Weekend** in Stowe, VT. The successful event included 3 days of skiing as well as other festivities.

Welcome Aboard!

The Elliott Company is pleased to announce new additions to our staff: **J.F. Purcell** to our NY Sales team, **Ann Cannon** to our Chicago Sales team, **Sue Scott** to our Detroit Sales team, and **Bruce Loria** to our Los Angeles sales team.

