



Canadian
Heritage

Patrimoine
canadien

Periodical Publishing
Policy and Programs



New Subscribers

A Guide for Small Publishers

Prepared by Greg Keilty



Canada

About this series

New Subscribers: A Guide for Small Publishers, is one of a series of practical guides for small publishers produced by the Department of Canadian Heritage. The guides are intended to provide small publishers with guidance from industry experts on key aspects of their business.

Other titles in this series include

Renewals: A Guide for Small Publishers by Jon Spencer

Advertising Sales Tools: A Guide for Small Publishers by Gwen Dunant

Selling on the Newsstand: A Guide for Small Publishers by Pierre Proulx

About the author

Greg Keilty is Managing Director of CM Group – a management consulting business for publishers, and is also the publisher of *SkyNews* magazine. He has thirty years of experience in the creation, marketing, and distribution of magazines.

Mr. Keilty began his education in publishing in the trade magazine division of Maclean Hunter and then spent seven years as Circulation Director for *Saturday Night* magazine before joining the Philadelphia-based consulting firm, MTA Group. Mr. Keilty and fellow MTA Group consultant Colleen Moloney formed CM Group in the early 1990s.

As a Circulation Director, a publisher and a consultant, Mr. Keilty has worked on more than 100 publications including the launch or repositioning of over a dozen titles such as: *The Walrus*, *Cooking at Home*, *Gardening Life*, *Canadian House and Home*, *SkyNews*, *ChineseWorld*, *VISTA*, *Saturday Night*, *NOW*, *Wood Design & Building*, *TRIBE*, *The Vancouver Step*, *Global One*, *The Catholic Register*, *Canadian Telecom*, and other trade magazines. As well, Mr. Keilty served as President of the Canadian Magazine Publishers Association in 1984 and 1985.

Given his unique background and experience in publishing, Mr. Keilty has strongly developed skill-sets and competencies in the areas of evaluating markets, and access to markets, strategic planning, and virtually all other aspects pertaining to launching a magazine.

Contact us

Periodical Publishing Policy and Programs Directorate
Cultural Industries Branch
Department of Canadian Heritage
15 Eddy Street, 15-4-F
Gatineau, Quebec K1A 0M5

Phone: 819-994-3118

Fax: 819-953-7782

E-mail: pep-ppp@pch.gc.ca

© Greg Keilty, 2006

PDF Edition

Catalogue No: CH44-73/4-2006E-PDF

ISBN 0-662-42889-7

These guides can be found online at www.canadianheritage.gc.ca



Table of Contents

INTRODUCTION	1
DEMOGRAPHIC CHARACTERISTICS	1
PSYCHOGRAPHIC AND LIFESTYLE CHARACTERISTICS	2
THE NEXT STEP – MORE RESEARCH	2
PLANNING AND BUDGETING	4
WHAT ABOUT NEWSSTANDS?	4
GETTING STARTED	5
CREATIVE BRIEF	5
PRICE DISCOUNTING	6
OFFERS	6
PREMIUMS	7
GUARANTEE	7
PRIVACY LEGISLATION	8
YOUR DIRECT MAIL PACKAGE	8
DIRECT MAIL COSTS	9
WRITING THE COPY FOR DIRECT MAIL	9
DIRECT RESPONSE DESIGN	10
CAMPAIGN MATRIX	10
SEASONALITY	11
EVALUATING YOUR RESPONSE	11

SUBSCRIPTION FULFILLMENT	12
ATTACHMENTS	14
ATTACHMENT 1 – UNIVERSE OF POTENTIAL SUBSCRIBERS	15
ATTACHMENT 2 – LIST OF TRADITIONAL MAGAZINES CIRCULATION SOURCES	18
ATTACHMENT 3 – EXAMPLE OF A CREATIVE BRIEF	23
ATTACHMENT 4 – CAMPAIGN MATRIX FOR DIRECT MAIL	27
ATTACHMENT 5 – LIST OF SUPPLIERS	28
ATTACHMENT 6 – SOURCE EVALUATION SPREADSHEET	29
ATTACHMENT 7 – WORK BACK SCHEDULE FOR FALL DIRECT MAIL	31
ATTACHMENT 8 – GLOSSARY	32



Introduction

Let's assume that you have just taken on responsibility for building circulation for a niche magazine that looks promising but hasn't developed much circulation. The magazine is well-executed editorially and renewal rates are solid – an absolute necessity for any successful circulation work – and you have a two-year mandate to create a significant circulation for it.

Where do you start?

Well, you begin with the magazine. You read back issues and you interview the editor about her readers and what she is trying to accomplish with the magazine. She recommends that you also talk to some contributors who know the potential audience really well. You take lots of notes during these interviews. You ask the same question several times: Where do I find these people concentrated? Are there mailing lists? Where do they gather? Where do they meet? What other things do they buy? Are there organizations or clubs that they belong to? What else do they read? What websites might interest them? Are there retail stores that supply the needs of their hobby (or profession, or interest, or passion)?

You gather up all your notes and some markers and you highlight the interesting bits that tell you about these readers and specifically how you can find them.

Demographic Characteristics

You use your yellow marker to highlight demographic characteristics that they mentioned. Are your readers male, female or both? Do they have kids? How old are they? Where do they live? Are they rural, urban, suburban? Are they likely to have a particular kind or level of education? Is their income level important? Would it help you to know if they own a home?

You can imagine how a number of these characteristics could be important. For example: for a women's fashion magazine, women in a certain age range will be most interested; if your magazine is for kids, you want to talk to well-educated parents, but age could be important too since grandparents are great gift subscription donors.

This sort of demographic information is necessary but seldom sufficient. It doesn't usually give you sufficiently precise information to find your prospects *economically*: half the population are female, a quarter of the population are parents and well-educated people are pretty widely dispersed.

Most Canadian magazines are niche titles serving people with specific interests rather than a specific demographic. It's necessary that you know that readers of a women's fashion magazine are females in a certain age range but really only a small percentage will ever buy your magazine. Since you can't afford to talk to all women in your age range,

even if you could find a way to reach them, how do you isolate your real prospects?

Psychographic and Lifestyle Characteristics

Reading is a psychographic characteristic; particular interests and hobbies are psychographic characteristics. Your magazine content is probably defined by specific interests: history, art, news, skateboarding, or boating, for example. Use your green marker to highlight any lifestyle information in your notes. It provides a much finer segmentation of the population and people cluster around their interests in ways that allow you to reach them where and when they are concentrated, and therefore, where it's cost-effective for you to speak to them.

The Next Step – More Research

To have a chance of succeeding, a magazine must find **economical access** to its potential readers. This is how the circulation department's vision of a market begins to differ from the editor and from those selling the ads.

You can't be sure you got all the answers from your interviews with the editor and the experts. You have to do some research of your own to verify their information, determine the existence, availability, and size of mailing lists, for example; likewise for associations, clubs and so on. You need a reasonably accurate idea of how many potential readers there are for this title, but more importantly, you need a clear understanding of the numbers you can actually reach and by what means.

Once you have this information, you can create a **hierarchy** of prospects and a hierarchy of the means – **sources**, as the industry calls them – you will use to acquire them as subscribers. Unless you have unlimited funds, you will have to rank your prospects and sources in order of priority

according to their likely profitability before you begin to commit funds.

Since you are selling reading material, look for those who buy reading material first since they are likely to respond best.

- > Are there other magazines in your field? Can you rent their mailing lists? Or perhaps they'll carry an insert for your magazine on an exchange?
- > Are there book clubs or lists of book buyers from an industry association? Or maybe, in your case, buyers of software or instructional videos.
- > There are newsletters (and e-newsletters) serving many niche markets: nutrition, health, investing, etc. How about your niche?
- > Are there related seminars and courses in your field? Can you get their registration lists for the past couple of years? Or can you promote your magazine to attendees?
- > Are there magazines or book clubs in a different but related field?

If you are planning to solicit your prospects by direct mail be sure to identify how many of the names you find are "direct mail sold" if that information is available. Just as those who bought reading material will tend to buy more reading material, likewise, those who have bought by mail are predisposed to respond to direct mail.

After you've researched readers, look for those who have proven an interest in the topic of your magazine by paying for a related product or service.

- > There are **catalogues** to serve any number of lifestyle categories: seed catalogues with hundreds of thousands of names of gardeners, farm equipment catalogues going to farmers, catalogues for museum members, catalogues for public radio listeners, tool aficionados, cigar smokers, many varieties of clothing enthusiasts, hunting and fishing devotees, those interested in astronomy equipment, musical instruments, all kinds of collectibles, and on and on. Since catalogue buyers are usually responsive to direct mail, they can be particularly valuable. You may be able to rent their buyers lists for

your mailings or insert free-standing inserts with their product deliveries.

- > There are other kinds of buyers lists not associated with catalogues, and advertisers will sometimes share customers lists for subscription promotions, especially in niche markets.
- > There are less directly related lists that can work in some cases. For example, there are fundraisers for all kinds of charities and concerns. These are direct mail-responsive lists of people who have put out money for something they care about – the environment, political parties of all stripes, better health, support for museums, galleries, orchestras and other cultural institutions, to name only a few. Some may be parallel to your magazine's topic.

Mailing lists of members and donors, whether available or not, may not be the only access to your readers provided by such groups. Strategic alliances and sponsorship arrangements in exchange for advertising space or access to your mailing list can provide opportunities to distribute sample copies, enjoy signage at their events, and so on.

There are also giant consumer databases that have attached demographic and lifestyle information to their names. If you can make sufficiently accurate selections using this information, segments from these lists can work. Because they are compiled lists, they'll never perform like subscription lists and other customer lists, but they may produce cost-effective subscriptions.

Hopefully, some of these are e-mail lists. E-mail marketing is remarkably similar to direct mail. The quality of the list is the most important element and the subject line functions like the outer envelope copy. But there are few targeted e-mail lists available in most fields and good ones are becoming too expensive to provide economical access. But if targeted e-mail lists are available, you must test them.

Next, are there **clubs or associations** in your field or otherwise related to the topic of your magazine? Since membership usually requires an outlay of money and some effort on the part of the members,

it often concentrates the most interested or committed members of a community, those more likely to subscribe to your magazine.

Likewise, those who attend **events** – conventions, consumer or trade shows, seminars, races, facilities (e.g., ski hills), star parties, theatres, concerts – took the time and paid their money. Can you rent attendee lists or can you participate in events as a sponsor, or via a booth, or can you distribute sample copies of your magazine?

Are there TV or radio shows or specialty channels related to the content of your magazine – The History Channel, The Food Channel, HGTV, news radio, for example? The economics of promoting subscriptions via TV doesn't usually work because of the high cost of TV time, but it can be made to work if you can secure a better rate by way of a swap or remnant rates or a pay-per-order arrangement. Radio isn't a good way to sell subscriptions but it can be useful to send people to the newsstands to buy your magazine if you have an issue with a broad enough interest or content focused in a specific city or province. Newsstand buyers become very good subscribers. (See Attachment #2, List of Circulation Sources)

Many interests that can support niche magazines also support retail stores – cycling, gardening, woodworking, astronomy, automotive, art, etc. Can they provide economical access to potential readers in one way or another? Can you sell your magazines there or distribute subscription offers or work with them in other ways? Since your product encourages their customers you may find there's a lot of goodwill among retailers to help you out.

What about websites? Isn't that where you go for information? Ads and links, hopefully swapped, can bring people to your website. If you make sure you have a prominent and attractive subscription offer on your home page, and an easy way to subscribe, you will get subscriptions. You can sell subscriptions on your site easily by using an e-commerce agent.

Enough? I'm sure you get the idea. Successful niche magazines are very often blessed with some form(s)

of access that is kind of unique to their field: maybe there's an active association with a large membership willing to work with you, for example, or a particularly effective specialty TV channel associated with the topic, or a large number of consumer shows across the country. Your first job as the new circulation person is to find and document this access for your own market.

How do you get this information?

The first stop is a list broker. (See Attachment #5, List of Suppliers) Most list brokers will provide list recommendations and very useful data sheets to help you plan. A word of caution, most brokers will cast a wide net and recommend all likely lists; that's their job. It's your job to refine their recommendations and whittle them down as much as possible to make them as economical as possible. Take every opportunity to use the most concentrated lists by removing any segments you can that are likely to be less productive. Remember, finding access to your market isn't sufficient – the telephone book will actually provide that – it must be access that makes economic sense for your business.

Beyond list brokers, it's the Internet and however else you gather information. Canadian Advertising Rates and Data (CARD) and publisher's statements from the Audit Bureau of Circulations (ABC) and the Canadian Circulations Audit Board (CCAB) can provide information on other magazines' circulation. Associations often possess a wealth of information on their field and members. Statistics Canada can provide a wide range of data at statcan.ca.

Hopefully, when your research is completed, you will have a pretty clear map of your market and a fairly accurate count of how many people are in the market and how many you can reach economically.

Planning and Budgeting

Whether you now create a formal marketing plan or less formal planning documents, it's time to organize this information to drive some decisions, allow you to create a budget and let you get started.

The first document you'll create is the **Universe of Potential Subscribers**. Lay out everything you've learned about access to your market in a spreadsheet with quantities. Attachment #1 is a fictitious example of what such a document might look like. Your Universe is always a work in progress, constantly being updated, even years later.

Now pull out another document, **a list of magazine sources**. You probably have a couple of samples in your files from various circulation seminars at Mags University and elsewhere. So that we're all using the same document, see Attachment #2. This version is more or less in order of profitability. At the very least, it will provide a good checklist of the sources you should consider. Match the sources to your Universe and keep them ranked. After you've done this, you can begin to estimate the quantities of new subscribers you can generate from each source.

What about newsstands?

This booklet is about subscriptions. Why is newsstand sales on our list of subscription sources? Many publishers do the economics of newsstands and give up. For example, if your cover price is \$4.95 you net about 35% on each sale or \$1.73 after commissions and shipping costs are deducted. If it costs you \$0.75 to print your magazine, your profit is \$0.98 per copy sold. But, if you are selling the industry average around 33% efficiency you have to print three copies for every one you sell, so you are losing \$0.52 on every copy you sell. End of story?

Not quite, there are many benefits from being on newsstands and one of them is great subscriptions. Insert cards often produce better subscriptions than any other source – i.e., they renew better than anything but possibly gift subscriptions. In a magazine launch, five or six percent of the people who buy on the newsstands will subscribe; for a mature magazine it might be one or two percent. This usually makes the newsstands marginally profitable for publishers. You have to try to make newsstands work if only for the excellent subscriptions they generate.

Getting Started

What's next? Do you just start using all the sources in your hierarchy of sources? Yes, possibly. But again, since you don't have unlimited funds, start at the top, estimate the cost and the revenue from each source. Some will be immediately profitable – insert cards, gift subs, website subs, some subscription agencies – and you implement them as quickly as you can, but others won't be. Determine how much money you can spend to get your circulation program underway and you'll have an idea how far down your list of sources you can go.

Now that you've completed your Universe and your **source ranking** and decided which sources you wish to implement immediately and which you want to test, let's look at one specific source in detail.

Direct mail is a little out of fashion because the cost of lists, postage, and printing are making it unprofitable for many mature magazines to use. However, it remains the best source of new subscriptions if you can make it work. Why the best source? First, because they renew well; subscribers make relatively informed decisions in their own time. It can produce large volumes of subs if targeted lists are available – and they often are in niche markets; it's an excellent medium for organized testing of prices and different creative approaches; it can produce deeper penetration of your market than almost any other medium. Above all, like all direct response media, you can accurately measure response and effectively control how much you wish to spend per subscription to get that penetration. That's what direct response guru David Ogilvie had in mind many years ago when he coined the definition, "Marketing is objectivity".

Having done the groundwork of preparing the Universe for the magazine, the most important part of your direct mail campaign preparation – the hard work of list research and selection – is nearly done. If your list selection is good your campaign will work. Don't ignore targeted lists because they are small. Core lists of even a few hundred or a couple of thousand names can be worth mailing because of the accelerated response rates that are possible. All other aspects – proper

pricing and offer, creative, timing – are important but ultimately secondary. (This underlying principle applies equally to all sources: if you aren't talking to the right readers it doesn't matter what you are saying or how brilliantly you say it.)

Creative Brief

However, in order to decide what you should be saying, you will need a Creative Brief for each source – or treat each source separately in a larger Creative Brief. Attachment #3 is a fictitious **Creative Brief** for a direct mail campaign that can provide a loose model for your own.

Let's look at **price and offer** first. If you are in position to set the cover and subscription prices, keep in mind that most magazine readers read a number of publications. They have a perception of what a magazine should cost. Draw up a chart showing your competitors' prices and circulation numbers – a **Competitors Grid** – and include a couple of related magazines that your readers might know well. If you go outside the range of average prices, do so for a reason. You might decide to go a little high to position your magazine as a premium product, knowing that it can reduce circulation unless the editorial content more than supports this positioning. You could price low to increase market penetration and reach.

If your situation is a launch or a relaunch, then you're really testing whether readers will buy your magazine concept. If you set your subscription price or your cover price too high and readers don't buy, you won't know if they have rejected your product or just your price, and you won't know how to proceed. In a launch, you have to remove price as an issue by testing a price that you are confident won't be rejected because it is either completely average or even a bit below similar magazines; or test a range of prices if that's possible. You can always raise your prices as you go forward but it's much harder to find the optimum price if you start too high.

Pricing is complex. Keep in mind that readers don't do a careful calculation of X dollars divided by Y copies. Their perception is that a magazine subscription has an absolute dollar value: in other words, 8 issues a year for \$24 might look OK to an interested prospect, but that doesn't mean they'll automatically pay \$36 for 12 issues, or that they won't pay the same \$24 for 6 issues. Direct mail is an excellent medium for testing a range of prices and offers. See "Campaign Matrix" for more on testing.

Price Discounting

It's difficult to sell a profitable subscription to a new subscriber. The reality is that the revenue from new subscribers often doesn't pay for the cost of the promotion, let alone the magazines the new subscriber will receive. Before you quit in despair, remember that a magazine subscription is a **continuity product** and once you acquire a new customer you have a good chance of selling him or her a subscription year after year. And renewals are always profitable – so much so that you can lose money on a new subscription knowing you'll make it back and turn a profit in a year, or two, or three.

Publishers found that, because they are trying to convince prospects who are often unfamiliar with their magazine to subscribe, it's often most effective to sell new subscriptions at a discount, or with some other incentive. Everyone reacts to a good deal and a lower price point. However, an important aspect of creating an effective offer is creating a situation that will simply force a decision one way or the other since no decision is the same as a rejection. The reader has to feel that you are presenting an opportunity and that he or she has something to be gained by acting now that will be lost if they let the opportunity pass.

Offers

Getting the right price is key to a successful offer but there's more to it than *just* price. The wording of an **offer** can make a significant difference too. Of course, there are words such as "FREE", "Half Price", "50% Off" and "Guaranteed" that have proven to be powerfully effective moving undecided prospects to act. But the positioning of the offer can make a huge difference. Here are some examples of different wording.

A **hard offer** is a pretty straightforward subscription sale. There's no doubt in the readers' minds that, if they respond, they have bought a subscription. You expect a high percentage of cash-with-order – i.e., orders arriving with payment – and a very high pay-up (75-90%) for those who ask to be invoiced. It might read like this:

Headline

Subscribe and Save Over 55%

Copy

YES! Send me a full year of *Magazine X* at a saving of 55% off the newsstand cost – that's just \$24 (all taxes included). It's like getting 5 FREE issues!

Cheque enclosed
 Bill my VISA MasterCard
Card # and expiry date

Bill me later

A **soft offer** might read like this:

Headline

Send My FREE Issue! (Or just, Trial Issue Request Form)

Copy

- YES! Send my FREE issue (or trial issue) of *Magazine X*.

If I like it, I'll pay your invoice for the special rate of just \$24 (all taxes included) for 9 more issues (10 in all). I save 55% off the newsstand price.

If I'm not satisfied, I'll write "cancel" on my invoice and return it to you. The FREE issue is mine to keep.

- Bill me later
 Cheque enclosed
 Bill my VISA MasterCard
Card # and expiry date

Because of the lower level of commitment it's easier to respond to a soft offer so they generate a much higher response, but fewer pay up when they are invoiced (often in the 35 to 55% range). Nonetheless, because they allow undecided readers to try your magazine, if the issue(s) they receive are strong and you have sold the magazine truthfully, in the final tally, soft offers often generate the largest numbers of cost-effective orders.

If your magazine is very well-known or a must-have, use a hard offer. While hard offers were few and far between a few years ago, they are making a comeback.

Premiums

Premiums are gifts added to the offer to make it more attractive and to further encourage that all-important *decision*. Remember, if a decision is postponed, you've lost it. There are two types of premiums: "editorial premiums", often consisting of a selection of excerpts from the magazine, and "hardware premiums", such as tote bags, watches and clothing. The former are much more common in Canada than the latter. Sometimes a hardware premium can relate to the editorial as well, such as a camping knife for an outdoor magazine, or a water bottle emblazoned with the magazine's name

for a cycling publication.

I can attest to the fact that both kinds of premiums work. I don't expect anyone buys a subscription to get the premium – you can't afford a premium that good – but an editorial premium has made me decide to subscribe to a magazine I'd been procrastinating about for years. Despite that, I try to avoid using premiums. They're an added cost, of course, but the downside of premiums is that subscribers acquired with a premium may not renew well unless you offer another premium. This can negatively affect their conversion rate, i.e., their first-time renewal rate. Editorial premiums are best but test carefully as not all premiums work well.

Premiums can only lift response so much. To make economic sense for you, a premium must cost a fraction of the subscription price – certainly under \$5. But to be effective, it must have a much higher perceived value for the reader. This combination makes it tough to find really effective premiums. Also, if you decide to test a premium offer and your circulation is audited, review the audit rules regarding premiums.

Guarantee

Since you are asking your prospects to buy a magazine they may not be that familiar with, anything that removes risk makes their decision easier. Publishers have found that a written guarantee – often carrying the signature of the publisher – is effective and costs nothing. Very, very few subscribers ever ask for a refund – a partial handful a year – so many publishers opt to have a 100% guarantee right on their order card that might be worded as follows:

Headline

100% GUARANTEE

Copy

If you aren't completely satisfied with *Magazine X* I will refund the entire cost at any time during the life of your subscription. Signed:
The Publisher.

Privacy Legislation

While well-intentioned, if extended, privacy legislation could create unsolvable problems for small magazines. For decades, it's been nearly impossible to build subscriptions via direct mail in Europe because mailing lists are either very small or unavailable and three or four times as expensive as in North America.

If you are renting mailing lists they must be compliant with the legislation and list brokers will ensure that they are. If you are planning to rent or swap your mailing list for others to use, you must give your subscribers the opportunity to opt out. You don't have to do this on the initial order but that is certainly the surest way to meet your obligation.

It's important to remember that direct response marketing is the largest advertising medium in North America because most people use it and like it. There's no sound reason for your opt-out to encourage people to make use of it. I suggest you place it on the order card in small but readable type. The briefest I've seen lately is as follows:

Occasionally *Magazine X* allows carefully screened companies to mail promotional material to subscribers. If you do not wish your name and address selected, please check:

An alternative I prefer, but which is too long for a new business order card is as follows:

From time to time, *Magazine X* makes its subscriber list available to carefully screened organizations and companies whose products or services might be of interest to you. They are usually other magazines, book clubs, registered charities and non-profit organizations. The list is used once and destroyed. *Magazine X* itself was launched using such lists. If you don't wish to receive such mailings check here:

Your Direct Mail Package

The traditional direct mail package has five components:

- 1. Outer window envelope.** Some would say this is the most important component since, if recipients don't open the envelope, they certainly can't respond. The most common and economical is a #10 window envelope (4¹/₈" x 9¹/₂"). The window allows you to print the name and address on the order card – so that the recipient doesn't have to fill it out and therefore, can respond spontaneously – along with tracking codes that you need to have returned to you with the orders for analysis of lists and tests.
- 2. Order card.** Others say this is the most important element (together with the offer). I have to agree with them.
- 3. Letter.** Certainly the letter is next in importance and the most likely to be read. Long copy works as long as you have something to say, so a well-crafted 4-page letter is the standard for publishers. Readers respond both intellectually and emotionally to your mailing package so blue signatures, easy-to-read serif typefaces that mimic a typed letter, handwritten, blue-ink notes in the margins, indented paragraphs and ragged copy are all important elements in providing an attractive experience that invites reading and involvement. Comprehension tests have established that the human eye has trouble reading carefully justified blocks of text and long lines of copy much beyond sixty characters in length.
- 4. Business Reply Envelope (BRE) (#9 – 4" x 9").** A postage-paid business reply envelope to bring back the order card, and sometimes a cheque or credit card number, is a must. Contact Canada Post to acquire your business reply permit if you don't have one. It costs about \$250 a year.
- 5. Brochure.** Think of the brochure as a product flier that allows you to display your magazine: "here's what it looks like; here are some features and spreads". Since most magazines are 4-colour,

your product brochure will be as well. Tests have shown that the brochure is one of the more expensive but least effective elements in direct mail but few dare to mail without one. The current compromise appears to be a 4-colour brochure but very small.

Buckslips and lift letters. A buckslip (an insert about the size of a dollar bill, when there were dollar bills) is small and inexpensive, often printed one-colour on a coloured stock, to highlight a single feature or draw particular attention to some benefit. Because it's brief, bold and appears out of place, it can attract attention.

A lift letter may be a brief endorsement note from someone special or, if the publisher signs the 4-page letter, the lift letter can be a shorter note making a different argument for a response, signed by the editor.

In your **Creative Brief** you will set out the specs (or suggested specs) for each component along with a description of what you feel is an appropriate look and feel for your magazine's promotion – e.g., very colourful or more serious or sumptuous production values or decidedly alternative.

Direct Mail Costs

Here is how the costs might break down for your mailing of 35,000 pieces. There are, of course, considerable economies to be gained with larger mailings and higher costs for smaller mailings.

Hopefully you can swap name for name for most of your lists, otherwise they cost \$100 to \$160/m. Let's assume you swap half your lists and the list cost averages \$75/m.

Bulk third class (addressed admail) postage is approximately 34¢ a piece or \$340/m.

Data processing to prepare the mailing lists – merge/purge and adding tracking codes – is \$30/m.

Lettershop – i.e., addressing the order cards, inserting the components in the envelope, applying postage, sorting, bagging, and delivering the mail to the post office – is \$70/m.

PRINTING COSTS

Outer envelope (#10 window)	\$35/m
Order card, 4-colour	\$45/m
4-page letter, 2-3 colours	\$90/m
BRE (#9)	\$28/m
4-colour brochure perhaps	\$77/m
Buckslip, one colour, one side	\$25/m
Lift letter	\$30/m

Without a lift note or buckslip, a standard direct mail package in this quantity could cost \$790/m. Not many packages get into the mail for much less than that (unless it's a much larger quantity or a postcard mailing where printing costs can be under \$50/m) but many are more expensive.

As you can see, the biggest single cost is always postage and that is not flexible. In order to reduce the cost of direct mail, publishers have gotten very good at creating less expensive mailing packages – such as double- and triple-postcards and “voucher packs”. The printing costs for a postcard mailing can be as little as \$50/m (in the mail for just over \$500/m) but it requires a soft offer and there is no opportunity to ask for payment with the orders. Like most soft offers, they generate strong gross responses and lots of unpaid orders – 35% to 50% pay-up is common – but the cost per order *can* be competitive with a full direct mail package. For most publishers, a double- or triple-postcard mailing is something they would test to reduce costs after they have established a control package and offer using a more traditional direct mail package.

Writing the Copy for Direct Mail

Who's going to write the copy for your package? Certainly not the editor. For whatever reason, editors, journalists, and other skilled wordsmiths seldom write effective direct response copy.

Ideally, you'll hire a direct response copywriter with a good track record to write the copy. That's who's going to read your Creative Brief when you get it finished. They can charge anywhere from \$1,500 to \$10,000 per package in Canada. Is it worth it? Here's how Ken Rodmell, a Toronto designer and all-round publishing wizard, dealt with that:

Question: "What's the most expensive package you can mail?"

Answer: "The one that doesn't work."

Copy writers can make a big difference but if you don't have the money, what can you do? Most circulation managers have a cheat file – a collection of direct mail, insert cards, FSIs, renewal and invoice series, newspaper inserts, coupons, and co-ops that they admire from other magazines. The copy template is fairly obvious for most. There are keywords that obviously must work: FREE, 100% guarantee, half-price offer, save 30%. There's nothing wrong with studying the pros to see how they do it and trying to emulate them. If you sit down to write it yourself, remember that the heart of good copy is about your magazine's benefits, not the features your magazine offers. Once again, Ken Rodmell explains the difference between benefits and features:

"Talk about their lawn, not your grass seed."

Remember that long letter copy works as long as you have something to say, but it will usually be scanned rather than read, so organize and design it accordingly.

Direct response isn't a subtle medium; its strength is that it can generate orders but you have to include a call to action – "Subscribe now!" – on pretty well every page and especially the first page.

If you can lay your hands on an old copy of *Canadian Direct Marketing News* from September 1996, read an article by Tim Elmy called, *Why strange things work in direct marketing*. Make a copy for your publisher when he asks why you think your new direct mail copy could possibly work. The essential message in the article is that, if you have chosen your lists well, 1-3% of your prospects are "enthusiasts", ready to buy right now, and 90-95% are "the silent majority" who really aren't ready at

this time and will remain silent. That leaves a small proportion of prospects, 4-10%, he calls "waverers": "these are people who are currently in the market to buy and who may buy from us *if* we can convince them our product/service is better". When writing you can safely ignore the enthusiasts – they're going to respond now – and writing watered-down copy to entice the silent majority is a waste of time. Successful direct mail is written to push the waverers off the fence. It's long, focused and "benefit-soaked". (Author Elmy considered 10-page letters long, but magazine publishers can usually make their case in four full pages.)

Direct Response Design

As mentioned above, marketers in North America spend more on direct response than on any other medium because it is so effective. A great deal of thought and skill goes into the seemingly cluttered and aggressive design of a lot of successful direct mail. Suffice it to say that it's quite different than magazine design and your art director may not be the best choice to create your direct mail package. Direct mail designers with a track record usually charge less than copywriters but in the same range.

Once again, the solution for a small magazine could be to go to your cheat file to find a design that you feel will work for you. Call the publisher who mailed it to find out who did the copy and design; maybe you can afford them too. If not, use the best person you can afford and show them your samples of what you think will work. Together with your Creative Brief, that should be enough to start them off on the right track. It's then your job to insist on revisions until you are comfortable betting your subscription acquisition budget on it.

Campaign Matrix

Attachment #4 is a fictitious example of a **Campaign Matrix**. This is a basic tool to help you organize your mailing and communicate what you want to accomplish with your suppliers.

If you look at attachment #4, you'll see that the total quantity mailed is 60,000 pieces.

The names of the lists you are mailing are down the left side, followed by the selections you have requested in column B.

In this example, we have broken the mailing into 5 panels. The first panel is your **control panel**, which is the most successful package your magazine has mailed in the past combined with the winning offer; in this case, it's your \$24 soft offer. You can test a number of prices if needed – in this case \$29.75 and \$19.95. You are also testing a harder offer using the \$24 control price. You are quite certain you can beat the control with new creative and you test the new materials using your control – the \$24 soft offer.

When planning your test panels, you can only test one unique item per panel. For example, panel A is the control package and price, panel B changes only the price and keeps the same creative, panel C changes only the creative and maintains the control price and offer. When the mailing is completed and responses are in, you'll know the package and offer combination that will give you the optimum response quite easily and that will be your control for the next campaign.

How small can your test panels be? The industry realizes that any test should have a pool of 200 orders to be statistically valid. If you are anticipating a 2% response rate you would have to mail 10,000 pieces per panel to have reliable data. For many test panels you would be wise to consider that your minimum size. However, most tests are tests of lists or list segments and it's just not practical to test 10,000 names of a lot of lists that may not work. So, over the years it has become acceptable practice to test lists in quantities of 5,000-6,000 and rely on pools closer to 100 orders.

Seasonality

Responses are always better by a significant amount at certain times of the year. Most

publishers find their response is best in January and September and they try to have their mail delivered right after New Years and right after Labour Day. The difference between these two top mailing windows isn't likely to be too great. Some find that they can successfully deliver mail right after the July 1 holiday; that's a little riskier. Others find late April and May are alright. They won't produce as well as the best windows but response should be within 75% of those responses.

Certainly late fall – after Thanksgiving – is not likely to be a good season unless you are fundraising or selling gift subscriptions. And you should probably avoid having your mail delivered in late June and most of August.

Evaluating Your Response

So, what about the famous “measurability” of direct response? How does that work?

First, you must code every order card sent out so that each order returned can be matched to the list it came from and the offer the new subscriber responded to. See “Campaign Matrix” and attached example.

A typical **tracking code** or **promotion code** lasered onto your order card with the name and address might be “D04F158RCF24” – where “D” signifies this is a direct mail order, “04F” indicates it is from the fall '04 campaign, “158” is the list code (see your documentation binder for the name of list 158), “RC” identifies the mailing package as your revised control package, and “F24” explains that the offer was a \$24 free issue (soft) offer.

If your fulfillment operation can scan your responses to avoid the cost of keying in new orders, they will work with your lettershop to assign the finder numbers – their own set of tracking codes – that they require.

Second, **track** all responses keeping a close record of all orders and money for each tracking code.

When the responses are all in, you can calculate:

- > percentage response for the campaign and for each list;
- > net profit or loss for the campaign – total revenue less total costs;
- > **gross cost of acquisition** (or cost per order) – total costs divided by the number of paid orders;
- > **net cost of acquisition** (or cost per order) – total revenue less total costs divided by the number of paid orders.

Look back at the campaign matrix and calculate the cost of acquisition (COA) for each separate list. Likewise, calculate the percent response for each panel. Now you can see how your control panel fared against the new creative and whether the soft offer produced any more paid orders than the control offer (after all the subs have been invoiced). Rank the lists in order of profitability to begin preparing for your next campaign.

But what's an *acceptable* COA for your magazine? That depends on the economic formula to which each magazine works – what proportion of revenue must come from circulation and advertising and other sources, among other consideration. However, many publishers want new subscription promotions to recover their promotion costs and many more expect that they will break even after just one or two renewals.

A simple spreadsheet program called a **source evaluation**, is used to project profit and loss, usually over five years, and to determine the point when a new subscription becomes profitable. Attachment #6 is a simple source evaluation spreadsheet. It's available from Canadian Heritage, and a more complex source evaluation tool is available from consultant Steve Masden on request.

You'll recall that our standard direct mail package cost is approximately \$790/m or a total of \$27,650, plus copy writing and design, for 35,000 pieces. (Because they are one-time costs, copy and design costs are usually set aside to be amortized over the years the package is in use.)

Supposing each paid order nets approximately \$22.43 (\$24 less GST) you'll require 1,233 orders, or 3.5% net response to recover your direct costs and break even on the mailing. Is this possible? With careful list selection, the right offer and pretty good copy and design, it is. If your magazine is quite new and the market isn't deeply penetrated, you might do better but it would be tough to sustain for many years.

Suppose your magazine is more mature and you are receiving a 1.8% net response now. Your mailing is producing \$404 revenue for every one thousand pieces mailed at a cost of \$790 or a \$21.44 net cost of acquisition (\$790 less \$404 = \$386 divided by 18 orders = \$21.44 per order). It's not uncommon for publishers of mature titles to invest that much to acquire a new subscriber knowing that they can make it back in renewals in the next couple of years. See the source evaluation spreadsheet – Attachment #6.

Subscription Fulfillment

Now that subscriptions are pouring in from your direct mail campaign and you need accurate renewal data for the source evaluation spreadsheet, you're forced to turn your attention to your subscription fulfillment and what your options are.

For many publishers, the ideal is to do their own fulfillment "in-house" so that they can ensure their hard-won subscribers receive top drawer customer service; but you have to manage everything yourself. For others, the ideal is to contract out these headaches to a service bureau so that they can concentrate on producing the magazine or selling ads. Neither solution is inherently better than the other.

A small magazine can have thousands of subscribers to manage and subscription prices don't allow you to spend a lot on fulfillment. What about the cost?

When presented with the basic annual charge per subscriber, it's hard to match the cost of a service bureau when you consider the staff time,

equipment, software and support cost for an in-house operation. A very rough rule of thumb says you need one staff person for each 20,000 subscribers on file. Unfortunately, subscriptions are often seasonal with much more activity in the fall than other times of year. But the extra cost for a service bureau of answering phone calls from customers, dealing with correspondence and so on can sometimes nearly double the basic cost.

It's always more expensive for larger magazines to undertake in-house fulfillment. But the higher per subscriber costs for service bureaus to handle small magazines' circulation makes it possible for smaller titles to look at the in-house option.

See Attachment #5, List of Suppliers, for a partial list of fulfillment houses and in-house software.

Remember that every successful magazine must find an economic formula that works.



Attachments

1. **UNIVERSE OF POTENTIAL SUBSCRIBERS (EXCEL SPREADSHEET)**
2. **LIST OF TRADITIONAL MAGAZINE CIRCULATION SOURCES**
3. **EXAMPLE OF A CREATIVE BRIEF**
4. **CAMPAIGN MATRIX FOR DIRECT MAIL (EXCEL SPREADSHEET)**
5. **LIST OF SUPPLIERS**
6. **SOURCE EVALUATION SPREADSHEET (EXCEL SPREADSHEET)**
7. **WORK BACK SCHEDULE FOR FALL DIRECT MAIL**
8. **GLOSSARY**

Attachment 1 – Universe of Potential Subscribers

ACCESS TO POTENTIAL SUBSCRIBERS OF CANADIAN GUARDIAN

Draft March 30, 2006

CATEGORY & NAME	SELECTION	CORE MARKET LISTS†	OTHER AVAILABLE	POSSIBLY UNAVAILABLE
<i>Own Lists</i>				
House file(s)		0		
	TOTAL	0	0	0

Likely Magazine Subscribers

Adbusters†	subscriber list estimate			to come
Alternatives†	estimate	2,000		
Books in Canada †	estimate	1,000		
Canadian Dimension †	estimate	1,143		
Canadian Forum†	subscriber list estimate	6,500		
Geist †	active Cdn subscribers, estimate	4,000		
Harpers †	active Cdn subscribers	14,154		
Literary Review of Canada †	subscribers	1,000		
Mother Jones †	estimate	2,000		
New Internationalist †	active Cdn subscribers	5,994		
New York Review of Books †	active Cdn subscribers	2,600		
Our Times†	estimate	2,000		
The Atlantic Monthly †	active Cdn subscribers	7,892		
The Economist †	active Cdn subscribers	35,045		
The New Yorker †	active Cdn subscribers	9,448		
This Magazine †	active Cdn subscribers	2,703		
Utne Reader †	active Cdn subscribers	8,044		
	TOTAL	105,523	0	0

Donors

Amnesty Int'l	donors		to come	
Canadian Centre for Policy Alternatives †	donors, exchange only	3,800		
Canadian Institute for Advanced Research†	donors	to come		
Canadian Parks and Wildlife	donors		to come	
Channel 17 PBS †	Cdn donors	14,586		
Council of Canadians †	donors, exchange only	40,000		
David Suzuki Foundation †	donors, exchange only	10,000		
Doctors Without Borders †	Eng.-language donors, exchange only	10,000		
Federal NDP †	donors, exchange only	6,300		
Friends of Cdn Broadcasting †	donors	31,582		
Literacy groups	donors		to come	
Ont. NDP †	donors, exchange only	4,700		
Oxfam	donors, exchange only		26,000	
Sierra Club	donors		to come	
Toronto NDP †	donors, exchange only	to come		
TVO †	donors, exchange only	34,336		
UNICEF	donors		to come	
Vision TV donors	exchange only		5,090	
	TOTAL	155,304	31,090	0

CATEGORY & NAME	SELECTION	CORE MARKET LISTS†	OTHER AVAILABLE	POSSIBLY UNAVAILABLE
-----------------	-----------	-----------------------	--------------------	-------------------------

Magazine Subscribers to Test

Business Week	active Cdn subscribers		18,474	
Canadian Geographic	active, paid subs, dtp, FSA select, est.		80,000	
Maclean's	active, dms, best urban FSA select, plus donors overlay, estimate		100,000	
Newsweek	active Cdn subscribers		16,484	
Saturday Night			to come	
Chopped	subscribers list			to come
Smithsonian	active paid subscribers, estimate		4,000	
Toronto Life	active subscribers		80,000	
Transcontinental database	subscribers, interested in books about news & current events		235,207	
TOTAL		0	534,165	0

Newspapers

National Post	subscriber list		137,887	
National Post	full circulation, Saturdays		304,512	
The Globe and Mail	subscriber list		to come	
The Globe and Mail	Toronto, Montreal, Vanc'r, Calgary, Ott/Hull, Hamilton, Edmonton		260,000	
The Globe and Mail	national 4-pg insert @ \$68.75/m		403,000	
Toronto Star	test by neighbourhoods: Beaches, Riverdale, the Annex, estimate		50,000	
Toronto Star	Saturdays		680,152	
Montreal Gazette	certain regions		to come	
The Ottawa Citizen	certain regions		to come	
Vancouver Province	certain neighbourhoods			
Now	alternative weekly		100,000	
Eye	alternative weekly		100,000	
The Georgia Straight	alternative weekly		100,000	
Montreal Mirror	alternative weekly		74,000	
University town dailies	e.g., Kingston Whig Standard		35,000	
TOTAL		0	856,887	0

Book Buyers

Book of the Month Club Actives	Cdn buyers, last 12 months		41,651	
Quality Paperback Book Club	actives		20,312	
The Folio Society			to come	
TOTAL		0	61,963	0

Other Lists to Test

BC Teachers' Federation	members		44,000	
Canadian urban donors to specific causes			200,000	
Cdn Museums Catalogue †	buyers only	28,242		
Democracy Watch	members/donors		to come	
OSSTF	members		50,000	
ROM members	exchange only		15,000	
Target Source	combine read magazines with donate to international aid		60,000	
Wireless	Canadian buyers		5,000	
TOTAL		28,242	374,000	0

CATEGORY & NAME	SELECTION	CORE MARKET LISTS†	OTHER AVAILABLE	POSSIBLY UNAVAILABLE
-----------------	-----------	-----------------------	--------------------	-------------------------

Internet sites & email lists

Amazon.ca				to come
Chapters.ca				to come
Rabble.ca†				to come
TOTAL		0	0	0

FSIs (swaps where possible)

BC Woman	selected circulation		33,000	
Canadian Geographic	selected circulation		205,000	
Canadian House & Home	selected circulation		273,000	
Canadian Living	selected circulation		375,000	
Chatelaine	selected circulation		708,000	
Cottage Life	selected circulation		60,000	
Harrowsmith	selected circulation		75,000	
Outpost	selected circulation		15,000	
Professionally Speaking	Ontario Sec. School Teachers		176,544	
Saturday Night	distribution		300,000	
The Beaver	subscribers		50,000	
Time	Canadian circulation		250,000	
Today's Parent	circulation		175,000	
Toronto Life	subscriptions		100,000	
Tree House Family	paid circulation		58,392	
Vancouver Magazine	distribution		59,000	
TOTAL		0	2,912,936	0

Broadcast

CBC TV				to come
City TV				to come
TVO				to come
News radio				to come
TOTAL		0	0	0

GRAND TOTALS	289,069	4,771,041	0
---------------------	----------------	------------------	----------

	15 % penetration of core market lists is:	43,360
--	---	--------

Attachment 2 – List of Traditional Magazine Circulation Sources

SINGLE COPY SALES

Newsstand sales

They are generally not profitable since publishers receive about 35% of the cover price – after commissions and shipping costs – and often sell only one in three copies printed for newsstand distribution.

Direct sales – e.g., garden centres, hardware stores, cycle shops

A valuable way to access potential subscribers in niche markets. Copies can sometimes be sold outright, not on consignment, directly to the stores.

Although publishers often make very little profit on single copy sales, they provide many benefits – especially new subscribers via insert cards – and warrant serious attention from all publishers.

The subscription sources that are listed below are roughly ranked in order of likely profitability. The first few will deliver subscriptions that are immediately profitable.

SUBSCRIPTION SOURCES

Insert cards & house ads

Bind-in and blow-in cards in your magazine generally produce new subscriptions at a profit. The cost of inserts is low; inserts in newsstand copies can produce subscriptions at the rate of 5% or more of copies sold when the magazine is new and 1% to 2% when the magazine is mature; inserts in subscriber copies can produce subscriptions from 1% to 2% of copies when the magazine is new and to 0.25% to 0.5% for a mature magazine.

House ads alone produce few subscriptions.

Since subscribers are likely reading the magazine when they make the decision to return an insert card they know the product and hence renew very well. Insert card subscribers are likely to convert (their first renewal) at or close to 50%.

Website

While publishers have struggled to make money from websites, subscriptions have been a bright spot. Nearly every magazine has a website even before it has printed copies. It's relatively cheap and easy to put up a site that can attract interested prospects and provide them with an opportunity to subscribe. E-commerce can be provided via a link to an e-commerce service provider at little cost.

Although results vary radically, your website should provide a significant source of immediately profitable new subscriptions – as well as a means for subscribers to renew and buy gift subs.

Web-source subs convert nearly as well as insert cards.

Gift subscriptions

Gift subscriptions can account for 6% to 35% of your subscriber file. A few magazines are even higher, and kids' magazines, of course, are nearly all gift subs. An average magazine should expect at least 15% of its file to be gift subs after a few years.

It's very unusual for anyone to give a gift subscription who is not already a subscriber, so it seldom makes sense to promote gift subscription to outside lists. Ads and insert cards in your magazine and a mailing to your own subscribers once a year is likely the optimum gift campaign.

Most gift subscriptions are related to the Christmas/holiday season. Some publishers provide an extra benefit for their subscribers by offering them a modest reduction on gift subscriptions – \$5 or less. Many also offer a slight further reduction – an additional discount of \$2-\$4 perhaps – for more than 3 or 4 gifts. Since gift subscriptions cost little to acquire and renew unusually well – in the 60% range on the first renewal – they are often the most profitable subscription source. Gift renewals are sent to the donor – often three efforts – and then the recipient is asked to renew.

White mail

Subscriptions arrive unsolicited – by mail, phone and e-mail. You can't really do much to increase this desirable source but make sure you publicize your web address and toll-free number (if you have one) every time you can. White mail costs you little or nothing and, since the subscriber took the initiative to find you, it's not surprising that it converts at an above-average rate – perhaps a little more than 40% is common – so it's also one of your most profitable sources.

As a rule of thumb, for budgeting and planning purposes, some publishers count on white mail to amount to 1% of their subscriber file annually.

Library agents

Most libraries buy their subscriptions through library agents such as Ebsco, Canebsco, Davis, Serials Management, etc. These agents take a commission ranging from 0-15%. Since these subscriptions renew very well, they are immediately and consistently profitable.

There isn't a great deal you can do to promote library subscriptions. You can advertise in Ebsco's Librarians Handbook to announce your magazine to librarians. It's not terribly expensive but you won't really be able to measure the results as any orders generated come back via agencies over time.

Free-standing inserts (FSIs) in other magazines, credit card billings, as package inserts, etc.

Many publishers print thousands and thousands of small, inexpensive FSIs – double post cards usually, sometimes coupon-style – and insert them in other magazines. The space is usually swapped. Response is low – often in the range of 0.25% net. However, with the printing cost well under \$50/m and often no cost of insertion, these subscriptions make good economic sense and can be immediately profitable.

Once you have these low cost FSIs printed, you can look for other opportunities to distribute them – at suitable events and locations, retail outlets, as a package insert in related product shipments, in association mailings and newsletters – really by any means that reaches your audience.

Direct mail to targeted lists

Direct mail is arguably the most important source of new magazine subscriptions. You must have access to good mailing lists to succeed. The cost is high; a very average direct mail package can cost more than \$700/m in the mail. It can also be difficult and costly to create a good direct mail package. On the other hand, direct response can be very strong when launching a magazine – average responses should reach 5% and core lists at launch can do much better. In fact, this is an excellent way to measure the viability of a new magazine. Direct mail-sold subscribers convert at 40% or more.

When the cost of direct mail reaches \$700/m and more, most magazines must have net responses between 2% and 3% to recover their costs. Many don't but mail anyway since these subs will renew reliably. But responses for mature magazines can drop to the point where a subscription will never become profitable – closer to 1% – and, because of that, many publishers have largely abandoned direct mail as a significant source of new subscriptions.

Email

Email promotions function remarkably like direct mail. There are not many targeted e-mail lists of any size available but if there are any available in your market, test them. The cost of e-mail is low since you have no printing or postage costs and the distribution cost is low, so the risk is lower than direct mail. Since targeted email promotions generally produce in a lower range of response than direct mail – perhaps 0.5% to 1.5% the medium has to be inexpensive. For a brief time this looked promising but, as list costs have risen to \$250-\$400/m, it's difficult to make email promotion work, even if you can find lists.

School plan agents

There are two school plan agencies operating in Canada – Quality Service Programs (QSP) and Canadian Community Reading Plan Inc. QSP particularly can produce thousands of subscriptions annually. However, they remit only 12-15% of the subscription price to you. This is fine when they renew well but usually they don't. Students sell these subscriptions to family and neighbours to raise money for school projects so the buying decision can be tainted and conversions are usually in the

20% range – occasionally closer to 30%. Although QSP doesn't overtly sell renewals, quite a few people use this means to renew their subscriptions and this often ruins the economics for the publisher.

Nonetheless, many consider this a low-risk, low-cost way to add significant numbers of subscriptions.

Events

Word on the Street has provided magazines with an opportunity to reach hundreds of thousands of readers in a concentrated area each year. Consumer and trade shows – such as cycle, boating, gardening, outdoor, crafts, home, antique, woodworking, farming, cooking, etc. – provide many publishers with a chance to set up a booth and meet hundred or thousands of prospects who have qualified their interest in the topic by buying a ticket.

Shows are a real opportunity but not an easy one to execute. Sometimes you can only distribute sample copies of your magazine; other times you can have a display or a booth.

Regardless, to generate a significant number of subscriptions, you have to be prepared to ask for subscriptions and you have to provide a “show special offer” – an obviously attractive package, either a big discount or a good premium. If you have a booth, it's important that you have good signage to identify your magazine and to spell out the show special. If the event is targeted, you may find lots of interest in buying back issues, something that always amazes me.

Events can be costly – booths, personnel, travel – and exhausting, but they are often a great way to meet your readers face to face and, if the match is right, you can go home with hundreds of new subscriptions.

If your magazine serves a viable niche, there's a very good chance that there are events that assemble prospective subscribers for you.

Waiting room copies

Ebsco not only procures subscriptions for libraries, it has a variety of mailing programs. One sells subscriptions for professionals' waiting rooms. They remit about 25% and you can renew them reasonably well, but the attraction is that they put your insert cards in the hands of readers who select to read your magazine while they wait for the dentist.

Partnerships, sponsorships

There are lots of successful organizations, institutions and businesses that have member or customer databases, events such as concerts and plays, and locations such as galleries, museums and science centres. But they may not have any money to advertise in your magazine. You have remnant advertising space, your subscriber file and copies or subscriptions to give away as prizes and incentives. Find well-matched partners and work together. This should not cost you any cash.

Bulk subscriptions

If there are clubs or associations in the field served by your niche magazine, you have a good chance to sell them a bulk subscription for all their members.

Or maybe there's a company in the field that wants to enhance its relationship with its customers by buying them all a subscription to your magazine.

There are endless variations on bulk orders – and some are single-issue purchases rather than subscriptions – and there are only two drawbacks. First, they will seldom pay full price and deep discounts are common for bulk subscriptions; just make certain you do your calculations – printing, postage (if applicable), fulfillment cost (if the names are on your database). Second, they are volatile. It's nice to get 5,000 new subscriptions – or 1,000 or 500 – but when the new club executive decides it can't afford this expense anymore it can suddenly leave a big hole in your circulation.

Newspaper inserts

Newspapers provide an excellent means of distributing FSIs for some magazines. For example, a city magazine subscription offer in a daily paper or an alternative weekly paper; or a news magazine offer in a national newspaper; or a women's fashion magazine flier in a weekend paper.

This can be a major source of subscriptions but the economics are very different than the FSI source mentioned above. Newspaper inserts must be bigger and more elaborate, partly to be visible in this medium but also to sell sufficient subscriptions to justify the cost. Inserting in major newspapers can cost \$50 to \$100/m. A suitable insert – at least 4-page, 4-colour, 8-1/2" x 11" – will cost between \$50 and \$100/m. Responses can be sufficient to justify this cost – anywhere from 0.3-1% net – but this is a medium that must be tested cautiously.

These subscriptions will convert well – in the 40% range – like most direct response-source subs.

Coupon vehicles

You have, no doubt, encountered 8-1/2" x 11", 4-colour booklets of coupons in your daily or weekly newspaper. There are a couple of companies that assemble and distribute these booklets. Since they are distributed via newspapers there's a chance they'll reach readers – usually women.

The two advantages to coupons are they reach a huge proportion of Canadian households and the cost can be as low as \$6/m including the printing. On the other hand, the response is low – 0.03% isn't uncommon. You can test selections based on specific geographical areas or specific newspapers. This medium can make economic sense for a magazine that has some mass appeal, especially for women – women's magazines, fashion, cooking, home decor, etc.

Co-op mailings

Like coupons, several companies assemble envelopes full of coupons that are delivered to virtually every household in Canada. Many of the coupons are discount coupons for food shoppers and it is usually the food shoppers in the family – again, often women – who open these envelopes.

The response range is approximately 0.1%-0.3% and the cost is \$25-\$30/m plus you have to print small, inexpensive coupons. It can be a stretch but some magazines with a degree of mass appeal can make coupons work.

Telemarketing

Cold calling for new subscriptions is almost impossible. Although there have been some notable successes, they appeared to be too difficult to sustain.

Calling your own customers – for renewals or to introduce them to a new magazine you're launching – is much more likely to work. Certainly, when they are already subscribers, they are much more likely to welcome a call from you. Good niche magazines can have tremendous relationships with their readers.

There's no question that telemarketing can produce subscriptions but it can be hard to manage costs. Most telemarketing companies just can't make the economics work for publishers but, if you can tie compensation to production, telemarketing can work. Telephone-sold orders don't seem to renew well unless you phone again.

Direct response TV (DRTV)

As TV fragments into specialty channels such as The Food Network, HGTV, Discovery Health, The Space Network, spiritual channels and so on, it is concentrating more and more targeted audiences around interests and hobbies that are often served by magazines.

Direct response ads on these channels will produce large numbers of subscribers but they will almost certainly be too expensive if you have to pay the rate card cost of TV. However, you may be able to negotiate more favourable terms at certain times of the year when TV ads are soft. If the channel or the show is attracting your readers and you can be assured of a large number of additional spots – perhaps twice the number you pay for – or you can pay on a per-order basis, you should test.

The cost of producing a 60-second commercial – ideally the length you want since you probably won't get 90 second spots – can be quite modest using experienced freelancers – \$5,000-\$10,000. It could also cost you \$50,000 if you allow it.

DRTV is very different from most network commercials. You have just seconds to motivate someone to call your toll-free number. You need to display that toll-free number a lot, you have to call them to action several times and you may need a premium to get the job done.

Direct mail agents

Publishers Clearing House and other direct mail agents once produced a large proportion of all new subscriptions in Canada. They paid a low remittance – 10-15% of the subscription price – and demanded your lowest priced offer. And they renewed poorly – a million dollar sweepstakes was the incentive – often converting in the teens but occasionally reaching 25%.

While still operating, Publishers Clearing House can deliver a small fraction of its former production. This was a blow to magazines that require large volumes of paid subscriptions for ad sales. But these subscriptions seldom ever became profitable and weren't an important source for niche magazines.

Controlled circulation, sample copies/trial issues

Delivering free magazines, especially on an ongoing basis, usually destroys your paid circulation potential. It's possible but very difficult to convert from free to paid circulation.

However, there are occasions when a magazine must get copies out into the market and there isn't time or money to build paid circulation. For example, to whom do you circulate the premier issue of a new magazine? Sometimes a sample copy – a single issue sent to each individual on a targeted list – makes sense for both advertisers and readers. If you take this route to get subscriptions, you have to have dominant promotion material – such as an overcover – and it must be very clear that the reader will receive just one sample issue.

Because response rates are usually the same or less than direct mail and the cost to print and mail a magazine usually higher, this strategy usually makes sense only when advertising pays some of the cost.

E-mail agents or promotions

E-mail agents have proven they can sell subscriptions. To my knowledge, they haven't created programs that work for publishers yet, but they will.

These are suggestions only; every successful niche has its own unique means of access. Use this as a checklist to be sure you have considered every viable source. Many of the first dozen or so will work for the majority of magazines.

SOURCE RANKING

When you have sufficient data, rank your sources in order of profitability and indicate the cost of acquisition – from most profitable to least profitable. Add a column with the estimated number of new subscriptions each source will produce annually.

When creating your annual circulation plan and budget, you can begin at the top of the list and select sources until either the number of new subscriptions or the cumulative profit or cost meets your requirements.

Maintaining this chart for your magazine will allow you to prepare rough projections very quickly and accurately.

Attachment 3 – Example of a Creative Brief

Preparation Of **Promotional Materials** for the Launch of (Fictitious) *Garden Times*

LIST OF MATERIALS NEEDED

Item 1:	page ad and insert cards for the March issue of <i>HOMES</i>
Item 2:	a page ad and insert cards for the premiere issue of <i>Garden Times</i>
Item 3:	a direct mail package
Item 4:	a free-standing insert to enclose in seed catalog mailings and product shipments and swap with other magazines
Item 5:	display materials and order cards for gardening events
Item 6:	art work for Coupon Clipper ad
Item 7:	an overcover on the sample/controlled copies of the premiere issue
Item 8:	invoice efforts for billed subscribers

THE MISSION

Garden Times is a magazine for anyone interested in gardening and in incorporating their gardens into their lifestyles more effectively. It's about people and the important place that gardens have in their lives. "Garden style" influences the choices we make today: the furniture we buy, how we entertain, and even the places we travel to.

Gardens are a way for technology-saturated individuals to make a traditional connection to the sensual and simple pleasures of nature. People make this connection in different ways – from the most sophisticated formal gardeners to those who steal a few moments a week to garden on their balconies and decks. A new generation and their families are discovering the joys of the garden in all its forms. *Garden Times* will inspire and empower the gardener in each of us.

Garden Times is published in Canada, deals primarily with Canadian settings and climates, and with materials and suppliers available in Canada. This is an important benefit for readers.

It is published by Independent Publishers Ltd and will be promoted to readers of sister publication *HOMES* magazine.

Garden Times will be published six times-a-year eventually.

THE MARKET

The most important characteristic of prospective subscribers is a proven interest in gardening and related activities. They can be described as follows:

- > gardeners;
- > with a proven interest in gardening;
- > previous buyers of a magazine, book, tool, seeds or another product related to gardening;
- > members of a gardening-related organization;
- > attendees at flower and garden shows, and possibly home and craft shows as well;
- > male or female;
- > all ages;
- > all incomes.

We will test lists of names with an identified interest, and we will also test compiled lists of avid magazine readers who are direct mail buyers and who have identified themselves as gardeners.

BENEFITS

The benefits of becoming a subscriber to *Garden Times* are:

- > you will receive 6 issues a year of *Garden Times* magazine;
- > it will inspire you to create better gardens and to get more enjoyment from their use;
- > it will show you how to do this;
- > it will feature the real gardens of well-known people;

- > it will be full of big, full-colour photos of the gardens discussed – both panoramas and details;
- > it will include advice from professional landscapers, designers, etc.;
- > it will include recipes and other lifestyle aids;
- > the content will generally be Canadian and national and gardens and lands will generally be somewhere in Canada;
- > the magazine will deal with Canadian climates, terrain, suppliers, prices, etc.;
- > as a charter subscriber, you are eligible for a special charter discount – just \$18.95 for 6 issues;
- > as a charter subscriber, you are eligible for a special charter rate when you renew your subscription or give a gift subscription, for as long as you remain a subscriber.

Price and Offer Strategy

Garden Times will carry a cover price of \$5.95 and will sell six-issue charter subscriptions. This is a competitive cover price for a special interest magazine in Canada today. To justify this price, and achieve the planned sales, the cover – especially the cover lines – will have to provide very compelling reasons to buy.

The basic subscription price listed in the masthead will be \$24.95 for 6 issues (taxes included) – more than 1/3 off the cover price; \$39.95 for 12 issues.

Garden Times will offer a Charter Subscriber rate of \$18.95 (taxes included) throughout the first year of publishing – less than half the cover price.

Subscribers to sister magazine *HOMES* will receive an extra special offer – the Charter Subscriber price plus an extra issue free.

Charter subscribers will be eligible for a charter member discount (10%) on their subscription renewals and all gift memberships they purchase for the life of their subscription. If they let their subscription lapse, they lose these benefits.

GRAPHICS, LOOK AND FEEL, FORMAT AND SIZE

Item 1

Page ad and insert card in the March issue of *HOMES*

A very important element of the launch will be extending our relationship with current customers by selling them *Garden Times* as well as *HOMES*.

We will offer them the very attractive rate described above for *HOMES* subscribers *only*.

We will continue to make this offer to *HOMES* subscribers via page ads and bind-ins as often as possible until it is no longer cost-effective to do so.

We will include two bind-in cards – each approx. 3-3/4" x 6" – next to the page ad with a dramatic photo in the background and the response cards and minimum type dropped out of the background. One card will be for a personal subscription and one card for a gift subscription.

The page ad should be very colourful and should illustrate the cover of the premier issue and other garden photos.

The copy will be brief, emphasize gardening and the fact that this is a new magazine from *HOMES*. It will urge readers to subscribe immediately at this special rate for *HOMES* subscribers *only* – i.e., the Charter Subscriber price of \$18.95 (taxes included) plus an extra issue free – 7 issues in all – 57% off the cover price.

Item 2

Page ad and insert cards for the premiere issue of *Garden Times*

We will require a very good page ad and insert cards to get maximum response from copies of the magazine distributed. We feel this magazine will have a very long life and multiple readers.

The page ad and bind-in will use the same format and graphics as Item 1 above.

The premiere issue of the magazine will carry the same charter offer as the direct mail. Later issues will carry a full-price offer. The Charter Subscriber offer will be similar to the following:

- Reserve my copy of the premiere issue of *Garden Times* and bill me at the Charter Subscriber rate of just \$18.95 (taxes included) – just half the cover price. If I like it I will pay your invoice and receive 5 more issues of *Garden Times* – 6 issues in all.

If I'm not completely satisfied, I will cancel and owe nothing.

Item 3

A direct mail package

We will conduct a test of a standard direct mail package. We would prefer a fairly large format – possibly 6" x 9" if prices permit. It will include:

- > an outgoing window envelope, preferably 6" x 9";
- > an order form, approximately 5½" x 8½", printed 4 colours, one side, with a response card approximately 4½" x 6";
- > a strong and colourful, though not large, brochure;
- > a 4-page letter signed by the editor;
- > postage-paid business reply envelope, possibly 5" x 6½".

The mailing will feature the premiere issue cover and related graphics, a guarantee of satisfaction and a soft offer along the lines of:

- Reserve my copy of the premiere issue of *Garden Times* and bill me at the Charter Subscriber rate of just \$18.95 (taxes included) – just half the cover price. If I like it I will pay your invoice and receive 5 more issues of *Garden Times* – 6 issues in all.

If I'm not completely satisfied, I will cancel and owe nothing.

Item 4

A free-standing insert (FSI) to enclose in seed catalog mailings and product shipments and to swap with other magazines

We will immediately approach other magazines – e.g. *Magazine A*, *Magazine B*, *Magazine C*, *Magazine D* – to swap space for an FSI.

The FSI will use a double postcard format – approx. 8½" x 6", folded once and perforated on the fold. It will be 4-colour on both sides, printed on a postal offset stock. Half will be a postage-paid order card.

It will feature the premiere issue cover and related graphics, a brief letter-format message, a guarantee of satisfaction and a soft offer along the lines of:

- Reserve my copy of the premiere issue of *Garden Times* and bill me at the Charter Subscriber rate of just \$18.95 (taxes included) – just half the cover price. If I like it I will pay your invoice and receive 5 more issues of *Garden Times* – 6 issues in all.

If I'm not completely satisfied, I will cancel and owe nothing.

Item 5

Display materials and order cards for gardening events

We believe garden and flower shows will be an important building block for an efficient and profitable circulation for *Garden Times*.

We will need signage and order forms. Both must make a connection with *HOMES*.

We will feature a "special show offer". The best we can offer is the \$18.95 (taxes included) for 6 issues plus the current issue to take away. We will require this offer spelled out on signs. We will require the logo on banners and a blow-up of the premiere issue cover.

Item 6

Art work for Coupon Clipper

We wish to test this mass market medium. We require a 8½" x 11" page with a 3½" x 8½" tear-out response coupon on the bottom. It will have many of the same elements as the house ad (item #2 above), including a large reproduction of the premiere issue cover.

It will feature the Charter Subscriber offer and the guarantee. There is no possibility of using reply postage so, as well as a prominent address, feature our toll-free number and website address.

Item 7

An overcover on the sample/controlled copies of the premiere issue

This will be a 4-colour piece and will also be printed on a postal offset stock.

It will be approx. 11½" x 11", folded so the front panel is 8½" x 11" and the back panel is a 3½" x 11" lip.

The overcover will be bound with the magazine and will have an L-shaped perforation that will create a business-reply order card – approximately 5½" x 4" – which will have postage-paid information on the back.

The overcover will state very clearly that this is a complimentary, sample copy of the premiere issue and that the recipient will not receive another unless he or she becomes a charter subscriber.

The message will be bold. Otherwise, the content will be similar to the page ad and insert card.

The order card portion of the overcover will be addressed via a mailing label or ink jet and will carry a code identifying the list and issue. These labels must be returned with the order so that we can track response.

Item 8

Invoice series

Because most of these orders are coming from business reply cards, there will be a high proportion of billed orders. These must be invoiced very soon after the premiere issue is delivered.

It's very important to have the invoices arrive quickly. Since they have to be sent first-class mail, there is no benefit in waiting until maximum volumes accumulate.

We will send a maximum of four invoices – one month apart – to each billed subscriber. Invoices will include a brief letter restating the charter benefits.

Attachment 4 – Campaign Matrix for Direct Mail

Magazine X

CAMPAIGN MATRIX # 1 – BROAD TEST

Updated June 18, 2006

LIST NAME	SELECTS	PANEL A		PANEL B		PANEL C		PANEL D		PANEL E		TOTAL
		Control – \$24	Document keys	\$29.75	Document keys	\$19.95	Document keys	Harder offer w \$24 control price*	Document keys	Creative package test, \$24 control offer**	Document keys	
Harpers	Cdn subscribers	2,800	D03S111LCF24	2,800	D03S111LCF29	2,800	D03S111LCF19	2,800	D03S111LCP24	2,800	D03S111LNF24	14,000
The Atlantic Monthly	Cdn subscribers	1,400	D03S121LCF24	1,400	D03S121LCF29	1,400	D03S121LCF19	1,400	D03S121LCP24	1,400	D03S121LNF24	7,000
New Internationalist	Cdn subscribers	1,200	D03S131LCF24	1,200	D03S131LCF29	1,200	D03S131LCF19	1,200	D03S131LCP24	1,200	D03S131LNF24	6,000
Utne Reader	Cdn subscribers	2,011	D03S141LCF24	2,011	D03S141LCF29	2,011	D03S141LCF19		D03S141LCP24	2,011	D03S141LNF24	8,044
Canadian Civil Liberties Association	members	2,500	D03S521LCF24	2,500	D03S521LCF29	2,500	D03S521LCF19		D03S521LCP24	2,500	D03S521LNF24	10,000
The Economist	active paid Cdn subs	1,667	D03S151LCF24	1,667	D03S151LCF29		D03S151LCF19		D03S151LCP24	1,667	D03S151LNF24	5,000
Toronto Life	active paid dtp subs	2,000	D03S161LCF24	2,000	D03S161LCF29		D03S161LCF19		D03S161LCP24	2,000	D03S161LNF24	6,000
Maclean's	active paid dtp subs, Toronto FSA select	1,500	D03S171LCF24	1,500	D03S171LCF29	1,500	D03S171LCF19		D03S171LCP24	1,500	D03S171LNF24	6,000
Friends of Public Broadcasting	Cdn donors	1,250	D03S511LCF24	1,250	D03S511LCF29	1,250	D03S511LCF19		D03S511LCP24	1,250	D03S511LNF24	5,000
	Gross names	16,328		16,328		12,661		5,400		16,328		67,044
	Revised totals, merged lists net 90%	14,695		14,695		11,395		4,860		14,695		60,340

Document key legend: D=direct mail, 03S=summer 2003, 111=list code, LC=launch creative control package, F=free issue offer, 24=price

Document key variations: P=payment requested offer, LN=launch creative invitation package

* send payment now and get an extra issue free

** outer envelope and letter are different

Attachment 5 – List of Suppliers

■ List Brokers

Cornerstone: **cstonecanada.com**
Includes an email marketing arm

Watts List Brokerage: **wattslistbrokerage.com**

Stephen Thomas Associates: **stephenthomas.ca**

■ Service Bureaus

Indas: **indas.ca**

Cornerstone: **cstonecanada.com**

The Oyster Group: **theoystergroup.ca**

Publish2Profit/Sequel: **publish2profit.com**

■ In-house Fulfillment Systems

MacSUB: **rolf@brauch.com**

Publish2Profit/Sequel: **publish2profit.com**

Media Services Group: **msgl.com**

- Also, check **mastheadonline.com** for a directory of services advertised to the magazine publishing industry.

Attachment 6 – Source Evaluation Spreadsheet

Magazine X

SOURCE EVALUATION WORKSHEET– BREAKEVEN NET COST OF ACQUISITION

Updated August 11, 2006

	ACQUISITION	CONVERSION	RENEWAL	RENEWAL	RENEWAL
Quantity mailed	35,000	1,233	530	382	294
% gross response		43%	72%	77%	78%
Gross orders					
% paid after billing					
Net orders	1,233	530	382	294	229
Net response	3.52%				
TOTAL CIRC'N REVENUE	\$27,656.07	\$11,892.11	\$8,562.32	\$6,592.99	\$5,142.53
Circ'n revenue per order - net of taxes	\$22.43	\$22.43	\$22.43	\$22.43	\$22.43
Advertising income per subscriber/yr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
List rental income per subscriber/yr	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Merchandise sales per subscriber/yr					
Donations per subscriber/yr					
TOTAL OTHER INCOME	\$1,233.00	\$530.19	\$381.74	\$293.94	\$229.27

TOTAL REVENUE	\$28,889	\$12,422	\$8,944	\$6,887	\$5,372
TOTAL REVENUE PER ORDER	\$23.43	\$23.43	\$23.43	\$23.43	\$23.43
<i>(Acquisition costs)</i>					
Introductory offer fulfillment cost/order					
Total introductory offer fulfillment					
Billing cost per order					
Total billing cost					
Direct mail @\$790/m – renewals @ av. \$5/ren.	\$790.00	\$6.00	\$4.50	\$4.00	\$4.00
Direct mail cost @\$790/m	\$27,650	\$3,181	\$1,718	\$1,176	\$917
<i>(Product service costs – fully loaded)</i>					
Fulfillment (service bureau) cost per order/yr	\$2.50	\$2.00	\$2.00	\$2.00	\$2.00
Total fulfillment cost	\$3,083	\$1,060	\$763	\$588	\$459
Magazine cost per order (printing & postage)	\$4.80	\$4.80	\$4.80	\$4.80	\$4.80
Total product service cost	\$5,918	\$2,545	\$1,832	\$1,411	\$1,101
TOTAL COSTS	\$36,651	\$6,786	\$4,314	\$3,175	\$2,476
Total cost per order	\$30	\$13	\$11	\$11	\$11
NET PROFIT (LOSS)	(\$7,762)	\$5,636	\$4,630	\$3,712	\$2,896
Net P/(L) Per Order	(\$6.30)	\$10.63	\$12.13	\$12.63	\$12.63
CUMULATIVE PROFIT (LOSS)	(\$7,762)	(\$2,126)	\$2,504	\$6,217	\$9,113
Cumulative P/(L) Per Original Order	(\$6.30)	(\$1.72)	\$2.03	\$5.04	\$7.39

SOURCE EVALUATION WORKSHEET – mature magazine, 1.8% net response

Updated August 11, 2006

	ACQUISITION	CONVERSION	RENEWAL	RENEWAL	RENEWAL
Quantity mailed	35,000	630	271	195	150
% gross response		43%	72%	77%	78%
Gross orders					
% paid after billing					
Net orders	630	271	195	150	117
Net response	1.80%				
TOTAL CIRC'N REVENUE	\$14,130.84	\$6,076.26	\$4,374.91	\$3,368.68	\$2,627.57
Circ'n revenue per order - net of taxes	\$22.43	\$22.43	\$22.43	\$22.43	\$22.43
Advertising income per subscriber/yr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
List rental income per subscriber/yr	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Merchandise sales per subscriber/yr					
Donations per subscriber/yr					
TOTAL OTHER INCOME	\$630.00	\$270.90	\$195.05	\$150.19	\$117.15
TOTAL REVENUE	\$14,761	\$6,347	\$4,570	\$3,519	\$2,745
TOTAL REVENUE PER ORDER	\$23.43	\$23.43	\$23.43	\$23.43	\$23.43
<i>(Acquisition costs)</i>					
Introductory offer fulfillment cost/order					
Total introd'y offer fulfillment					
Billing cost per order					
Total billing cost					
Direct mail @\$790/m – renewals @ av. \$5/ren.	\$790.00	\$6.00	\$4.50	\$4.00	\$4.00
Direct mail cost @\$790/m	\$27,650	\$1,625	\$878	\$601	\$469
<i>(Product service costs – fully loaded)</i>					
Fulfillment (service bureau) cost per order/yr	\$2.50	\$2.00	\$2.00	\$2.00	\$2.00
Total fulfillment cost	\$1,575	\$542	\$390	\$300	\$234
Magazine cost per order (printing & postage)	\$4.80	\$4.80	\$4.80	\$4.80	\$4.80
Total product service cost	\$3,024	\$1,300	\$936	\$721	\$562
TOTAL COSTS	\$32,249	\$3,468	\$2,204	\$1,622	\$1,265
Total cost per order	\$51	\$13	\$11	\$11	\$11
NET PROFIT (LOSS)	(\$17,488)	\$2,880	\$2,366	\$1,897	\$1,480
Net P/(L) Per Order	(\$27.76)	\$10.63	\$12.13	\$12.63	\$12.63
CUMULATIVE PROFIT (LOSS)	(\$17,488)	(\$14,609)	(\$12,243)	(\$10,346)	(\$8,866)
Cumulative P/(L) Per Original Order	(\$27.76)	(\$23.19)	(\$19.43)	(\$16.42)	(\$14.07)

Attachment 7 – Work Back Schedule for Fall Direct Mail

Updated April 13, 2006

- | | |
|---------------------------------------|---|
| <input type="checkbox"/> April | Draft campaign matrix and budget approved for August 29 direct mail campaign. |
| <input type="checkbox"/> April 14 | Quotes in from copywriters and direct response designers. |
| <input type="checkbox"/> April 22 | Select and confirm direct response copywriter and designer. |
| <input type="checkbox"/> April 23 | Prepare Creative Brief for direct mail campaign and deliver to copywriter and designer. |
| <hr/> | |
| <input type="checkbox"/> May 5 | Quotes from suppliers: lettershops, data shops, envelope manufacturers, and printers for August mailing. |
| <input type="checkbox"/> May 20 | First draft of copy for direct mail received. |
| <input type="checkbox"/> May 30 | Final copy to designer. |
| <hr/> | |
| <input type="checkbox"/> June 14 | Final campaign matrix for August mailing. |
| <input type="checkbox"/> June 15 | Order lists for August 11 delivery to data processing shop or lettershop. |
| <hr/> | |
| <input type="checkbox"/> July 4 | Select suppliers and provide final campaign matrix, codes and detailed instructions. |
| <input type="checkbox"/> July 5 | First look at design for outer envelope. |
| <input type="checkbox"/> July 12 | First look at design for balance of components. |
| <input type="checkbox"/> July 17 | Artwork to envelope manufacturer. |
| <input type="checkbox"/> July 24 | Artwork to printer for balance of mailing components. |
| <input type="checkbox"/> July 31 | Provide service bureau with campaign matrix (if they can provide coding for scanning responses to eliminate date entry.) |
| <hr/> | |
| <input type="checkbox"/> August 15 | Merge/purge, edp and lettershop before mailing begins. |
| <input type="checkbox"/> August 21 | All printed materials due at lettershop. |
| <input type="checkbox"/> August 24 | Data files shipped to lettershop (if lettershop not doing data work themselves). |
| <input type="checkbox"/> August 28 | Alert service bureau of upcoming mail response. |
| <input type="checkbox"/> August 31 | Direct mail drop |
| <hr/> | |
| <input type="checkbox"/> September 15 | Estimate half-life of mailing: calculate response after 8 to 10 days of mail. Not accurate but a useful estimate of final response. |
| <input type="checkbox"/> September | New orders included in first invoice series mailing. |
| <hr/> | |
| <input type="checkbox"/> October | Ongoing evaluation of August direct mail. |
| <hr/> | |

Attachment 8 – Glossary

Acquisition

A term often used in the publishing industry to refer to the selling of new subscriptions.

Compiled list

A list of names, often a mailing list, that has been assembled for some purpose, as opposed to a list that is based on the initiative taken by those on the list – such as subscribers, customers, attendees or responders.

Continuity product

A product whose nature implies the likelihood of further purchases in future, such as a magazine subscription, an insurance policy, a record club, or a cable TV subscription.

Control

When used alone – e.g., “the control” – means a previously tested promotion that will act as a benchmark. It can also be used to describe the components of a previously tested promotion such as “control package” or “control offer”.

Cost of acquisition

The cost of a new subscription, often abbreviated to “COA”.

Creative

Short-hand for the copy and design aspects of promotional materials.

Free-standing insert

Often referred to simply as an “FSI”, it is a promotion piece that incorporates an order device – usually a postage-paid order card – and all the sales material into a single unit that can be delivered as an addition or ride-along, often an insertion in another publication or someone else’s mailing.

Niche magazine

A publication that serves a specific group with content based on a unique set of interests or shared characteristics.

Production

Industry term meaning the yield of subscriptions.

Source

The medium by which a new subscription is sold or acquired.

Source evaluation

The practice of creating a projection (often for five years) via a spreadsheet that calculates all the costs and revenues that a subscription from a particular source will generate. The source evaluation provides the net P/(L) per year and a cumulative P/(L) each year for the duration of the projection.

Source ranking

The practice of determining the long-term (often 5-year) contribution of the subscriptions in each source and listing the sources in order of their profitability – from most profitable at the top to least profitable at the bottom. An estimate of the number of potential subscriptions each source can produce in a year is often attached so that one can quickly estimate annual subscription production at various costs.

Voucher pack

A simplified version of a direct mail package that emphasizes the order form sometimes to the exclusion of all other components (except the envelopes). The order form simulates a voucher and often authorizes a “professional discount” that the recipient can redeem using the voucher (order form).