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Selling on the Newsstand

A Guide for Small Publishers

Written by Pierre Proulx



Canada

About this series

Selling on the Newsstand: 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

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

New Subscribers: A Guide for Small Publishers by Greg Keilty

Renewals: A Guide for Small Publishers by Jon Spencer

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PDF Edition

Catalogue No: CH44-73/3-2006E-PDF

ISBN 0-662-42888-9

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



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Why should your magazine be on the newsstand?

Newsstand sales or subscriptions?

“If the newsstand [sales are] sinking, there’s probably something wrong with the “mouse trap”. If the newsstand readers are unhappy, then subscribers more than likely feel the same way. Lowering the subscription price because of the “shakiness of the newsstand” is like saying it became necessary to destroy the village in order to save it.

The newsstand is the greatest sampling device ever invented; the sample takers actually pay for each sample.”

KENT BROWNRIDGE, Wenner Media, in a letter to the editor, published in *Advertising Age*, November 2002

The constant pressure placed on publishers to improve advertising revenues increases the necessity for better circulation revenue.

Although subscription and advertising revenues constitute the cornerstone of any publisher's business plan, newsstand sales, aside from the potential to contribute substantially to a publisher's bottom-line, are a crucial gauge of a magazine's success and acceptance in the marketplace.

Newsstand sales are a kind of monthly or periodic “report card” for the publisher. Without this monthly or periodic result – indicating high or low take-up, success or failure – the publisher may have to wait until the end of a reader's subscription, or until after an annual subscription or renewal campaign, to find out a magazine's real satisfaction rate.

Subscription campaigns are often very costly (researching and acquiring lists, conducting telemarketing campaigns, and offering subscription packages with reduced per-copy prices, often below cost), as is market research with focus groups. Therefore, it is quite useful to have access to a regular source of feedback which acts as a success indicator and can assist a publisher in product design and development.

The sale of a magazine on the newsstand is a regulated activity employing specific tools and precise measures, with identifiable and generally predictable costs.

This document presents various strategies which can be used to improve newsstand sales. With this overview, any magazine publisher will have a better

understanding of the ins and outs of newsstand sales as well as insight into effective business planning practices.

In this paper, the following areas are discussed:

- > Distribution Channels
- > Cost and Pricing Information
- > Publisher/Distributor Relationship

- > Promotion
- > Retailers
- > Consumers

Finally, in the appendices, a list of the main players and professional associations in Canada is presented as well as a Glossary.



Distribution Channels

For a publisher to effectively introduce their product to the retail market, it is important to consider negotiating an agreement with a national distributor in order to gain access to a network of retailers. This agreement outlines the parameters of the publisher's intended sales and marketing approach, and establishes the terms and conditions of the business relationship. Typically, the national distributor is responsible for dealing with wholesalers on behalf of the publisher and coordinating the activities required in the management of newsstand circulation, including: delivery of magazines to retailers, billing, sales payments, point-of-sale promotions, communication, and the certification of returns. A detailed description of the roles and responsibilities of each stakeholder is provided in the diagram found on page 4.

To reach a narrowly-targeted clientele, the use of a specialized distributor is recommended, who can cater to specific types of sales outlets, both specialized and non-traditional (i.e. health boutiques, computer stores, pet shops, etc.). Where national distributors are unable to penetrate parts of the target market, publishers should negotiate individual agreements with specialized distributors of the province, city, or region.

This network of specialized distributors focuses on supplying publications to certain retailers or retail

chains, directly and without local intermediaries. This method of distribution, known as Direct-to-Retail (DTR), is utilized by a number of small publishers in order to reach segments of non-traditional markets.

The business practices of companies offering this service are quite different from those that are described further on in this guide. After having reached a supply agreement with the retailer and a distribution agreement with the publisher, the specialized distributor will send by mail, messenger service, or transport, a fixed number of magazines directly to each store. If the agreement between the retailer and the DTR distributor includes a provision for returns, the distributor will send an invoice, an envelope and a return slip that the retailer can complete and return with the covers (or cover-page headings with issue numbers) of all excess copies. The return slip must be sent by mail to the distributor in order to be eligible for a return credit.

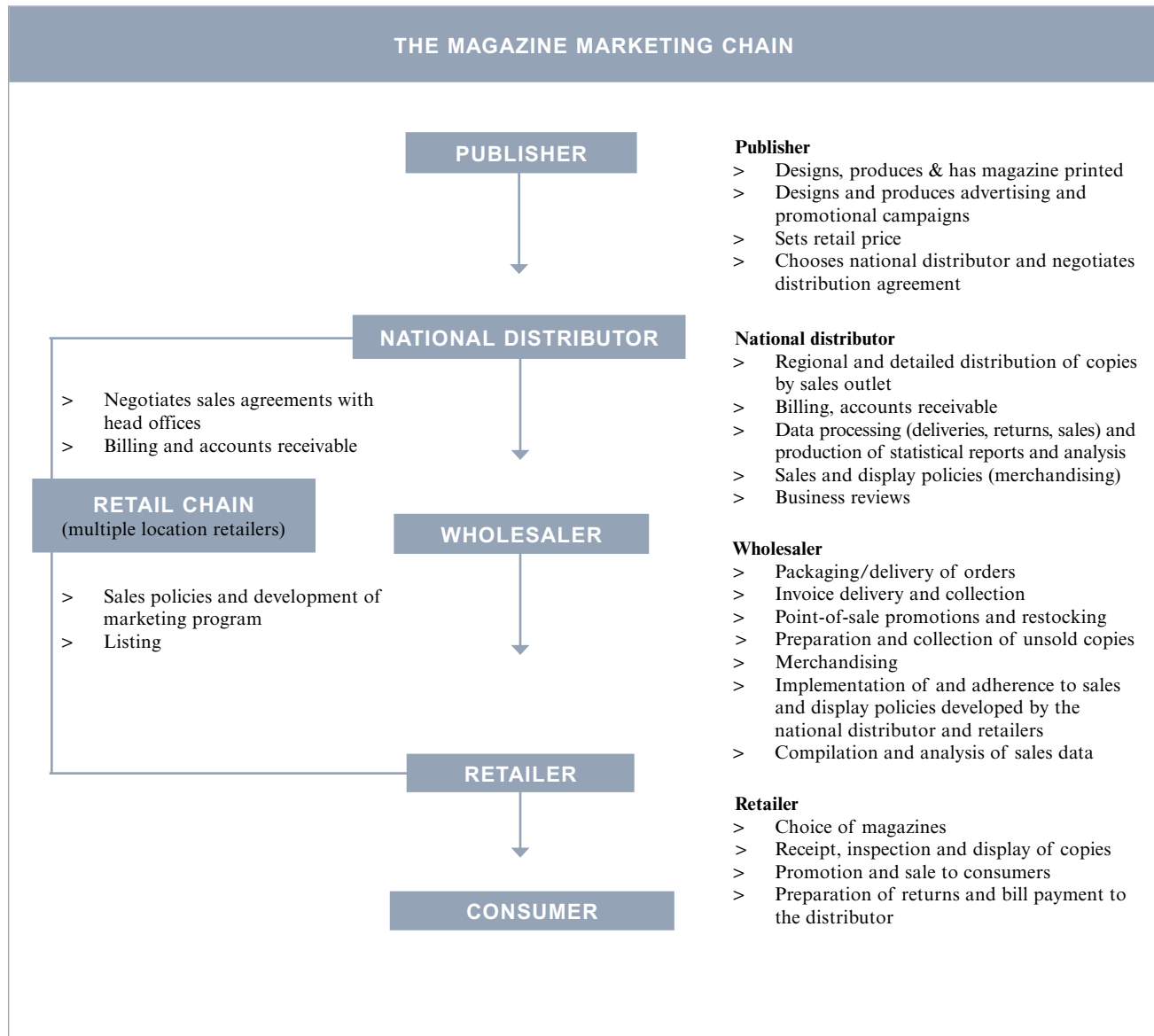
No other service is to be provided by the distributor to the retailer, such as display, marketing, promotion, etc. The terms and conditions of sale may differ from those described in this guide, since as a general rule the DTR distributor does not offer any service other than direct delivery. The negotiated prices between the publisher and the DTR distributor will vary

depending on the case and on the purchasing policies of each party.

Furthermore, it is recommended that a publisher hire a local distribution company to distribute samples or free copies to a particular target market. A list of these specialized companies can easily be

found in the telephone book, on the internet, or in local business directories under Flyer Distributors or Newspaper Publishers/Distributors.

Finally, the publisher may also wish to make their magazine available on their website, in whole or in part.





Cost and Pricing Information

It is vital for a publisher to consider both the direct and indirect costs of newsstand distribution, to be reflected in the budget, and in the company's business plan.

Direct costs

The payment to the national distributor is established in the agreement negotiated between the parties. Generally, this payment will be set as a percentage of the retail price as shown on the cover of the magazine and is calculated on each copy sold (after all returns are deducted). This percentage will vary according to: the details of negotiated agreement; the expected sales volume; the various operational tasks that the distributor undertakes such as merchandising and promotion at the retail outlet; transport and delivery costs; the arrangements agreed upon for unsold copies, and; the percentage the distributor pays the retailer. Currently, the industry average for payments runs from 40% to 50% (the publisher's share therefore being 50% to 60%) and includes the basic

percentage given to the retailer of 20% of the retail price. This is only an estimate, as each distribution agreement is negotiated differently (see example below). In the case of specialized distribution networks, payment to the distributor can be based on different cost factors. For instance, charges may be set according to the number of sales outlets visited by the distributor. This would apply also to publications that are distributed free of charge.

Potential indirect costs

Retail Display Allowance (RDA) and Retail Display Payments (RDP): display allowances paid to major retailers by publishers operating in the English-language market to retail chains (MLRC) and specialty press shops. Magazines published in French do not offer these allowances, due to economic reasons. The allowance ranges from 7% to 10% of the cover price for every magazine sold or by a fixed fee allowance for each pocket in the display rack.

EXAMPLE

Retail price of magazine:		\$4.99
Direct distribution costs, including retailer percentage (20%=\$1.00)	}	between \$2.49 and \$2.99
Revenue of publisher <u>before indirect costs</u> , for each copy sold	}	between \$2.49 and \$2.99

These payments are paid by the publisher through consultants who sign RDA/RDP contracts on behalf of the publisher with each retailer for each publication. The consultant makes quarterly payments to the retailer based on the sales for that period, as reported by the national distributor.

Recovery costs for unsold magazines returned: the national distributors may require the payment of recovery costs for the return of unsold copies if the publisher wishes to receive the returned copies, in whole or in part.

Gasoline surcharge: volatile fuel prices now compel distributors to charge extra if fuel costs reach a level which impacts the economic balance foreseen at the time the distribution agreement was signed.

Labelling: if the distributor has to re-label copies headed to the newsstand due to a UPC (barcode) error, these costs must be borne by the publisher or passed on to the printer.

During contract negotiations with a potential distributor, the publisher must ensure that he or she is aware of all the details related to potential billing and sales payments, since terms and conditions can vary according to the distributor, the type of sales and marketing required, and the region in which the magazine will be available for sale.

Sales reports and publisher payments can be done on a monthly or per-issue basis. A monthly statement of account is used to claim monthly return payments, showing the quantity sold less the quantity of returned unsold copies per issue in the given monthly period. Per-issue return payments are calculated in a similar fashion, by taking the quantity sold less the quantity of returned unsold copies, with no set period; these payments are usually made three weeks after the marketing of the new issue. This method is more often used by French-language magazines published in Quebec.

The withdrawal of the majority of unsold copies from the market is generally done in the two to three weeks after the new issue has been put on the market. Therefore, due to operations, geography, and specific requirements established by the retailers and wholesalers, a certain number of

copies cannot be recouped or counted for several weeks. Thus, it is not unusual for a publisher to wait for some time until the final number of sales for a magazine is known.

The distributor and the publisher come to an agreement on the way sales reports and other various analyses are submitted. There is a wide range of reports available throughout the industry and most can be adapted to the specific needs of each publisher. The following is a list of the reports generally used in the industry.

1. List of sales outlets (Point of sale outlets)
2. List of territories or regions
3. Directory of magazines with their circulation
4. Draw
5. List of titles by category
6. Sales report and statistics
7. Sales report by route or by region
8. Comparative lists, title and point of sale lists (i.e. titles vs. other titles targeting the same market)
9. Detailed sales report by postal administrative region/by postal code
10. Reader profiles
11. Surveys
12. Statement of accounts payable, publisher
13. Categorization of titles
14. Classification of magazine sales by category, chain, banner
15. Comparative analyses Quebec/Canada/U.S./ABC (Audit Bureau of Circulations), title versus markets or market segments
16. Display MPA/charts (for chain stores)

Regular analysis of these reports is essential to ensure that newsstand sales are being maximized, regional and local allocations are accurate, returns of unsold copies are as low as possible, that no sale opportunity is missed and that the magazine is as visible as possible on the stands or in display racks.

Print runs vs. the percentage of unsold copies will vary throughout the year, according to the season, events, news items, specific themes dealt with in each issue, promotion, the cover page, and even the weather. It is therefore extremely important to maintain effective draw management. This issue is important because the aim is to ensure that

the right number of copies are being sent to the right places, at the right time, to achieve the most sales possible without increasing the printing bill and any operational costs linked to the physical recovery of unsold copies.

It is generally acknowledged by the industry that in order to sell one magazine, two copies must be displayed. This is because the purchase of a magazine is a highly impulsive consumer decision (over 80%). This 2:1 ratio is obviously not always the case, since some large circulation magazines can reach a **sell-through rate** (sales/returns) of over 70% (certain weekly entertainment, service, or women's fashion magazines for example) while other magazines aimed at a more targeted audience will never go beyond 30% of sales (game or crossword magazines for example). Regardless, in both cases, the publisher must ensure their magazine is cost-effective. The average sell-through rate for English publications is approximately 35% and for French publications, approximately 40%. In general, the more a magazine focuses on efficient and responsive promotional practices oriented over the long-term, the better its chances of achieving higher sell-through rate, issue after issue.

Draw management: the establishment of a distribution plan and the analysis of sales data are the most crucial elements in the establishment of a profitable relationship between the publisher and the distributor; each one taking responsibility for communicating with one another in a frank and trustworthy manner, and for being aware of all issues of mutual concern.

Determining the magazine's **cover price** is another task that requires an informed and collaborative approach, involving the publisher and distributor. Here are a few points to consider:

- > Price-sensitivity of consumers varies according to:
 - demography, education and revenue
 - brand loyalty
 - number and variety of titles available in the market.
- > Price-sensitivity decreases if the price is perceived as a sign of the product's quality and prestige.
- > Consumers perceive value differently according to their motivation for buying, whether it is an impulse buy, a one-time purchase to serve a specific need, or a routine, habitual purchase.
- > Special discounts are aimed at generating interest, testing new products and increasing the market share in the short-term, or distancing oneself from the competition. Special discounts usually lead to a short-term increase in sales, but generally there is no real effect on average sales when there are frequent price decreases.
- > It is important to avoid launching aggressive subscription offers, which are heavily promoted and with very low prices, concurrently with a newsstand promotion.



Best Practices

DO'S	DONT'S
<ul style="list-style-type: none">■ Review your cover price and that of the competition twice a year.■ Raise your price with a “thick” issue.■ Raise your price during a period (or issue) of good sales.■ Notify your distributor well in advance of your intention to increase your price. At the very least, ensure your distributor is aware of the change before you go to print with a new price.■ New price = new UPC code.■ Analyze sales and immediately plan your next price review.■ Keep a healthy and appropriate difference between the subscription and the newsstand prices to avoid creating the impression that the product is being devalued.	<ul style="list-style-type: none">■ Don't be too conservative and don't be afraid of your price – all prices rise.■ Don't raise your cover price in January; it is often the “thinnest” issue of the year.■ Don't panic - sales may dip initially.■ If you need to increase the price by 5¢, 10¢, or 25¢, don't fear, there is often little difference in the way the new price is perceived.■ Don't make print errors on the cover.■ Don't go backwards: a lowering of your cover price can be perceived as a weakening of the product.■ Don't constantly change the cover price, especially at the last minute or during holidays (such as the Christmas season).



The Publisher/Distributor Relationship

The distribution strategy of a magazine is only one component of the overall marketing strategy of the product. The publisher should involve the distributor as early as possible in the development of the sales and marketing plan, ensuring that each step is jointly reviewed.

The distributor should understand and respect the publisher's goals in order to meet expectations and the publisher should understand the distributor's mode of operation and be aware of the operational constraints inherent to distribution. Also, the publisher should understand retailer networks, their positioning, their workings, their formulas for calculating cost effectiveness (gross profit, sales per linear foot of shelf space, merchandising, and promotional costs), and how to interpret them, as well as the various retail market segments, affiliations and chains.

The publisher and the distributor should have the capacity to collaboratively adapt and react quickly, given that each issue of each magazine is a unique product, with its own character, and that consumer behaviour can change. The distributor usually places an Account Executive at the disposal of the publisher, whose specialized role is to support and advise the publisher and to ensure the preparation and follow-up of all distribution activities. In cooperation with the publisher, the Account Executive:

- > Analyses and chooses the type of distribution model best-suited for marketing the product

and reaching the target market (potential retailers and readers).

- > Analyses past and present sales statistics, in the context of comparable or competitive products (by product type, category, type of sales outlet and networks).
- > Identifies the markets in which the magazine will be sold, the specific retailers, and the product's positioning on the display/mpa plan.
- > Develops a communication plan for the sales and retail network, including the authorization and listing of new titles.
- > Decides which in-store promotional tools will be used to market the magazine. Checks availability and follows through with booking. Creates incentives for both the sales team and retailers, and ensures that any special displays provide adequate visibility for the product.
- > Obtains, controls, and verifies UPC codes.
- > Develops the draw for the magazine by region, route, and sales outlet. Verifies that the right number of copies are available in the right places.
- > Develops the annual schedule of on-sale dates, taking into account the seasons, high points during the year, on-sale dates for competing products, and any planned promotional campaigns. The schedule should be followed meticulously and be closely monitored to ensure that consumer and retailer expectations are met.
- > Establishes the frequency of follow-up surveys on sales trends by store and uses results as an additional tool to help fine-tune draw numbers.

A **follow-up survey** is also useful to measure the effectiveness of a publicity campaign, validating a curve or a trend, and deciding for or against launching a new product (market testing). The publisher should bear in mind that surveys of past sales can only project the possibility of future trends and are never a guarantee of sales. Many factors beyond the distributor's control can influence the fluctuation of sales numbers.

- > **Cross checks** the results of these surveys at least once a year with results of market studies, consumer surveys and other focus group studies that the publisher may have done during the research phase of the project prior

to launching the newsstand campaign. This allows the publisher to track consumer/reader expectations.

- > Analyses and interprets all sales reports and payments provided to the publisher and perform any necessary administrative follow-up.
- > Follow-up on promotional initiatives: in the field, in merchandising, and product positioning.
- > Monitors the shipping and receiving schedule for stock coming from printers, travelling to points-of-sale (including transportation, etc.) and returns.



Promotion

When a publisher decides to launch a new magazine to be sold through a network of retailers or to bring a subscription-sales-based magazine to the newsstand, it is important to consider the following:

1. The product must deliver what was promised – to be new and different.
2. The quality of promotional and marketing campaigns is of prime importance. It is as important as effective distribution.
3. Having the support of retailers is essential.
4. The product should generate new purchases: 95% of new products divert purchases from other brands in the same category.
5. It is crucial to maintain a long-term perspective in formulating strategies and in planning original and innovative marketing campaigns – while keeping in mind budgetary limitations.

The new magazine should be marketed as having a unique, bold identity exuding excitement, character and confidence, and as being good value for money.

To further enhance the image of the brand, the publisher should capitalize on top events and hot news items by producing special features or by adding special issues to its regular publishing schedule.

The objective of an advertising or promotional campaign is to get people to *try* the product. The try generates sales, resulting in enhanced brand-

recognition of the new product and can lead to delivering additional valuable shelf-space.

At the outset, not all publishers will have the means to develop elaborate and costly promotional or marketing campaigns. A balance must therefore be struck between the financial resources of each publisher, the publication's goals, and the number of target markets to be reached.

It is noteworthy that roughly 80% of new products disappear after three years due to a lack of promotional support. For magazines, this figure is approximately 55% each year.

It is important to consider that the first new product to be launched in a particular market segment or a product category has a decided advantage with regards to highly desirable display space, publicity, and media attention. Publishers with modest budgets can take advantage of various public relations activities to make their product known (radio/TV interviews, newspapers, participation in social and community events, trade shows and exhibitions, etc.).

Promotion at point-of-sale – a must for magazines

Over 80% of purchasing decisions are made in the store at the display. It is the last leg of the marketing race – the last five seconds of opportunity to make a sale – the point of convergence between the magazine and the consumer.

Between 40% and 70% of promotional material destined for **point-of-sale displays (PSD)** does not get beyond the retailer's loading dock, which may be due to the following:

- > lack of floor/shelf space;
- > difficulty assembling/displaying;
- > publisher does not pay placement fees/ discounts, etc. to the retailer or to the head office of the retail chain;
- > not attractive to the consumer/no impact;

- > bad timing;
- > does not meet expectations of the retailers and their customers.

The publisher must be aware of these issues before developing promotional materials. For example, a convenience store study showed that the most effective PSD tools and those best accepted by the retailers are not necessarily the same:

MOST EFFECTIVE FOR CONSUMERS	BEST ACCEPTED BY RETAILERS
End of aisles	Dump bins
Dump bins	Window display
Instant discounts/coupons	Danglers/shelf-talkers
Bonus wrappings	Mobiles
Sound, light, and movement	Window ads
Danglers/shelf-talkers	Piled boxes
Floor stacks/floor advertisements	Banners
Banners	
Window/door display	
Mobiles	

The publisher must, therefore, choose the right marketing vehicle. The display and its message must be clear and concise, interesting, informative, and engaging. It should reflect the time of year and reinforce the brand-name. When developing a promotional/advertising campaign budget, the publisher should maintain an appropriate balance between allotments to radio/TV/print media/displays and in-store advertising. Some money should be set aside for **joint promotions with retailers or retail chains**: advertising in retailer flyers, discount coupons, in-store demonstrations, signing sessions, and merchandise linked to another product or brand (often announced inside the magazine). In most cases, these activities will ensure optimum positioning of the product on display racks and even an additional display elsewhere in the store.

In certain market segments such as grocery stores, drug stores, and big-box stores, magazines occupy

privileged and highly desirable checkout displays (or cash pockets) and aisle end-cap space. When a magazine (due to its notoriety, circulation/sales volume, and/or frequency of publication) successfully secures this privileged space on the shelf, it considerably increases the chances of boosting its sales volume. Although sometimes quite costly, a publisher should not hesitate to purchase retailer shelf-space when the opportunity arises, assuming there are no budgetary restraints.

The effectiveness of utilizing checkout and end-cap stands is illustrated by the observation that when these two methods of sale are used in conjunction with mainline racks, the proportion of sales can reach 60% at the checkout and 40% for magazines displayed in the mainline rack.

There are various methods of showcasing one or more titles in the mainline rack. This could include

a promotional pocket for a specific magazine, generally made of cardboard and placed in the front-shelf, or a metallic pocket that is hung off the front shelf. These types of point-of-sale promotional activities, which are often linked to seasonal or thematic promotions are subject to the approval and authorization of the retailer. It is not uncommon for this marketing strategy to generate supplementary sales reaching between 5% and 20%.

Generally, the mainline rack is designed to feature each title within its category or subject, the first row showcasing magazines with the strongest titles and sales volume in order to attract attention to that category or that section of the display, and to encourage a multiple purchasing reflex (see diagram on page 14).

Nevertheless, a well-positioned magazine in a proper display, with an attractive cover that creates an immediate visual impact spurring consumers to purchase, remains an essential promotional tool for any magazine.

The impact of the magazine cover on the consumer is an important factor in achieving strong newsstand sales. It is the first tool used in sales, which assists a magazine in expressing its distinctiveness in a market that is often saturated and sometimes hostile. It is noteworthy that a specialized retailer can sell more than 3,000 different titles and a big-box store can offer more than 20,000 different products to its customers on displays that spread across an area that could be more than 100,000 square feet.

As the product's packaging, the cover of a magazine should be instantaneously eye-catching and able to captivate potential readers, resulting in a sale, issue after issue.

The magazine's cover should:

- > be relevant to the target audience;
- > clearly communicate the content of the magazine;
- > distinguish itself from previous issues and from competitors;
- > be clear, precise, and uncluttered;
- > avoid being overly artistic or abstract: the goal is to sell magazines;
- > trigger a reaction, leading to an impulsive and instantaneous purchase;
- > use the illusion of motion to catch the eye;
- > use colours that are alluring and appealing;
- > showcase the title;
- > be inviting.

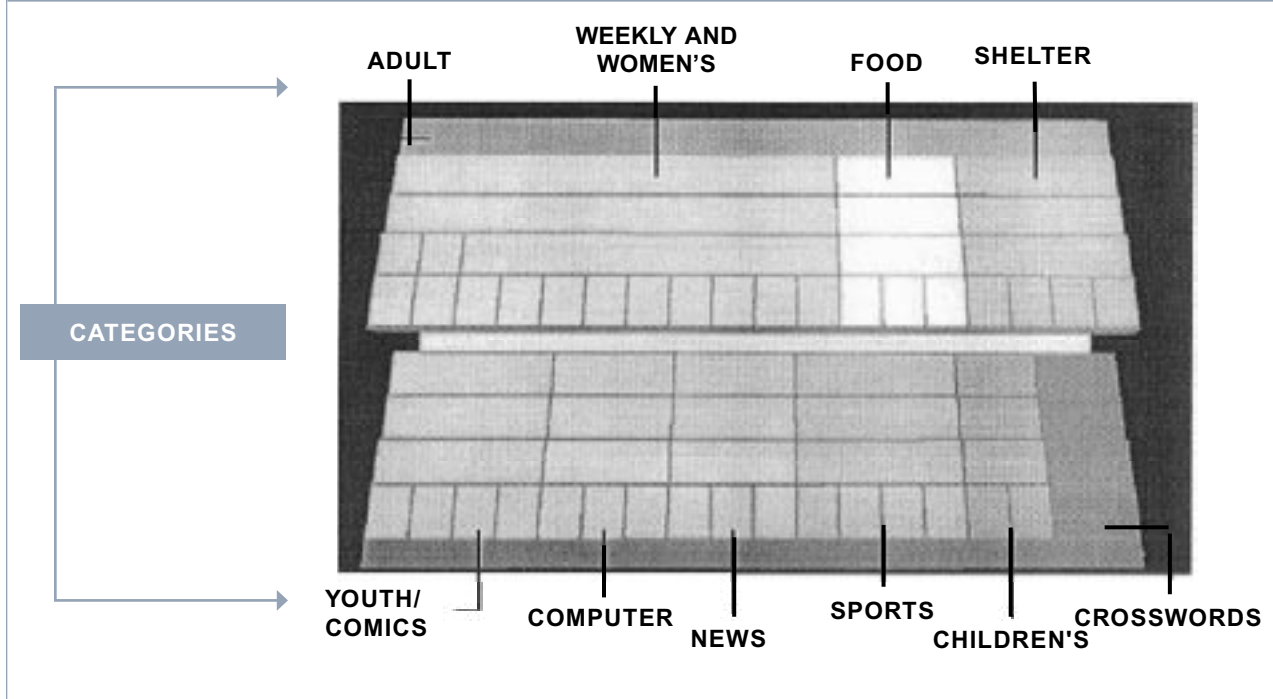
When designing the cover of a magazine, it is important to consider that the full cover is often not visible on the store shelf. It is common for only the top-half, the top-third, or the left-half portion of the cover to be visible, or a combination of the three. It is therefore important to take into account these factors when positioning titles of articles or subjects, especially when the articles or subjects reflect key content.

The publisher should keep in mind that there are choices in terms of the modifications that can be made to the magazine's cover, format, and/or content which can:

- > attract new buyers;
- > keep existing buyers;
- > ...or a little of both.

Consumers will exercise their options as well – to buy, or not to buy.

DIAGRAM OF A TYPICAL MAINLINE RACK (MAINLINE RACK 12 FEET, 9 SHELVES)



Finally, **add-ons, gift with purchase, and price promotions** (reduced price or two-for-one) can also be effective promotional tools.

When offering a gift with purchase or add-ons, it is important not to give the impression that the product is being devalued. Moreover, the publisher should choose an appropriate gift – taking into account its perceived value, relevance, and actual cost. The value of a gift or add-on should temporarily help to raise the value of the magazine, encourage new readers to try it or solidify the support of existing buyers. When gifts and price promotions are offered too frequently, this form of promotion may have the opposite effect – drawing readers' attention away from the magazine itself, and creating an expectation for a gift or reduced price.

It is often a good idea to **test** promotional activities in specific markets where results can be easily measured before deciding to use them on a large

scale. Each Canadian province has a number of test markets and regions; distributors and promotional/advertising professionals can help publishers to identify and choose the best match for their product. Through one or more market tests, the publisher should be able to make an informed decision and avoid unnecessary costs.

Promotional, advertising, and public relations activities have the potential to produce dividends. The publisher must, however, be well aware of the costs and learn how to negotiate in order to ensure that advertising expenditures will not undermine the cost-effectiveness of campaigns or of the magazine. A range of performance measurement tools are available and professionals in the field can provide guidance related to establishing a promotional budget and choosing the promotional activities that are the best fit for each publisher's needs.



Retailers

Not so long ago, most magazines and periodicals were sold in newsagents, smoke-shops and convenience stores. This is no longer the case; huge volumes of magazines, generating tens and even hundreds of thousands of dollars in sales per store every year, are now found in all sorts of retail establishments: grocery stores, big-box stores, drug stores, book stores, convenience stores, specialty shops, home improvement stores, electronics stores, health food stores, video stores, etc.

It is therefore important for the publisher and distributor not only to know and understand potential readers, but also where and when readers makes purchases. It is then easier to reach targeted segments of the market and to send the right titles, in the right quantities, at the right time, to the right places.

Over the last few years, there has been a downtrend in the relative importance of the independent retailer in favour of chains (Multiple Location Retailer Client or MLRC) of corporate, franchised, or affiliated stores.

Retailers, particularly chains, are the best allies of publishers and distributors. However, they can also become an impenetrable wall that separates magazines from consumers if their needs, rules, competitive position, operations, or roles are not respected.

Retailers are like real estate agents: they sell space. The retailer must find the products that generate

the most sales and the highest profits in an environment designed to be completely responsive to the needs of the consumer.

Retailers offer an increasing number of opportunities to enlarge the space and presence of magazines and periodicals in their stores. They require, however, that certain rules be observed and their objectives met. For example:

- > manage a draw jointly, taking into account sales and stock rotations, on the shelf and in the store, before returns;
- > ensure that allotted space is occupied at all times and that the display rack, the choice of titles on display, and the promotion of those titles are managed effectively;
- > promote products at the point of sale;
- > avoid anything that could alienate one or more retailers (for example: openly promoting or advertising a competitor on the cover of the magazine);
- > meet 100% of the retailer's operational requirements: meet delivery and marketing deadlines (to the hour); respect the listing of authorized products, prices, and bar codes (UPC); respect display and electronic billing standards, etc;
- > establish a dialogue and propose new ways for the retailer to meet customer needs;
- > keep additional costs associated with sales, to an absolute minimum;
- > simplify logistics (shipping, receiving, display set-up, billing, and inventory management);

- > work to increase sales of your title;
- > design and present intelligent, innovative, mobile, and multi-purpose displays.

Although generally the ultimate responsibility of the distributor, these duties cannot be accomplished without focused collaboration and continuous dialogue between the publisher and distributor.

The publisher must know the retailer's purchasing policies, particularly in the case of large chains, in order to avoid errors which could be costly or which could lead to being removed from the list of authorized products. For example:

- > Every new title must be submitted to the head office, purchasing division, to be allowed on the list.
- > Certain titles, subjects, graphics, or photos may not be permitted by some retailers, particularly large chains that have clearly defined values and positions with respect to certain subjects. Although a magazine may be judged appropriate and in turn approved by a retailer, it is possible that individual issues of the magazine may be refused based on its cover or content. It is recommended that publishers communicate with their distributor to clearly understand retailer approval criteria, and to discuss if it is necessary to make adjustments to the cover or content before the magazine is sent to printing.
- > The title, cover price, and UPC code on the magazine must be identical to the information on the retailer's list.
- > Any variation, change, or modification must be communicated, often weeks in advance, otherwise the product will be refused by the store because its information deviates from the listed information.

The distributor advises the publisher on these points and follows up with the retailer as necessary. However, should the retailer charge fees or impose penalties on the distributor as a result of actions of the publisher, the distributor may pass these on to the publisher. For example, some retailers can impose such fees as:

- > **presentation fee:** paid for the privilege of making a sales presentation
- > **introductory fee:** paid in cash, in promotional or free merchandise in exchange for shelf space
- > **display fee:** paid for special displays and display racks
- > **“pay to stay” fee:** paid to continue to provide and display a product
- > **error fee/fines:** linked to pricing errors, (UPC) bar codes, etc.
- > **failure fee:** paid when a product does not meet predetermined targets

Finally, all magazines and periodicals sold on the newsstand or by a retailer must have a Universal Product Code (UPC or bar code) clearly visible on the cover page, meeting existing international standards. The distributor helps the publisher obtain the code and position it according to established rules. The code is essential for sales as well as for tracking unsold and returned copies. UPC codes are scanned by retailers and distributors to help them manage inventory.



Consumers

Over 80% of magazine purchases are made on impulse. The cover, the retail environment, and the display are therefore vital triggers. A recent North American study revealed that although $\frac{2}{3}$ of buyers are attracted by the content of a magazine, the remaining third are attracted by the cover alone. An effective cover page, attractive and well-designed, will undoubtedly increase the likelihood of sales: it is, in a way, the product's packaging. The cover of a magazine either makes it or breaks it.

Size of the magazine is equally important – most magazines are 8½" x 11" or 20.5cm x 27.5cm. Thinking that another format might be innovative and set you apart from the competition? Keep in mind that display pockets, particularly at check-outs, are designed for standard sizes. If the size of your magazine makes it difficult to display, your chances of success are compromised.

However, as mentioned before, some factors such as seasonal variation, news events (or the lack thereof), the weather, demography, disposable income (\$/recreation), etc. can greatly influence whether or not the consumer makes a purchase, and even whether the consumer ventures out shopping at all on a given day. Sales of the very same title can therefore vary greatly from one issue to the next, and from one season to another.

Magazine consumers are usually influential consumers – they are among the most active consumers in the population and are those whose

opinions are most often sought; very often they are the first to adopt trends.

Magazine consumers consider magazines to be the #1 form of media to inform them about new brands and the best products. They find advertising pages useful and informative; they consider magazines a prime source of information and news, and consult magazines to learn more about health, nutrition, and environmental issues.

Some notable characteristics of magazine buyers are:

- > they spend more time shopping;
- > they spend more money in a week than the average consumer;
- > they tend to use more coupons and vouchers;
- > they account for most purchases – in all categories;
- > they have the same demographic profile as the general population.

It is to the advantage of any publisher to know as much as possible about the buyers of their particular magazine. Publishers often measure the satisfaction rate of their magazine by the number of readers per issue. Using this statistic alone can be misleading because it is the buyers of the magazine (not the readers) who are most important. It is often difficult to win over and keep these buyers from issue to issue.



Conclusion

Although the publisher is in complete control of his or her magazine's content, cover price, design, and packaging, it is important to listen to the distributor, retailer, and consumer to ensure that the magazine remains relevant and meets the expectations of all parties.

Several conferences and seminars are organized each year to address the concerns and needs of the diverse players in the industry. A multitude of issues are discussed such as new challenges and technologies, and key people in the industry are invited to headline seminars, to participate as members of panels, and to share their experiences and successes. The most notable Canadian events are MAGS University (www.magsu.com) and MAGNET (www.magazinescanada.ca/magnet),

presented each year in June in Toronto (www.magsu.com) and “La Journée Magazine” organized in May each year by Magazines du Québec (info@magazinesquebec.com) (AQEM.). National distributors and groups of wholesalers also organize information sessions each year directed to their client-publishers.

Publishers are ultimately responsible for coordinating the efforts of writers, designers, printers and distributors, while ensuring that sales schedules are met, operations facilitated and costs controlled. Thanks to this expert balancing act, parties are able to profit from the exciting world of newsstand sales, and continue their journeys in the extraordinary adventure of publishing.



Appendices

NATIONAL CANADIAN DISTRIBUTORS

Benjamin News inc. (Messageries de presse Benjamin – (in French))
101 Henry-Bessemer Street
Bois-des-Filion, QC J6Z 4S9

Coast to Coast Newsstand Services ltd
5230 Finch Avenue East, Suite 1
Toronto, ON M1S 4Z9

Canadian Mass Media inc. (CMMI)
25 Kodiak Cres.
Toronto, ON M3J 3M5

Disticor Magazine Distribution Services
695 Westney Road South, Suite 14
Ajax, ON L1S 6M9

Groupe de presse Dynamiques —
Messageries Dynamiques
900 St-Martin Blvd. West
Laval, QC H7S 2K9

Les Messageries de presse internationales (LMPI)
8155 Larrey Street
Anjou, QC H1J 2L5

Publications Transcontinental
1100 René Lévesque Blvd. West, 24th Floor
Montréal, QC H3B 4X9

Transmedia Group Limited
1915 Clements Rd., Unit 7
Pickering, ON L1W 3V1

The News Group
7100 44th St. S.E.
Calgary, AB T2C 2V7

Direct-to-retail Distributors

Magazines Canada Distribution
425 Adelaide Street West, Suite 700
Toronto, ON M5V 3C1
Tel: (416) 504-0274 Fax: (416) 504-0437

Media Logix
25 Kodiak Crescent
Toronto, ON M3J 3M5

REGIONAL DISTRIBUTORS

Alberta

Newswest inc. (head office)
5716 Burbank Rd. S.E.
Calgary, AB T2H 1Z4

The News Group
7100 44th St. S.E.
Calgary, AB T2C 2V7

British Columbia

Monahan Agency ltd.
2506 41st St.
Vernon, BC V1T 6J9

The News Group – Richmond
2500 Vauxhall Pl.
Richmond, BC V6V 1Y8

The News Group – Vernon
1110 Waddington Dr.
Vernon, BC V1T 8T3

Manitoba

Newswest – Winnipeg
1390 Pacific Ave., Unit 1A
Winnipeg, MB R3E 3R9

Nova Scotia

The News Group – Atlantic
50 Troop Ave
Dartmouth, NS B3B 1Z1

Ontario

Central News Company
626 Waterloo St.
Thunder Bay, ON P7E 2C5

MediAx Logix
25 Kodiak Crescent
Toronto, ON M3J 3M5

Ontario

Metro News ltd
25 Kodiak Crescent
Toronto, ON M3J 3M5

Sudbury News Service
309 Douglas St. W.
Sudbury, ON P3E 4S6

Tech News Agency
5 Kirkland St.
Kirkland Lake, ON P2N 3J6

The News Group – Burlington
3320 Service Rd.
Burlington, ON L7N 3M6

Quebec

Benjamin News inc.
Messageries de presse inc.
101 Henry-Bessemer Street
Bois-des-Filion, QC J6Z 4S9

LMPI
815 Larrey Street
Anjou, QC H1J 2L5

Groupe de presse Dynamiques –
Messageries Dynamiques
900 St-Martin Blvd. West
Laval, QC H7S 2K9

Publi-Sac (Division de Groupe Transcontinental)
529 Lebeau Street
St-Laurent, QC H4N 1S2

PROFESSIONAL ASSOCIATIONS

Audit Bureau of Circulations
900 N. Meacham Road
Schaumburg, IL 60173-4968
United States of America
Canadian Member Service
151 Bloor Street West, Suite 850
Toronto, ON M5S 1S4
Tel: (416) 962-5840 Fax: (416) 962-5844
www.accessabc.com

Canadian Business Press (CBP)
4195 Dundas St. W., Suite 346
Toronto, ON M8X 1Y4
Tel.: (416) 239-1022 Fax: (416) 239-1076
www.cbp.ca

Canadian Circulations Audit Board (CCAB)
90 Eglinton E., Suite 980
Toronto, ON M4P 2Y3
Tel: (416) 487-2418 Fax: (416) 487-6405
www.bpaww.com

Magazines Canada (CMPA)
425 Adelaide Street West, Suite 700
Toronto ON M5V 3C1
Tel: (416) 504-0274 Fax: (416) 504-0437
www.cmpa.ca

Circulation Management Association of
Canada (CMAC)
2 Bloor St. W., Suite 100
Toronto, ON M4W 3E2
Tel: (905) 946-0353 Fax: (905) 946-9529
www.circ.org

Magazine Publishers of America (MPA)
810 Seventh Avenue, 24th Floor
New York, NY 10019
United States of America
Tel: (212) 872-3700
www.magazine.org

Magazines du Québec (AQEM)
4316 St-Laurent Blvd., Suite 200
Montréal, QC H2W 1Z3
Tel: (514) 499-9847 Fax: (514) 842-4886
www.magazinesquebec.com

Periodical Marketers of Canada
175 Bloor St. East, Suite 1007
Toronto, ON M4W 3R8
Tel: (416) 778-6845 Fax: (416) 968-6182

PMB (Print Measurement Bureau)
77 Bloor Street West, Suite 1101
Toronto, ON M5S 1M2
Tel: (416) 961-3205 / 1-800-PMB-0899
www.pmb.ca

Société de développement des périodiques
culturels québécois (SODEP)
460 Ste-Catherine St. West, Suite 716
Montréal, QC H3B 1A7
Tel.: (514) 397-8669 Fax: (514) 397-6887
www.sodep.qc.ca

SPECIALIZED PUBLICATIONS

INFO PRESSE
4310 St-Laurent Blvd.
Montréal, QC H2W 1Z3
www.infopresse.com

Masthead
8-1606 Sedlescomb Dr.,
Mississauga, ON
L4X 1M6
www.mastheadonline.com



Glossary

Allotment or Draw

The number of copies to be distributed at retail, usually through distributors and wholesalers. Can also be used to refer to the number of copies distributed in a certain geographic region, or to a particular retail account, etc.

Authorization

The list of each supplier's publications that a store (usually a chain) has agreed to sell in some or all of their individual outlets. This agreement confirms the title of the publication, its selling price, purchase price (by the store), UPC code, and description.

Banner

The "brand names" used by chain stores, such as Relay, Multimag, Great Canadian News, or Shoppers Drug Mart.

Bipad or Barcode or UPC (Universal Product Code)

The barcode on products that retailers may scan to record their sales; two sets of 5 digits are also used in other products, 2 additional digits on magazines' UPCs denote the issue of that publication, and are primarily used by wholesalers for counting returns by issue. A unique UPC must appear on the cover of magazine seriously pursuing single-copy sales at retail.

Category

The "type" of magazine is based on its editorial content and readers (e.g. fashion, popular music,

newsmagazines, etc.), and partially determining which section of the newsrack where each title belongs.

Dangler or Shelf-Talker

Attention-getting promotional piece on or near the magazine rack, drawing the eye to a particular title.

In-Store Promotion or Point-of-Sale Promotion

Promotion of particular magazines to the general public in retail outlets, helping them stand out from the crowd of other magazines by means of stickers, posters, or other special attention-getting displays.

Merchandising

Activities related to the physical racking and display of magazines at retail, including window displays and point-of-sale displays.

Newsstand Sales (also "single-copy sales")

A term used to describe the overall process of selling magazines at retail, including newsstands, bookstores, tobacconists, convenience stores, pharmacies, grocery stores, etc.

National Distributor

A company selected by a magazine's publisher, charged with the responsibility of representing the magazine's interests in negotiating with wholesalers and securing authorizations and promotional space with larger regional and local retail chains. See table on page 4 for an overview of these roles and responsibilities.

Placement Fee

A payment by the publisher to the retailer (often to a chain) for the placement of a magazine in a high-visibility rack position, or for other promotional display at retail.

Planogram

A diagram of the retail shelf, indicating the precise location where each title should be racked. Used in communicating display arrangements from a chain's head office to the display staff in each retail outlet.

Pocket

A special high-visibility display rack in front of, or nearby, the main magazine rack, in which several copies of a particular title are given particular prominence.

Retail Chain or MLRC (Multiple Location Retail Client)

A group of individual outlets operating under the same name (or several different banners) – whether centrally-owned, franchised or affiliates – who conduct centralized supplier negotiations and have common business practices as directed by the chain's head office.

Retail Display Allowance (RDA)

A payment required from publishers by some retail chains in the English market for displaying their titles in stores.

Route

The group of stores served on one particular delivery route, either by a wholesaler or their agents, in a certain geographic area.

Stickering

Applying a promotional label to individual magazine copies, either for promotional purposes, or because the magazine printed the wrong UPC code on the cover.

Wholesale

A company that provides retailers with magazines, arranging for delivery (and removal of unsold copies), billing, and reporting. May also handle merchandising for some accounts. Wholesalers are often geographic in their trading areas (city, region or province). See table on page 4 for an overview of these roles and responsibilities.