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IS MORE STILL A GOOD THING?

By Jim Elliott

For the past 20 years that we've been selling advertising at the Elliott Company, it seems one of the most frequently used words in our business has been "more." As in, "This book has *more* readers…" and, "That book has *more* circ…" or, "That book has *more* ad pages…." Often a simple side-by-side numerical comparison was sufficient to win — or lose — a buy. But has "more," and its sibling "most," really gone the way of the bleed charge?

We have two guest writers in this issue of *Ads & Ideas* who may give you a reason to consider alternative uses of "more."

Mark Edmiston, Managing Director of AdMedia Partners, Inc., a well-known investment bank for the publishing industry, offers a couple of seldom heard uses of "more" that he believes will be become widely embraced by publishers in the future. And Bob Shullman, Sr. Vice President at Mendelsohn Media Research, Inc., suggests how advertisers will shortly be viewing a magazine's readership — when "more" may not be enough.

We're pleased to be able to bring you the thoughts of these two industry experts. And, as always, we would like to hear yours as well.

DO MAGAZINES HAVE A FUTURE?

By Mark Edmiston

In 1982, the New York Times looked at the steep losses in advertising that magazines were suffering in the Paul Volker enforced, inflation fighting recession of that year and declared the medium of magazines no longer had a future. Despite that prognostication, from 1980 to 1990 the total number of magazines increased from 1,500 to more than 3,700, a 137% increase!

The nineties continued that period of great expansion in the magazine business, fueled, as were many things, by the extraordinary growth in the U.S. economy. When the dot-com, technology, financial services bubble burst, a number of magazines devoted to coverage of those businesses suffered dramatic losses in readers and advertisers. This exaggerated the advertising dip that occurred as the business cycle corrected the "irrational exuberance" of the '90s and was accelerated by the 9/11 terror attacks. This slowdown led some pundits to suggest once again that magazines are in danger of extinction.

It is unlikely that those seers will be anymore correct than their predecessors at the Times in 1982. Nevertheless, there are real challenges that must be addressed by the leaders of the magazine industry. Indeed there are several structural changes that require the industry to re-think their business model.

Consumer magazines had come to rely very heavily on subscriptions sold by various third parties whose somewhat questionable marketing techniques brought an end to the massive sweepstakes, multiple magazine mail order operations. This left the industry with a 50 million-subscription gap that has not been completely replaced.

Nearly 20 years of easy advertising dollars and easy subscription solicitation methods took publishers eye off of the single copy ball. In less than a decade, the traditional national distributor regional wholesaler-local retailer model was consolidated into a handful of wholesalers and big-box retailers who could dictate not only the terms by which magazines were distributed but, in fact, whether a magazine could be distributed at all. Wal-Mart, for example, today accounts for almost one out of every six magazines sold on the newsstand.

Finally, all advertising has come under

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SELLING A MAGAZINE AS A CONSUMER BRAND..........HMMM?

By Bob Shullman

In today's ad sales world ad pages tend to be sold by magazines in one of two ways:

• Traditionally, a magazine sells itself to potential advertisers by highlighting the average number of readers it reaches, by profiling its readers' demographics, and by describing the products or services its readers purchase.

• Alternatively, a magazine can sell itself as a consumer brand just as auto manufacturers or packaged goods firms sell their autos and products.

At Monroe Mendelsohn Research (MMR), the survey firm that has been providing the advertising community with the Affluent Survey for the past 28 years, our perspective is that the majority of magazines in this day and age sell themselves to advertisers using the traditional audience approach. Selling a magazine as a consumer brand has not yet come of age. Why should magazines sell themselves as consumer brands? Bluntly, major advertisers and their agencies are overtly asking magazines to do so. Results from a very recent ANA survey among its members indicated that the top-ranked attributes in advertisers' decisions to use magazines in the media mix are: editorial environment, targeting capabilities, reader connection, and positioning.

When a magazine sells itself to potential advertisers in the traditional manner of selling the number of readers it reaches, the magazine typically uses audience estimates supplied by a syndicated audience survey. When a title is too small to be measured by one of the audience services, audited circulation statistics, when available, tend to be used as audience surrogates. A subscriber survey may also be completed in order to supplement

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CONSUMER BRAND ....HMMM?

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what the audience surveys say about a title.

On the other hand, when a magazine sells itself to advertisers as a consumer brand, it needs to describe itself as a product and talk about the magazine and its "connection" or "relationship" with its readers. This selling approach requires that a magazine be able to describe the benefits it delivers to its consumers (its readers) in the same manner as other consumer brand marketers.

Today, there are a number of syndicated magazine audience surveys that a magazine can use to sell ad pages, assuming it sells its readers to potential advertisers in the traditional manner. Until now, however, the only tools usually available to assist a magazine that sells itself as a consumer brand have been circulation reports (e.g., ABC statements, etc.) and editorial tracking reports (e.g., Hall's, Media Analysts, etc.).

With Mendelsohn's 2004 Publication Reader Satisfaction Survey (PReSS), a new syndicated publication survey is now available to publishers, agencies, and advertisers that views magazines as consumer brands and measures them as brands according to their corresponding brand benefits, attributes, and characteristics.

Some will say that there are syndicated surveys that already provide "qualitative" measures about each publication measured. These syndicated surveys, however, do not ask each title's readers to evaluate the publication with respect to the consumer brand attributes that readers value.

What do readers tend to value when they discuss buying or reading magazines with friends and family? They usually talk about looking forward to reading the magazine, the magazine's covers, magazine content (whether it's informative or entertaining, etc.); advertising contained in the magazine (whether it's useful or trustworthy, etc.); as well as other magazine characteristics that readers tend to notice and consider important as part of their relationship with a magazine. These are exactly the consumer benefits, attributes and characteristics that MMR is measuring and will be providing to subscribing publications, agencies and advertisers when it releases the results of its 2004 PReSS Survey this coming November. In total PReSS is measuring 211 individual titles as consumer brands. PReSS measurements will be used by many different constituencies at publishing firms: ad sales, editorial, circulation, and senior management — assuming, of course, a firm's titles are considered to be consumer brands. Advertisers and agencies will also be using PReSS in their media planning and buying efforts. In conclusion, PReSS measures what many perceive as qualitative issues in a very quantitative manner. In PReSS, magazines are evaluated as consumer brands by their consumers. If your magazine is sold as a consumer brand, you need Mendelsohn's PReSS Survey whether you are involved in ad sales, editorial, circulation or senior management.

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new scrutiny in recent years for two principal reasons:

"Just in time" may increase the efficiency of the distribution chain, but it puts pressure on marketers to meet shorter and shorter-term sales goals. Developing and nurturing a brand, for which advertising, especially in magazines, has been traditionally used, is sacrificed to a more immediate goal: "move the product." This leads marketers to shift dollars from advertising to "special deals" to meet quarterly sales goals.

The growth of buying services (separate from full-service advertising agencies), through which nearly all national advertising passes, has diminished the value of advertising within the advertising community. These services promise "more for less" and drive media to constantly lower prices either through actual price cuts or "free" additional services. The media community has accepted this new reality resulting in a commoditization of various media, distinguished only by the cost of reaching "eyeballs."

Could these be the magic bullets that finally do in magazines? Unlikely. While some titles are more at risk than others (and some will undoubtedly fail in the coming years) magazines in general are not.

Magazines are already shifting to a more balanced business model by looking for increased revenue from circulation operations. This enables magazines to "just say no" more often to the pressure to reduce price. And marketers will have to redress the promotion/advertising imbalance or be trapped in a race to the bottom with bigger and bigger promotions. This is evident even in Detroit where Chrysler, and to a lesser extent GM, are having some success in selling cars without huge discounts by designing vehicles that consumers want to drive. Finally, magazines have begun to repair the neglect to the single copy aspect of their business by eschewing third parties and taking over their own distribution. Time Inc. and Hachette Filipacchi Media have their own distribution companies and Hearst has merged theirs with that of Conde Nast to create Co-Mag and invited other smaller publishers to join them.

It will be rough as it always is when an industry adjusts to a new reality. There will be casualties. But magazines still have a role and will be filling that role for a long time to come. Magazines in the future will be more targeted, more expensive and less dependent on advertising. But they will be thriving.

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ELLIOTT COMPANY NEWSWIRE

Steve Crane has been named Manager of the Chicago office of the Elliott Company. Previously, he worked with The Tribune Company, Engage Media and Juno Online Services assisting with the launch of various services for these companies. Earlier in his career, Steve was the Publisher of *Adweek* Midwest for 10 years and served on the board of the Chicago Ad Federation. He is based at 20 North Wacker Drive, Suite 1434, Chicago, Il 60606, and he can be reached at 312-236-4900, Ext. 101, or s.crane@jamesgelliott.com.

Tom Lloyd has been selected to represent Elliott Company publishers in the Detroit office. Prior to joining the company, Tom was the Detroit representative for *Arthur Frommer's Budget Travel* magazine. Previously, Tom sold advertising for Rodale Publishing. He is based at 20700 Civic Center Drive, Suite 170, Southfield, MI 48076, and can be reached at 248-663-2300 or t.lloyd@jamesgelliott.com.

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