magazinetraining INTERNATIONAL

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ADVERTISING SALES MANAGEMENT

A publication of Magazine Training International.

What's inside

Chapter 1

What makes a magazine a superior advertising medium?

Editorial content tells advertisers whether readers will approach their ads as an integral part of the reading process or as an interruption. Relevant advertising needs little more than a favorable presentation. Irrelevant advertising requires devices to attract attention, to justify the interruption.

Although advertisers are primarily interested in reaching the right prospects and then holding their attention, they have an important secondary interest: value by association.

Readers transfer the value system of the medium to the ads.

Most publications fall into one of the following five classes:

1. **The elegant:** *Architectural Digest, Town & Country, The New Yorker*

2. **The expert:** *Vogue* on fashion, *Road & Track* for automobiles

3. **The reliable:** *Good Housekeeping, Better Homes & Gardens, Parents, Prevention*

4. **The catalog:** *Builder, Working Woman, Home Mechanix*

5. **The mart:** When a magazine does little more for an ad than provide reader traffic and adequate reproduction

Chapter 2

Rate base

The decision to define and promote a specific circulation rate base is made solely for advertising purposes and is usually predicated on three factors: what your competition is doing, what your advertisers expect; and your ability to successfully deliver a published rate base on a consistent basis.

For a paid circulation magazine the rate base or guarantee, is the minimum number of readers who have paid to receive the magazine. For a controlled circulation magazine the rate base is the minimum number of readers who have been, or are expected to be, qualified by a signed statement stating their titles and companies, and that they wish to continue receiving the publication.

Usually the rate base is set a small amount below the average of six months or a year's issues, so that if a single issue drops below the rate base no penalty is involved.

It is important to realize that maximum profits are usually not achieved at the rate base that produces maximum ad page sales. If your CPM (ad rates) and the manufacturing cost per page are properly related, maximum profits are going to be achieved at a higher rate base when page sales are beginning to fall, but not as quickly as the rate base (and price per page) are increasing.

Some publishers attempt to set a rate base that is competitive, but lower than they know they will deliver so that they can promote the fact that they deliver so many thousand readers over rate base. If, however, their advertising rates (CPM) are set on total circulation delivered, as opposed to rate base, this can backfire because advertisers and/or their agencies see their gross advertising cost increase for that publication without a guarantee that the audience delivered over rate base is not “fringe readers.”

Magazines that are heavily rate base oriented have trouble raising circulation prices. They are usually lower priced than non-rate base oriented publications.

Many publishers fear that fewer readers mean fewer advertisers. This can be the case, it depends on your publication, its position in the marketplace and its relationship with advertisers. If that is the case, it could be that your publication is more profitable, though, because you are spending less on acquiring readers.

Chapter 3

Developing the sales plan

How many publications have a formal sales plan? Not enough. In addition to a positioning statement (learn more in our e-book on "Positioning Your Publication"), here are other elements contained in a sales plan:

The current situation

The first section should analyze the publication's current situation, where are they now and how did they get there? What has been happening, advertising category by advertising category, over the past three to five years? This section shows by category, and possibly by advertiser, where your publication is gaining ground, and where it's losing strength. For example, the average magazine will lose approximately 20% of its running business year to year. This means that an ad salesperson who carries 100 pages can count on only 80 to renew, given traditional selling methods.

Specific questions that should also be addressed in section one include:

1. **Which advertisers seem to be the least price sensitive among the various categories to which we sell?**

2. **Who are the most and least loyal to our publication—that is, who buys regularly and occasionally?**

3. **Is there anything we can learn from the overall frequency of insertions and the size and color of advertising buys?**

4. **Who can use our publication most?**

5. **Who can use our publication least?**

6. Do we know why we have lost business and who those advertisers are by category?

Goals

The next section covers goals: strategic, tactical and operational. The strategic goals set overall direction and targets for advertising performance. Tactical goals are intermediate-term; they bridge the time between the operational goals and the strategic. The operational goals describe what the publication is going to do in the next year, month by month, or issue by issue, to reach tactical sales goals.

All of these goals should be challenging, attainable, specific and measurable, time-defined and relevant.

Examples:

Strategic goals: increase revenue by ___________%
increase profit by _____________%
increase market share by ______%

Tactical goals: break these categories for new business:

maintain ____% running business

Operational goals: ____________ more sales calls/ contact with prospects

Plans, programs, and projects

The sales plan next details the plans, programs and projects that will help the publication achieve the goals. Some of this is maintenance, doing the things necessary to keep business. But other programs and projects may be to help the sales people open new accounts or bring in more pages from a category.

A powerful team

Ad sales and marketing make a powerful team. You want to be sure that your sales staff works in tandem with marketing on creating programs, projects and sales tools. Here are some tips:

- **Encourage the advertising sales staff** to communicate their own and client's constructive and innovative marketing ideas.

- **Ask the sales staff to evaluate sales tools**, programs, etc. created in the past for your company.

- **The marketing manager should attend some sales calls** as a silent observer.

- **When the marketing manager is doing annual planning**, give the sales staff a form that outlines promotional categories and provides space for them to comment on their upcoming needs.

Chapter 4

Setting advertising rates

Publishers often don't spend enough time setting initial advertising rates (at launch or when a publication is acquired) and thus, they have limited flexibility in the future to maximize profits; usually their options are to hold rates or raise them a certain percentage (ranging from 4% to 8%.)

What are the key factors in setting your rates:

External

- What is the competition charging?
- What type of advertising unit and color do advertisers in your field predominantly purchase?

Internal

- What are your costs to sell and run the advertising in your publication?

Let's consider two different scenarios, the first one is launching a new publication.

When launching a publication

1. **Collect all direct and indirect competitor advertising rate cards** and input this data into a chart or model to be used as a guideline.

2. **Collect information** (from companies who track advertising in your field or in-house with back issues of each title) on the number of black and white and color pages and the size of ads for direct competitors for the past twelve months. Put this data into a chart or model to learn more about where advertisers in your field are spending their money and on what size and color of advertising. (Be sure to include premium positions.)

3. **Using production and postage estimates** you have secured for the publication, break down the costs by issue, by page, and then by ad unit size. (The cost to run advertising includes production and mailing.) The goal is to attach an approximate cost to each unit of advertising.

The remainder of the guidelines are broad. Publishers often adjust within these guidelines,based on what the competition is charging to say competitive. Meanwhile, they keep trying to create a profit for the ad size(s) used most frequently by advertisers in their respective magazine. Also they create incentives for advertisers to spend more either by stepping up ad size and/or frequency of ads.

All rates in your structure begin with a black and white base beginning with the full page rate, which is driven by the publisher's production costs and what the competition is charging.

Black and white

• Full page	???
• 2/3 page	2/3 of full page rate plus 20%
• 1/2 page	1/2 of full page rate plus 20%
• 1/3 page	1/3 of full page rate plus 20%
• 1/4 page	1/4 of full page rate plus 20%
• 1/6 page	1/6 of full page rate plus 20%
• Premium position	Unit rate (size) plus 10% (For example, pages 2 or 5)

2-color and 4-color premiums

- Determine color premiums based upon production costs, competition and profit goal. Many publishers add this premium to the black and white rate for each unit sizes. Others add the premium to the full page black and white rate and then follow the scale we just discussed for unit sizes.

Covers

• Cover 2	B/W rate plus 25% premium plus 4-color premium
• Cover 3	B/W rate plus 10% premium plus 4-color premium
• Cover 4	B/W rate plus 50% premium plus 4-color premium

Sample frequency discounts

• 3x	5 to 10% discount off 1x rate
• 6x	10 to 15% discount off 1x rate
• 12x	15 to 20% discount off 1x rate

Dollar volume discounts

- Some publishers elect to offer dollar volume discounts in lieu of frequency discounts or give the advertiser a choice between frequency and dollar volume discounts. An example is 10 percent discount for up to a certain annual dollar expenditure and 15 percent discount for the next stage of annual dollar expenditure. Dollar volume discounts tend to be used only with magazines that have a large group of high-dollar, regular advertisers.

First time (charter) advertiser

- Some publishers offer a 5 percent or 10 percent one time discount to new advertisers—ones that have never advertised with the magazine.

Direct response (mail order) rates

- Many publishers elect to have a separate rate structure for direct response advertisers. The general rates are reduced across the board by 30 percent, 40 percent, or 50 percent for the direct response structure.

Loyalty discount or incentive

- A few publishers offer a year-end rebate back to advertisers who spend a great deal (predefined amount) of money in their publication. The rebate works similar to a dollar volume discount in that you state on your rate card, for example, that annual advertising expenditure of $30,000 will earn a two percent credit at year end that can be applied toward future advertising (next year.) Note: you do not give them cash back... only credit toward future advertising.

It is helpful if you create a chart or model (one for b/w and one for four color) that has the unit size going down the left column and the proposed frequency rates across the top. Assuming the first column is one time, input your estimated unit costs (going down) in the first column. Multiply these costs by the number of insertions (frequency) and complete the other columns.

It is very important when setting rates, to chart the discount for each unit rate under frequency of insertion. For example, you may want to give a steeper discount for a particular unit size because that is the size that advertisers in your field seem to favor or you might want to do the opposite; give a lesser discount (to maximize profit) to the unit size that you anticipate will represent a large volume of your advertising sales. In other words, it's not always prudent to set a flat discount structure (say 10 percent) for all unit sizes under one frequency.

For an established publication

When setting rates for an established publication, you go through the same steps except that you have concrete data (history as opposed to estimates) for your own title's past performance.

When using charts or models, some publishers use a tool called The Ratecard Analyst. It is a computer program that accumulates advertising rate card prices, page counts, actual advertising revenues and expenses data in tabular form. Rate premiums, discount structure and net revenues are calculated, displayed, and bar charted.

Rate card prices can then be changed using several types of structural modification and the anticipated effect on page sales can be entered either directly or using elasticity's derived by the program.

A full range of pricing scenarios may be explored each with a projected profit toward the goal of optimizing total net advertising revenues. Two or more magazines may be consolidated for corporate-wide profit analysis.

You must be pushing prices against the resistance of advertisers or you will never reach optimum profits. If you aren't hearing a few complaints about your prices you are probably under priced—assuming maximizing profits is the objective.

Other elements for rate cards

Here are some other elements that should be included in a rate card:

- **Bleed:** No additional charge for bleed ads
- **Special positions:** 10 percent premium (in addition to charge for space and color)
- **Display advertising dimensions:** based on final trim size decision
- **Discounts**:
    - **Agency:** 15 percent allowed to recognized agencies. Advertiser and agency are jointly liable for all sums due and payable to publisher.
    - **Frequency discounts:** This is earned by running the designated number of insertions within a contract year. Contracts that do not meet specified number of insertions will be billed at proper insertion level at the end of the contract year.
- **Payment:** Net amount due 30 days from invoice date. All first time advertisements must be prepaid prior to running in the magazine.

Contract and copy regulations

1. **Example: The following categories of advertising are not accepted for publication in [name of magazine]**: tobacco products, alcoholic beverages or related food products, gambling, lotteries, medical or fitness references, health products or services. *The publisher reserves the right to reject any advertising it deems objectionable.*

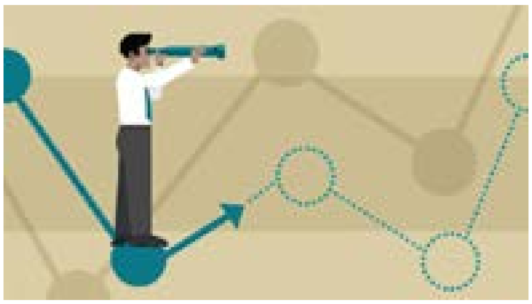
2. **Example: Advertising that is accepted and published** by [name of magazine] is done so upon the representation the advertiser and its agency have the right to publish the contents thereof. The advertiser and its agency will indemnify and hold the publisher harmless from and against any loss or expense by reason of any claims arising out of publication of said advertising.

3. **Example: The publisher is not liable for errors** in key numbers.

4. **Example: Positioning is at the discretion of the publisher.** Position requests will be honored when possible, but cannot be guaranteed.
5. **Example: The publisher will not be bound by conditions** printed or appearing on insertion orders or copy instructions which conflict with the provisions of this rate card.
6. **Example: Publisher reserves the right to change the published advertising rates** at any time. Rates on contract will be protected for six months.

Chapter 5

Forecasting sales



The manner in which many advertisers are buying space (monthly or quarterly decisions as opposed to annual) is making sales forecasting more difficult.

Most publications have their own formula for approaching sales forecasts. There is no “one way” that this is done within the industry. Based on our experience, here is a conservative way to approach forecasting.

External

1. State of the economy
2. Profits experienced by the industry served
3. Competitors’ prices

4. Competitors' rate bases
5. Competitors' promotion
6. Syndicated research findings

Internal

1. Editorial image
2. Advertising rates and discount structure
3. Rate base
4. Size and competence of sales staff
5. Incentives to sales staff
6. Sales positioning
7. Size and competence of sales promotion
8. Frequency
9. Quality of editorial content, paper and printing

Annual

At the beginning of the fourth quarter in a calendar year (assuming that this is when many advertisers and their agencies are planning for the next year and that your sales force is out in the field aggressively selling), ask each member of your sales force (including the publisher if he/she sells) to create a chart for their territory or accounts that they cover. The chart should include the account and two levels of net revenue they estimate.

	Level of confidence	
Account	90%	70%

All of these charts should then be melded into one master projection plan, by account and level of confidence (net revenue.) For planning purposes, use the 90 percent for prior or already committed contracts and 70 percent for all other accounts that appear on the chart when planning annual revenue projections. Of course there will (or should) be many accounts that are 50 percent or lower that do not show up on your projection now, but can move up to the 70 percent or 90 percent level of confidence throughout the year. These changes should be reflected in monthly forecasts.

Some publishers base a salesperson's annual compensation plan around their annual forecasts. It is important to imform each salesperson prior to agreeing on a compensation plan that this is how forecasting will be handled in an attempt to get more accurate projections.

Monthly

Each month, repeat the same exercise for each salesperson, but the projections should be for one or two months in advance.

Chapter 6

Advertising sections and supplements

In the U.S., the amount and type of advertising in a publication could change the cost of shipping because the U.S. Postal Service has different rates available for editorial and advertising content. If you are using the postal service in your country, it is important that you educate yourself about your country's postal system rates available and rules for those rates.

In the U.S., advertising sections and supplements are treated differently.

The following guidelines have been prepared and approved by the American Society of Magazine Editors and they are also approved by the Magazine Publishers of America.

Definition of an advertising section (or advertorial)

A special advertising section is a set of advertising pages unified by a theme, accompanied by editorial-like text or by editorial material from another magazine that supports the theme. Such a section consists of two or more pages that is supplied or printed by the publication and paid for by one or more advertisers.

Guidelines for advertising sections

1. **Each text page of special advertising** must be clearly and conspicuously identified as a message paid for by advertisers.

2. **In order to clearly and conspicuously identify special advertising sections**:
   - The words "advertising," "advertisement," "special advertising section," or "special advertising supplement" should appear horizontally at or near the center of the top of

every page of any section containing text, in type at least equal in size and weight to the publication's normal editorial body type face. The word "advertorial" should not be used.

- The layout, design and type of such sections should be distinctly different from the publication's normal layout, design and type faces.
- Special advertising sections should not be promoted on the publication's cover or included in the editorial table of contents.
- If the sponsor or organizer of the section is not the publisher, the sponsor should be clearly identified.

3. **The editors' names and titles should not appear on, or be associated** with, special advertising sections, nor should the names and titles of any regular contributors to it appear or be associated with special advertising sections. The publication's name or logo should not appear as any part of the headlines or text of such sections.

4. **Editors and other editorial staff members should not prepare advertising sections** for their own publication, for other publications in their field, or for advertisers in the fields they cover.

5. **In order for the publication's chief editor to have the opportunity to monitor compliance** with these guidelines, material for special advertising sections should be made available to the editor in ample time for review and to recommend necessary changes. Monitoring would include reading the text of special advertising sections before publication for problems of fact, interpretation and taste, and for compliance with any relevant laws.

6. **In order to avoid potential conflicts or overlaps** with editorial content, publishers should notify editors well in advance of their plans to run special advertising sections.

7. **The size and number of special advertising sections** within a single issue should not be out of balance with the size and nature of the magazine.

Definition of an advertising supplement:

A supplement is one or more pages formed by one or more printed sheets that are not bound into a publication. A supplement may be devoted to a single topic and may contain material different from that in the host publication. The external dimensions of a supplement (length and height) may not exceed those of the host publication. Supplements are also subject to these conditions as applicable:

- **A loose supplement to a bound periodicals publication** must contain at least 25 percent nonadvertising matter and bear the endorsement "Supplement to" followed by the title of the publication or the name of the publisher. A bound publication with one or more supplements must be enclosed in a wrapper. If a supplement to a bound publication is formed of more than one sheet, all sheets making up the supplement must be bound together.

- **A supplement to an unbound publication** must be combined with and inserted within the publication. If the supplement is included loose outside the unbound publication, the publication and its supplement must be enclosed in a wrapper or envelope and the supplement must bear the endorsement "Supplement to" followed by the title of the publication or the name of the publisher.
- **Covers and protective covers on a publication** that carry advertising are included when measuring advertising percentage.

Postage rates based on advertising percentage

Once you have determined how much of your magazine is advertising according to the definitions above, you can determine if you are eligible for special rates.

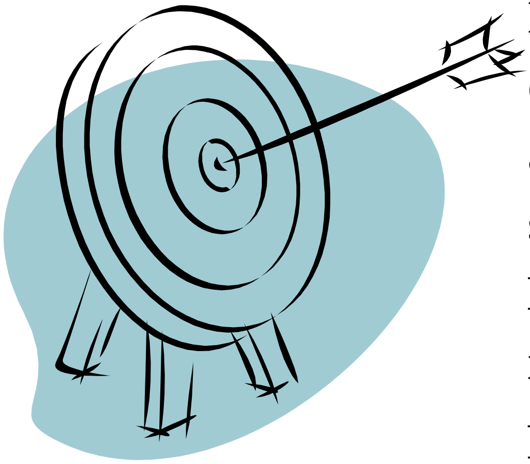
Here are examples of periodical rates based on type of content:

- **Editorial rates:** $.161 per pound (flat rate) mailed to anywhere in the U.S.
- **Advertising rates:** $.169 to $.432 per pound (the farther it is mailed, the more it costs)

When calculating advertising percentages for supplements and advertising appearing within the publication, all external and house advertising is counted toward the advertising percentage for that issue. An advertorial gets counted as paid advertising.

Chapter 7

Target account program



Every ad sales manager faces the challenge of focusing his salespeople's attention on key accounts. Careful sales staff management means increased business for your publication. A well-managed priority and target account program will help you balance your sales staff's talent with good administration.

A target account is one you and your sales staff have agreed to concentrate on during the coming year. There are several reasons:

- **the account offers a particularly high return** for the publication, the salesperson and for you.

- **there is a good chance that you can realize your goal** on this account—for both the short and long term.
- **the account is essential** to your success and growth as a company.

To illustrate how this program works, say that each of your salespeople have 15 accounts that comprise anywhere from 60 to 70 percent of each of their sales volumes. These accounts need to be approached every year with a plan because you do not want to take the business for granted. Also, a plan will help you look for ideas to build more business.

Further, say you have 10 accounts that have equal potential for a volume business that, if realized, would mean a substantial increase in business for the publication.

Select target accounts

The form shown on page 45 is a "Priority and Target Account List" sheet. This is a simple sheet that should be completed by each salesperson to show the top 15 running accounts they cover for the current year. After the salesperson fills in the sheet, he or she should meet with the manager to review it. Four steps are required to complete the form.

1. **In the column "Top 15 running business accounts (division or brands)"** the salesperson writes the names of current-year advertisers (January through December) in descending order according to the size of the ad schedule that runs in your publication. In the column headed "Actual pages," the salesperson puts the number of pages run in the publication and in your immediate competitor's publication for that period.

2. **In the columns headed "Goal, 20 and 20,"** the salesperson should indicate his or her personal goal for each of the top 15 running accounts listed.
3. **In the section headed "New business,"** have the salesperson list five accounts that have not run in your publication during the current year, but are excellent prospects (these can include prior advertisers if they fit the criteria.)
4. **In the section headed "Splits or exclusives to be resolved,"** the salesperson should list the five accounts that offer specific opportunities relative to split or exclusive business between your publication and your immediate competitor.

Once properly filled out, the priority and target account list identifies the top 25 accounts that are critical to the success of each salesperson.

Setting goals

It is important for your salespeople to have specific goals and objectives for each one of their target accounts. A goal is a non-budgeted forecast.

Preparing a status report

The third step in the process is to be certain that your records are accurate and complete. You also need to assess, realistically, where you stand with each account. To do this, it is necessary to fill out the "Priority Target Account Status Report" on page 46.

- Fill out the name, address and telephone number for each target account and agency.
- Fill in all the appropriate names for each title.
- Place an asterisk next to the name(s) of the person(s) who you think is the prime decision maker.
- Next to each name and in the status column, a symbol or word should be placed to indicate the salesperson's feelings about advertising the company, product or service in your publication.

- If there are other potential accounts at the agency, they can be indicated in the area at the bottom right of the form.

Setting up a planning calendar

Timing is critical in target account selling. Each of the priority and target accounts on the salesperson's list has an annual planning period for marketing, strategy and media. It is particularly important that a special effort be made on those accounts either during the month when they plan or during the preceding month.

Meeting to review annual strategy

Each year during the months of August and September, you should meet with each salesperson to discuss priority and target account selection and to review strategies. (October is when you would request the coming year's forecast, discussed earlier.)

Selling on a 12-month cycle

One of the two types of target accounts is the target account for a specific issue. To help sell target accounts aggressively into future issues of your publication, salespeople can maintain a 12-month future cycle of "Issue Sales Planners" (see page 47). It is important to track 12 months because many companies require four to six months to make a media decision and execute advertising creative material. In other words, always sell all issues.

Master files

Each salesperson should have a set of master files which include:

- insertion orders, contracts, miscelaneous client or agency paperwork
- sales letters, call reports, proposals
- intelligence gathered on clients or market activity concerning the client
- company profiles, a customer need analysis
- trade reports from field activity

Coaching

A good manager will coach the sales team on a daily, weekly and monthly basis to help them achieve their objectives.

The advertising manager should maintain a book, or database, that includes the following:

- his or her won priority and target account list
- a copy of all salespeople's priority and target account lists
- a calendar of planning dates with major accounts indicated

Salespeople tend to resist completing paperwork, reports, etc. They want to sell. Paperwork that doesn't make you more efficient and effective is a waste of time. In terms of time (on the salesperson's part) an estimated 15-30 minutes per day is what it takes to keep current with their own record keeping. Considering the potential benefits, this is a small investment.

The step-by-step process described requires the sales manager and publisher to pay close attention to the basics of sales. Selling is really a function of good discipline...you have to do the basics every day.

Priority and target account list

(Salesperson) (Date) (Total Accts)

Top 15 Running Business Accounts (Division or Brands) | Competitor/Us Actual # Ad Pages 2020 / 2020 | Goal 2021 | Goal 2022

1.
2.
3.
4.
5.
6.
7.
8.
9.
10.
11.
12.
13.
14.
15.

New Business

1.
2.
3.
4.
5.

Splits or Exclusives to be Resolved

1.
2.
3.
4.
5.

Priority target account status report

Date:______________

++ = very positive
\+ = supportive
\- = negative
/ = indifferent
0 = not called on

ACCOUNT	STATUS	AGENCY	STATUS
Company		Name	
Address		Address	
City,State		City,State	
Phone		Phone	
Fax		Fax	
E-mail		E-mail	
President		President	
VP, Sales		Mgmt. Supervisor	
Ad Director		Acct. Supervisor	
Ad Manager		Acct. Executive	
Other (specify)		Media Director	
		Media Supervisor	
		Media Planner	
		Other Accounts at agency:	

Issue sales planner

Publication __________ Date of Issue __________ Salesperson __________

Date prepared __________ Closing Date __________

SPACE Last Year Actual	SPACE This Year Budget	SPACE This Year Actual

Account	Space Size Last Year	Action Steps/ Remarks/ Continued/ Probable/ Possible

Chapter 8

Value-added

Merchandising and value-added services or programs should be an extension of a specific marketing strategy. *Value-added items do not usually impact initial selection of a publication for an advertising buy.* A powerful idea, however, can sway a decision if a client or agency is undecided about a certain publication.

A good merchandising or value-added idea can extend your advertising activity, but it has to be considered along with price and positioning. Those three factors all have to be synchronized to make the advertiser's dollar go further.

Often a good idea can be worth much more than any discount you can offer to some advertisers. Needs vary from client to client. To some it's not a priority, while others have the time, manpower and inclination needed to make a value-added idea provide valuable impact.

It's advisable to sit down with the agency and client to discuss the client's intended course of action. You can then avoid presenting a laundry list of ideas that might not fit the client at all.

A good merchandising or value-added idea can provide clout among important constituencies. The key to having creativity flourish is to open the client's needs to the publication and make the relationship more of a partnership.

When do you charge for added value?

When do you charge for added value, and when do you absorb the cost as a sales expense? The decision should be made before the value is offered. Salespeople must realize that extras cost money. For example, *Inc.* meets this problem by requiring their sales staff to fill out a "value-added merchandising proposal request."

"Free" extras mean that advertisers who do not want them have to subsidize those that do.

Remember that the best value-added programs are created to meet a particular advertiser's marketing needs.

How value-added helps the advertiser

Because the primary goal of added value is to support advertising's effectiveness, to be successful value-added programs must:

1. **Make real business sense**—Advertisers who purchased space in *Sport's Illustrated*'s Winter Olympics preview issue got hotel rooms,

a hospitality suite and prime tickets to major events—an undoubted value to the individuals, but one that did nothing to increase the value of the advertising.

2. **Take the uncertainty out of marketing-communications decisions**—The value added must be important enough to justify the buy. Prospects need a reason for buying that is easy to explain to others and themselves.
3. **Amplify the advertising's message**—*Rolling Stone*'s comedy nights for Doritos Cool Ranch Flavor Tortilla Chips worked, according to Frito Lay, because "it helped us maximize our overall comedy theme." Frito-Lay was already using comedian Jay Leno as spokesman for the tortilla chips.
4. **Contribute to an advertiser's overall marketing strategy**—The importance of the last benefit will vary with the size of the investment. A *Newsweek* cover foldout, a Miracle Whip ad placed next to a McCall's salad recipe, contributed relatively little to Kraft's total strategy. However,

Kraft's investment in a Meredith program made it central to the marketing strategy for four key Kraft products: grated cheese, Miracle Whip, cream cheese, and Velveeta. The $3 million Meredith program involved a 12-page insert in 5 Meredith magazines (women's category), a special 80-page cookbook for sale with purchase of three of the four products and a two-page spread in over 50 million free-standing inserts in Sunday newspapers.

The type of value added

Techniques for achieving added value range as far as your imagination can take it. But almost all will embody one or more of the following:

1. **An increase in the advertising ability to attract attention.** This may be achieved by:
   - Special placement—Examples: special issues, special sections, etc.
   - Special format—Absolut Vodka runs a gatefold

in *Vanity Fair* that opens up to a four-page poster.

2. **An inducement that leads readers to give the advertising more attention.** Two more common methods for doing this:

- Related editorial—*Games* runs games related to the product adjacent to the ad.
- Special incentives—To bring attention to the Italian Trade Commission's advertising *Esquire* promised 50 new silk ties to the reader who sent in the ugliest tie. *Games* runs a continuing look-for-the-fake-ad game in each issue.

3. **A substantial increase in the size of the audience.** The three most popular ways of doing this are:

- Added circulation on the issue—*The New York Times* celebrated a six-page Apple Personal computer co-op ad by distributing free apples and newspapers to commuters.

- Offprints or reprints—*Travel & Leisure* mailed BMW's Ten Great Hotels of the World insert to a list of American Express card members.
- Support in other media—*Time*'s long-time "Missing I" campaign simultaneously promotes the magazine and individual *Time* advertisers. A Summer Sweeps radio program is the value added for advertisers who buy space in *USA Weekend*'s slow summer season. *Family Circle* backed its 24-page Microwave Guide with a four-page insert in *Progressive Grocer* and in-store ads from ActMedia.

4. **An extension of the advertising's impact to distribution channels.** Magazines do this by:
   - Bringing the advertising to the notice of wholesalers and retailers—4,000 travel agents receive *At Large*, a newsletter from *The New Yorker* about its travel advertisers. Regional and city magazines have a particular advantage here due to their direct contact with local retailers.

- Helping to motivate salespeople—Advertisers come to *Reader's Digest* for sales contests to help motivate retailers. When Merrill Lynch runs a special section, *Forbes* supplies 100,000 copies for the Merrill Lynch field force. *Country Home* conducts seminars for advertiser's salespeople.
- Occasional product promotion at the retail level—*Self* runs "self expression" events in department stores featuring advertisers product demonstrations and seminars. *Brides* holds similar bridal shows in major retail stores in June and December.

5. **A stimulus to encourage reader response to the advertising.** Most of these stimuli fall into four classes:

- Response mechanisms—The most widely used is the bingo card. *Esquire*'s four-page insert "the liquor sampler" uses an 800 number for readers to place orders.
- Dealer-visit motivators—Readers took a tipped-in card to a Mazda dealer to discover if they had

won in the *Woman's Day*/Mazda Way Instant Winner game.

- Sampling—*Mademoiselle*'s "center stage" shopping mall program distributes samples from advertisers in the magazines.
- Tie-ins with other products—*Self*'s sweepstake tied in several foot wear marketers, Lady Foot Locker and Florida's Bonaventura Resort and Spa.

6. **Additional tools that can be used to improve the advertiser's marketing plan.**
   Some examples:
   - Extending a co-op program—*Parade*'s "TAP" program encourages retailer use of its advertisers co-op in *Parade*'s 300 member newspapers.
   - Creating a custom medium—When Sony wanted to achieve a leadership position for its new ES audio components, *Audio* developed wall posters for audio stores to explain the equipment's benefits.

- Developing appropriate research—*Better Homes and Gardens* runs an ongoing consumer panel for its advertisers.

Chapter 9

Managing the sales staff

Budgeting

There are basically three different kinds of sales costs that can be associated with advertising sales.

The simplest is the fee taken by a sales rep. Usually it is a fixed percentage of the net revenue and therefore cannot itself be expected to raise or lower the number of advertising pages sold. The amount of the percentage, however, may be assumed to function as an incentive to the effect that a higher percentage paid to the sales rep may increase the number of advertising pages sold.

The second areas of sales cost is for advertising staff salaries, expense accounts, office space, clerical assistance, fringe benefits, etc. A very small staff can impose limits on the number of pages sold, conversely a large staff can spend a lot of time talking to itself. In true point-of-diminishing returns fashion, each incremental salesperson produces a smaller and smaller increment in advertising income.

As mentioned earlier when discussing forecasting sales, it is helpful to tie compensation (salary/ commission/bonus) to each salesperson's sales projections.

Promotion effort is the third kind of sales cost. Media advertising, hospitality suites and conventions, media kits, brochures, rate cards and advertising direct mail all follow a similar point-of-diminishing returns curve in the impact on advertising pages sold.

While we are not necessarily recommending this approach, if you start with the premise of zero based budgeting for sales, you must ask yourself how much will my investment impact ad pages sold and advertising revenue. While each area may not be able to track directly back to sales (promotion, for example) it is still useful to try.

For example, how much revenue do you anticipate that sales promotion will generate? How much revenue will each trip or convention travel expense generate?

Expectations of the advertising manager

It takes a great deal of planning and ingenuity to develop a motivational program that directs a sales force to sell in a way that will maximize profits, rather than just increase sales. The advertising director's responsibility most likely to be neglected is strategic planning. Yet it is vital to the sales operation. Strategic planning for the advertising director requires:

- **understanding management's goals** for the whole company in terms of both sales and profits

- **proposing to management how the sales department can contribute** to achieving those goals and accepting management's decision on what the department's contribution should actually be.
- **developing a plan** to reach the sales-department goal in the allotted time and with the resources available.

For the advertising manager, an effective tolerance for paperwork is an absolute necessity.

Advertising managers frequently have a better view of where a magazine's future lies than anyone else in the company. It is up to management to use such knowledge and up to the advertising manager to let management know what he or she thinks.

Improving performance

Once a year, the advertising manager should ask each salesperson to prepare, in advance of his or her personal evaluation/review meeting, answers to the following questions (credited to Helen Berman from The Sales Athlete):

List creative ways you could improve your performance in each of these areas.

1. The sport of identifying new prospects
2. Building my presentation material strength
3. The art of accessing key decision makers
4. My presentation performance for my publication
5. Overcoming objections
6. Closing in on the competition
7. Results: contracts/renewals
8. Keeping my accounts in shape: service/follow-up
9. The client warm-up/entertaining
10. Tackling office procedures - reports, etc.

Improving performance

For publishers of trade publications, one crucial key to your sales staff's success is their ability to sell your magazine's readership. To do this, your sales staff must understand the relationship their publication has with its readers to the point where they can define and explain it to the advertiser. Here's a guideline:

1. **Who, specifically, is your publication written for?** Don't settle for vague answers. For example, have you ever heard of a trade publication that didn't claim to reach "decision makers"?
2. **Can you describe a typical day for your reader** and explain how your publication helps him or her get his or her job done?

   Trade publication readers certainly are "buyers", but they do much more in a day than just buy products. Your staff needs to explain why the publication's editorial is valuable to its readers all day long.

3. **How is the editorial focus of your magazine determined?**

   One publication may emphasize industry news; another, "hands-on" or "how-to" editorial; another technical information, etc. Also, each publication will dedicate a different percentage of editorial space to issues and events within an industry.

   If your publication's focus is determined by the editor's intuition, make sure your staff knows the qualifications the editor has to make these determinations. If editorial focus is determined by market research, your staff should know how to present it to clients.

   If your sales staff can convincingly explain how the editorial focus of your publication is determined, they will be able to sell the validity of your editorial and demonstrate its importance to readers.

4. **How has the editorial focus of your publication changed over the last five years?**

   The relationship a publication has with its readers is not static. There are very few industries that remain completely static for five years running. If your staff can explain how your publication has kept up with an industry, they prove the ongoing vitality of your editorial and its importance to the reader.

5. **How is the editorial focus of your publication different from the editorial focus of competing publications?**

   When competing publications are differentiated editorially, the case for readership that your staff builds will stand out with distinction.

6. **What editorial found in your publication is unique to the industry it serves?**

   These kinds of claims must be specific. For example, if your staff is claiming that your publication is unique because it is the industry's news source, this strategy could backfire. The claim is too general because every other publication in your field probably has news in it.

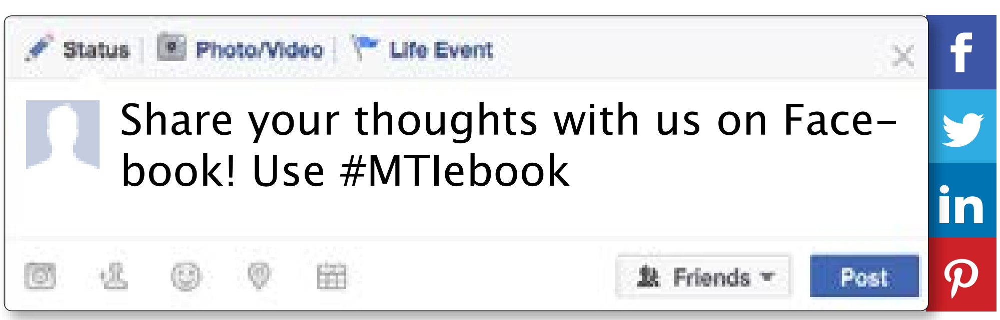
   Find something you offer your readers that is truly unique to the industry. For example, news about a specific market niche you regularly cover that no one else does.

Readership is the driving force behind a trade publication's effectiveness as an advertising vehicle. If your staff can sell the readership of your publication, their sales in the field will be significantly enhanced.

Beyond the book

Use the "Improving Performance" section in the final chapter of this e-book as a valuable exercise to conduct with veteran salespeople, and those new to your staff.

More information on the business of magazines can be found in the "Managing the Magazine with Confidence and Skill" training manual. To purchase the complete manual, visit: www.magazinetraining.com.



About the author

Lou Ann Sabatier loves publishing, as evidenced by her 35-year career in strategic planning, business development, market research, audience development, management and finance. Lou is principal of Sabatier Consulting, where she has worked with over 100 media clients, giving them the tools they needed to increase profitability. Prior to founding the consulting firm, she worked as a literary agent, as managing director of an international economic magazine, as associate publisher of a national opinion magazine and CEO of a media company. She speaks widely at conferences and workshops throughout the world. Lou is strategic communications director for the 21st Century Wilberforce Initiative, a Christian non-profit advocating for religious freedom. She also served as a trainer with MTI in India.

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