

Direct Response in Print Media

At a Glance

Magazines as a Direct-Response Medium	359
Which Magazines?	361
Designing and Executing Direct-Response Space Ads in Magazines	367
Direct Response in Newspapers	373
Newspapers as a Direct-Response Medium	374
ROP Advertising in Newspapers	375
Freestanding Inserts	375
Newspaper Supplements	376
Total Market Coverage	377
Summary	381
Discussion Questions and Exercises	381
Suggested Reading	381

Direct marketing in the print media may not be the most glamorous side of the industry, but is the lifeblood of many smaller firms and an important part of the media strategy of mid-sized and giant companies, consumer and business alike. In addition, as media reach becomes more global, important print titles are engaged in major international expansion that benefits direct marketers.

Consider the ads from *Sports Illustrated* (SI) in Figure 15.1 (p. 358) as an example of the impact and flexibility magazines can offer direct-response marketers. We discuss newspapers as a direct-response medium later in this chapter.

In the same issue that reported the results of the 1997 World Series, *SI* made the two offers shown in Figure 15.1. The postage-paid card is a subscription offer to the magazine itself that actually appeared three times in the issue: twice as a bind-in and once as a blow-in. It offers two incentives for a paid one-year subscription—a World Series video and a Marlins sports watch. This illustrates good offer and incentive strategy by making the incentive relevant to the offer. On the page facing one of the cards is a full-page ad offering

FREE MARLINS OFFER!

The Florida Marlins made baseball history this year. Now you can celebrate their World Series victory with the official 1997 World Series video and an exclusive Florida Marlins World Series championship sports watch—both FREE with your paid subscription to SPORTS ILLUSTRATED.


YES! Send me 54 issues of Sports Illustrated (only \$1.48 an issue)—a savings of over 57% off the cover price—along with my 2 FREE GIFTS.

NAME _____ (PLEASE PRINT)

ADDRESS _____ APT. _____

CITY _____ STATE _____ ZIP _____

OR CALL 1-800-332-8783 AND USE YOUR CREDIT CARD.
PLEASE CHECK ONE: Payment enclosed. Rush my 2 FREE gifts right away.
 SIDWYAZ Bill me in 4 monthly installments.
Site cover price is \$3.50. Printed on recycled paper



#1 FREE GIFT:
WORLD SERIES
WATCH



#2 FREE GIFT:
MARLINS VIDEO

GET 2 FREE GIFTS

Sports Illustrated

SHOWDOWN
NOVEMBER 2ND
(cap available now!)

The new Pro Line "DONE" Cap by Sports Specialties

A team color brushed twill cap featuring a fully adjustable white back strap with team name and a Pro Line label. The front sports a reflective stripe highlighting a centered team logo.
\$23.95 Order # APFE214

Order now: **1-800-274-5200** 24 hours toll-free 7 days
www.ultimatelockerroom.com

A CHAMPIONSHIP OFFER

Own Official 1997 World Series Authentics. And get an Exclusive Florida Marlins Collector's Edition - FREE!

Exclusive Collector's Edition

This exclusive Marlins Collector's Edition from the editor-in-chief includes 100 photos, 100 pages of exclusive photography from the Marlins' magical season in the playoffs and the World Series. Includes a 1997 FREE with purchase. 100% recycled paper.

1997 Official World Series Video

Includes the best of the 1997 World Series and the best of the 1997 World Series video from The Sports Illustrated Channel. Features highlights of the game, Marlins' and regular season, plus interviews and songs set down on TV. Full length video. Allow 4 weeks for delivery.

Official Locker Room Championship T-Shirt

This is the same shirt the Marlins wore in the locker room during the 1997 World Series. Features Florida Marlins Official White Tee with Florida Marlins logo. White. Size: S, M, L, XL, 2XL. **EXPRESS \$19.95**

Official Locker Room Championship Cap

From 1997 World Series Champions. Marlins logo. Solid. Adjustable. **EXPRESS \$22.95**

Marlins Signed World Series Team Bat

Complete includes baseball bat, bat bag, Marlins World Series Championship bat bag, Marlins World Series Championship bat bag. **EXPRESS \$149.95**

Marlins World Series Championship Polo Set

Includes Marlins World Series Championship Polo Set. Includes Polo Shirts, Polo Shirts. **EXPRESS \$100.00**

Official Championship Sweatshirt

This is the same sweatshirt the Marlins wore in the locker room during the 1997 World Series. Features Florida Marlins Official White Tee with Florida Marlins logo. White. Size: S, M, L, XL, 2XL. **EXPRESS \$24.95**

TO ORDER, CALL TOLL-FREE 1-800-274-5200 FOR CREDIT CARD ORDERS ONLY.

FIGURE 15.1 Direct-Response Advertising for Sports Products

Source: Used with permission of Sports Illustrated.

Marlin's specialty items—from a signed team bat to caps and sweatshirts. The incentive for these products is an "Exclusive Florida Marlins Collector's Edition" of *Sports Illustrated*. Near the 1-800 number, *SI* also promotes a Web site—www.ultimatelockerroom.com.

Although the fact that this is advertising for the magazine and its own sports-related products undoubtedly enhanced *SI's* ability to insert this advertising so quickly, who is to say that a well-prepared advertiser—with the media buy made and ads prepared for both eventualities—could not have done the same?

Magazines as a Direct-Response Medium

Magazines are an advertising medium used by both general advertisers and direct marketers. In deciding to use this medium and then deciding in which magazines to advertise, the direct marketer confronts many of the same issues faced by general advertisers plus a few unique to direct marketing.

We consider four major issues as they confront the direct marketer:

1. determining whether magazines are an appropriate medium
2. deciding which magazines to test
3. specifying additional requirements such as regional editions and split runs
4. designing and executing the advertisement

THE CONTEMPORARY MAGAZINE ENVIRONMENT

In recent years magazines have become very much a specialty medium. There are few mass-circulation magazines left—*TV Guide* and *Reader's Digest* are the two primary ones in the United States. Other staples of the 1940s and 1950s, such as *Look* and the *Saturday Evening Post* (fondly remembered for its Norman Rockwell covers, among other things), have disappeared, unable to compete with television for mass-media advertising. *Life* magazine disappeared from the shelves for almost six years and reemerged with a much smaller rate base and a highly pictorial format that was feature oriented rather than news oriented. General newsweeklies such as *Time* and *Newsweek* have also shifted toward a more in-depth feature and investigative format as the dissemination of news has become instantaneous via cable television and the Internet. Other survivors include *McCall's* and *Ladies' Home Journal*, women's magazines that refocused their editorial material on concerns of contemporary women, including their status as working wives and mothers.

The large-circulation magazines now face intense competition from a host of specialty magazines that appeal to well-defined target markets from apartment dwellers to organic gardeners. Competition continues to intensify, with dozens of new specialty titles being added each year. *Bob Vila's American Home* competes with *This Old House* and both compete with the well-established *Architectural Digest*.¹ Niche titles such as *American Patchwork* and *Quilting* search for their place in the market.² Another niche title, *Cigar*, has taken advantage of the popularity of high-end cigars and includes cigar retailers such as liquor stores in its distribution strategy. A new entrant called *Notorious* aims to attract females as well as males in competition with *Cosmopolitan* and *Playboy*.³ The music category continues to spawn new titles—*The Source*, *Vibe*, and *XXL*.⁴

At the same time, major publishers are expanding well-known titles internationally. France's Hachette Filipacchi Presse established *Elle China* in 1988, offered first as a quarterly, then as a bimonthly, and by 1997 as a monthly. By that time, Hachette had a total of 30 titles in Asia, ranging from *Car and Driver* to *Top Model*.⁵ U.S. publisher Condé Nast has

¹Keith J. Kelly, "Bob Vila Tries to Build Niche in Magazine World," *Advertising Age*, 26 August 1996, 4.

²William Spain, "In General, Where Are the Readers?" *Advertising Age*, 15 October 1996, s6.

³Carol Krol, "'Notorious' Stakes out Own Niche in Sexuality Category," *Advertising Age*, 27 October 1997, 8.

⁴Kathryn Drury, "Entrepreneurs Find New Source of Inspiration," *Advertising Age*, 27 October 1997, s18.

⁵Scarlet Cheng, "Hachette's Barometer Is 'Elle' When Entering Any New Market," *Advertising Age International* (October 1997): 27.

successfully introduced *Vogue* into Korea, Taiwan, and Japan. After initial success in Korea, it added *Glamour* to its offering. Previously that title had been marketed only in the United States and Italy.⁶

Other changes have occurred in magazine publishing in recent years. The physical appearance of many magazines has been greatly enhanced with modern typefaces, more sophisticated photography, streamlined graphics, and more use of color—all on heavier paper that provides a better look and more impressive feel. Editorial policy has changed too. Recognizing that time pressure makes lengthy articles unappealing to many people, many magazines have been featuring shorter articles. Others, such as *The New Yorker*, have made small alterations in layout or type without changing their primary focus on the written word. Still others feature an occasional lengthy, in-depth article interspersed among many shorter ones. Special-feature issues, such as *Sports Illustrated's* annual swimsuit issue, are also used by many magazines. All these changes have been accompanied by increasingly aggressive marketing of both subscriptions and single copies.

One relatively new title, *Martha Stewart Living*, illustrates subscription marketing and the development of a customer base that is receptive to direct-response offers:

Martha Stewart is one of the phenomenally successful “brands” of the 1990s. Beginning her media career as a frequent guest on talk shows including Letterman and Today, she launched the *Martha Stewart Living* magazine under the auspices of Time Inc. in 1990. It has since become independent.

In January 1991 the first subscription mailing was sent to about two-dozen magazine lists. They tested lists that targeted middle-income women (such as *Ladies' Home Journal*) and upscale women (such as *Elle Decor*). The upscale lists drew better, and the magazine had established its niche.

Soon they began to package editorial content into books on topics like gardening or seasonal specialties such as Christmas entertaining. In 1994 she launched a weekend television program which included a plug for the magazine at the end of each segment. In 1997 the media empire further expanded with a daily television program and a Web site. Each medium cross-promotes the others.

Much of the subscriber acquisition for the magazine has been by direct mail with a mailing of 3 to 4 million packages each December. According to Lauren Stanich, director of marketing for Martha Stewart Enterprises, they continually test creative, but “the only thing that works for us is a complicated package with a four-color outer envelope, colorful order form and long letter. We're not like *Sports Illustrated*, where everybody knows what it is.”

Ms. Stewart also has a Martha by Mail catalog which has been cross-promoted in the magazine with an eight-page catalog insert. Buyers are added to the catalog list.

Ms. Stanich adds that as the brand has grown, “the amount of available names that work for us has dramatically increased” with successful use of mail order lists like Williams-Sonoma (kitchen equipment and food) and Jackson & Perkins (gardening). They plan to begin coding subscribers who order merchandise as mail-order buyers and database records will indicate whether they were originally acquired through mail or television.

By early 1997 the magazine's subscriber base was over 2 million, making database building successful enough to allow them to develop demographic and lifestyle models to drive future acquisition mailings.⁷

⁶Scarlet Cheng, “If Conde Nast Can't Enter at Top, It Won't Enter at All,” *Advertising Age International* (October 1997): 27.

⁷“Eight in the Top Corner,” www.mediacentral.com, 27 August 1997; Keith J. Kelly, “Publishers Fixing Problems with Single-Copy Sales,” *Advertising Age*, 24 February 1997, 15.

A magazine that acquires a substantial portion of its customer base from mail-order lists should be a prime vehicle for direct marketers of relevant products and services.

MAGAZINES AS A MAIL-ORDER AND LEAD-GENERATION MEDIUM

Magazines allow the direct marketer to reach relatively large audiences at a cost per contact (but perhaps not a cost per order or per lead) that is generally lower than direct mail. Like direct mail, they allow for detailed presentation of sales appeals and high-quality color photographs and artwork. Magazines are presumed to require considerable attention from the reader, which may lead to more careful consideration of the advertising in them. Nash suggests that there are several considerations when determining whether magazines are an appropriate medium for a particular offer:⁸

- *Economics.* If the margin is very low, or if it is a two-step offer whose objective is to get information to many prospects, magazines may be appropriate because of their low cost per contact.
- *Credibility.* If the firm or product are unknown, the offer may need the “halo effect” of the magazine’s own credibility to appear believable to prospects. Magazines that are known to be selective in accepting advertising and to stand behind the claims of their advertisers have high credibility with readers. Those that lack credibility (for example, the sensationalist tabloids sold at supermarket checkout counters) are poor vehicles for mail-order advertising of reputable products.
- *Lack of Satisfactory Lists.* If there are no good lists for a particular type of offer, it will be necessary to build lists by initial promotion in media that reach large audiences. This may be true for a genuinely innovative product. It is frequently true for business products that may be purchased by many different people within the same organization. Today consumer magazines carry database-building direct-response ads for pharmaceuticals ranging from cardiac medications to birth control aids. In addition, direct-mail marketers and catalog marketers frequently add magazines to their media mix when they see their ability to rent high-performance lists declining. It is also possible that space advertising will attract customers who do not tend to respond to direct-mail offers. Because of cultural issues, restrictions, and the overall scarcity of rental lists, European direct marketers have found it necessary to use mass media, including magazines and newspapers, to build product-specific databases.

Which Magazines?

Like the general marketer, the direct marketer looks at three basic criteria when deciding in which magazine to place advertisements: circulation, special services, and editorial policy. The direct marketer then adds a fourth criterion: receptivity to direct-response offers.

CIRCULATION

Magazine circulation has three components:

1. subscriptions
2. single-copy sales
3. pass-along readership

⁸Edward L. Nash, *Direct Marketing: Strategy, Planning, Execution* (New York: McGraw-Hill, 1982), 115–116.

Some magazines (for example, *National Geographic*) are sold primarily by subscription, whereas others obtain most of their sales at newsstands and store checkout counters. Some magazines have high pass-along readership (have you been in a doctor's office lately that did not have *People* magazine in the waiting room?), whereas others do not. Magazine subscriptions can be either paid or unpaid, the latter—called *controlled circulation*—is primarily an issue in business markets.

There is no single answer to which type of magazine is best for a particular application. It depends on the product itself and the objectives and requirements of the specific direct marketing program. An offer that needs the credibility conferred by the magazine itself will benefit from a magazine with a strong image and a loyal subscriber base. An offer that has as one objective building a new mailing list or adding genuinely new respondents to an existing list will benefit from a magazine with either high single-copy sales or pass-along readership or both. Lead-generation programs, consumer or business, will also benefit from the wider exposure provided by single-copy sales and pass-along readership.

The size and composition of the magazine's circulation are also important. The most comprehensive sources of detailed data on magazine circulation are the consumer and business publications of Standard Rate and Data Service (SRDS). In these publications, magazines are listed according to category (general editorial, women's, men's, card decks, and so forth). Besides circulation data, each listing contains detailed information on advertising rates, sales office locations, and special services offered by the magazine. In addition, you can find detail on the statistics they offer and see sample magazine and newspaper rate cards and circulation data on the SRDS Web site (www.srds.com).

SPECIAL SERVICES

Magazines offer many special services, most of which involve additional charges, that may be important to the direct marketer.

Position

Basic rates for magazine space are for ROP (run-of-paper) advertising in which the publication controls the placement of the ad. Advertisers can negotiate some aspects of placement; for example, placement on right-hand pages only (left-hand pages have been found much less desirable for direct-response advertising).

For the most desirable pages in the magazine, there will be an additional charge, if those positions are even available. The best positions are highly prized and are usually offered first to repeat advertisers. Position may not be very important as far as readership is concerned, but direct marketers feel it is extremely important in terms of response. Table 15.1 presents a list of the most important positions in a magazine and an evaluation of their relative worth.

If a response coupon is used, it should be on the right-hand side (of a right-hand page) so it will be highly visible and easy to remove—not lost in the “gutter” at the center of the magazine. Likewise, if the ad is less than a full page, negotiate placement on the outside of the page rather than on the inside.

Many magazines have shopping pages near the end of the publication. These are similar to the classified pages in a newspaper and offer exposure to readers who are particularly interested in mail-order shopping opportunities. The ads are usually rather small, making them feasible for the very small or beginning mail-order marketer.

TABLE 15.1 Position Preferred Sequence

<i>Position Preferred Sequence</i>	<i>Position</i>	<i>Index</i>
1	First right-hand page and back cover	100
		Approximate Response Reduction from First Choices Above, %
2	Second right-hand page	-5
3	Third right-hand page and inside third cover	-10
4	Fourth right-hand page and page opposite third cover	-15
5	Midbook (preceding editorial matter)	-30
6	Back of book (following main editorial section)	-50

Source: Walter S. McKenzie, "Magazine Advertising," in Edward L. Nash, ed., *The Direct Marketing Handbook* (New York: McGraw-Hill, 1984), 312. Reproduced with permission of the McGraw-Hill Companies.

Split Runs

Split runs allow the advertiser to insert different versions of the ad in the same issue of the magazine. The ads are actually inserted in every other issue of the magazine as it comes off the press, so the advertiser receives a random sample of the magazine's audience. The ability to test in the same issue of a magazine decreases both the cost and the time necessary to evaluate a new product, offer, or creative execution. When engaging in split-run testing, keep two things in mind. First, vary only one element—for example, the offer, the manner in which the product is positioned, or the price. Second, responses to the different versions of the ad must be carefully tracked. A code number printed on the response device or different toll-free telephone numbers are two common ways of tracking. Helpful hints for developing code numbers, commonly referred to as "keys," are shown in Figure 15.2 (p. 363). The number of splits that can be tested in a single edition of a magazine is primarily a function of the circulation and, consequently, the sample size available for each version.

Inserts

Inserts provide high visibility for direct-response offers by "breaking" the magazine, that is, by causing the magazine to fall open at the insert. Inserts can be done in many ways. Some popular formats are postcards or business-reply envelopes that are either bound in or blown in, full-page inserts with detachable response coupons, and multipage inserts that are either the same size as the publication or smaller. Remember, though, an insert adds to both the cost of the ad and its lead time. Therefore the economics of inserts must be considered carefully.

Magazines limit the number of inserts that will be placed in a single edition and where inserts can be placed. Position is just as important for inserts as it is for other direct-response ads. The closer to the front of the magazine inserts are placed, the better. The one exception is the inside back cover, which has been found to be equal in pulling power to the third insert placement.

The functions the key in an ad must perform are:

Provide unique identification of the ad to which the individual is responding. It is helpful to know the publication that generated the response. It is preferable to know the exact issue.

Be easy to locate and identify by the fulfillment staff or the telephone respondent.

Be easy for the publication to advance with each issue. When an ad is run consistently day after day or month after month, new copy is not submitted for each insertion. The responsibility of changing the key for each insertion will be the publication's.

Make it easy to tabulate returns. This necessitates either a numerical or an alphabetical code in each key.

The key may include any or all of the following information:

- The number of the post office box.
- A code that identifies the publication. A large number of magazines suggests something like "M14"—the 14th magazine in the "M's" in list of magazines. Use the SRDS index or develop your own list. There are fewer newspaper possibilities: a simpler code like "WSJE" (*The Wall Street Journal* eastern edition) will usually suffice.
- A number for the specific issue of the publication. "M145" would identify the fifth insertion in the 14th magazine in the "M" list. Again, this can be more straightforward for newspapers: "110587"—simply month, day, year.
- A code that identifies the product. This is especially helpful when the number of ads is very great or there are multiple ad insertions in a single issue of a publication.

Two other keying issues are:

- Different telephone numbers may be used for different publications.
- The key in direct-mail pieces identifies the list from which the name was taken. It may also be helpful to include other information such as the date of the mailing in the key. The key is printed on the response envelope or card.

FIGURE 15.2 How to Key Advertisements

Source: Adapted from Julian L. Simon, *How to Start and Operate a Mail-Order Business*, 4th ed. (New York: McGraw-Hill, 1987), 147–150.

Regional and Demographic Editions

Most major magazines offer several regional editions. Using regional editions results in a higher cost per contact but a lower total cost, which may be especially important to the small direct marketer. It allows the larger firm to gather information about the responsiveness of particular geographical markets and provides a cost-effective media buy for products with known regional appeal.

Advertising in regional editions may also be used to support a television campaign or mail-order drop within that particular area. In addition, splits are often available within regional editions, allowing for testing of new products or copy, for example, within that geographic region. The drawback to using regional editions is that the position options within the magazine are usually limited, so the advertisement often ends up in a less favorable position. Demographic editions offer the opportunity to reach only subscribers who possess a

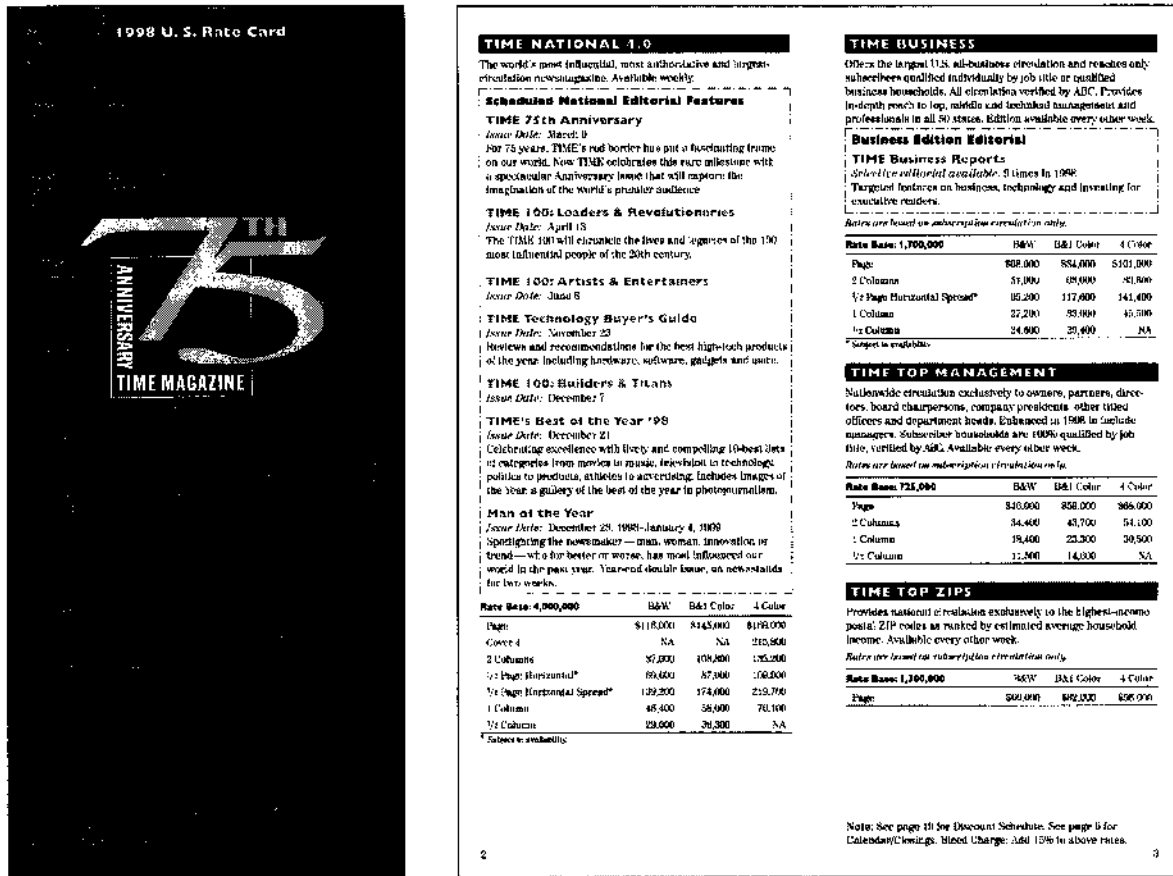


FIGURE 15.3 Part of Time Magazine Rate Card

Source: Reprinted with permission of Time, Inc.

particular demographic characteristic, such as households with an income over \$100,000 or working women. The cost of advertising in these editions is proportionally higher than in regular editions, but testing may confirm that the more targeted audience is worth the added per prospect cost. Part of the rate card of Time magazine is shown in Figure 15.3. It shows several of the many special editions offered by this magazine. The targeted editions are made possible by the existence of identifiable market segments within its four million household rate base.

Discounts

Direct marketers should also be aware that magazines offer several types of discounts, most of which are available to all advertisers and some of which are especially designed for direct marketers. If any of these apply to a particular media buy, they should be used:

- special mail-order rates
- dollar-volume discount
- frequency discount
- discount based on the total number of pages purchased
- discount based on purchase of space in several magazines owned by the same publishing house
- remnant space (space unsold just prior to the magazine's closing date)
- per inquiry rates

EDITORIAL POLICY

Editorial policy refers to the general tone of the feature articles in the magazine as well as to the actual editorials. When you pick up a copy of *The New Yorker*, you expect detailed articles on social affairs, politics, and the arts written for a well-educated and socially aware audience. When you pick up a copy of *Wired*, you expect to find articles for computer-savvy readers as well as feature material and advertising with a distinct edge.

Both of these magazines are popular with direct-response marketers. *The New Yorker* contains numerous direct-response ads for upscale clothing and home furnishings, travel and entertainment, and gourmet foods and gifts galore. *Wired*, as you would expect, contains direct-response ads for computers, software, peripherals of all types, and a wide variety of supporting products and services. Clearly, both are effective for direct-response advertisers who need to reach quite different target audiences.

The overall viewpoint of a magazine may be politically liberal or conservative or downright iconoclastic, but remember that the advertiser's concern with editorial policy does not necessarily refer directly to political ideology. It refers to the tone of the content and to the context it provides for both general and direct-response advertising. The publisher of *Harper's* summarized it well:⁹

A reader who trusts the editorial content, if not in all of its particulars at least in its intent, presumably will look upon the ads in a similarly open-minded way. Maybe not without a trace of envy or a pause of suspicion—but willing to read the message and listen to the argument.

RECEPTIVITY TO DIRECT-RESPONSE OFFERS

For the direct marketer the single most important criterion in choosing a magazine for promotional purposes is the receptivity of the publication's readership to direct-response offers. Bob Stone points out some of the characteristics of the "best" magazines for direct marketers to test:¹⁰

A magazine that performs consistently well for a variety of direct response advertisers is like a store in a low-rent, high traffic location. It's far more profitable than a store selling the same merchandise on the wrong side of town.

Such a magazine just seems to have an atmosphere that is more conducive to the mail response customer. The mail order shopping reader traffic is high in relation to the publication's cost per thousand. Magazines in this category (and this is by no means a complete list) are *National Enquirer*, *Parade*, and the mighty *TV Guide*. Women's publications also doing well for mail-order advertisers are *Family Circle*, *Better Homes & Gardens*, *Good Housekeeping*, *Cosmopolitan*, *Woman's Day*, *Seventeen*, and *Redbook*. Men's publications include *Home Mechanix*, *Moose*, *Playboy*, and *Penthouse*.

Stone also notes that the list of mail-order responsive magazines changes significantly over time, and there can even be variations from year to year.

⁹Lewis H. Lapham, "Why Integrity Tastes Better than a Belgian Chocolate," *Advertising Age*, 27 October 1997, s2.

¹⁰Bob Stone, *Successful Direct Marketing Methods*, 6th ed. (Lincolnwood, IL: NTC Business Books, 1996), 59.

Changing demographics (primarily working women) and changing lifestyles certainly account for some of these shifts. The increasing willingness of a large segment of the population to purchase by mail the more expensive items appropriate for inclusion in upscale magazines is also a factor. The important question is not: What magazines are good for mail-order and lead-generation advertising? Rather, it is: What magazines are good for mail-order and lead-generation advertising for my product category? Some magazines may work well for certain product categories but poorly for others. *Yankee* magazine has long been regarded as one of the most effective vehicles for mail-order advertising. It has a relatively upscale and devoted readership that stretches throughout the United States. Mail-order ads for foods, household items, clothing, crafts, and other products with a decidedly New England ambiance generate high response rates. However, the value of the average order generated by advertising in *Yankee* is lower than that obtained through advertising in *The New Yorker*. Products that can succeed in *Yankee*'s digest-sized format might not succeed in *The New Yorker*. The reverse is not necessarily true, though. Although some products that are at home in the sophisticated environment of *The New Yorker* would be seriously out of place in the more informal setting of *Yankee*, a few appear to do equally well in both—L.L. Bean and The Company Store (down products), for example. This seems to be because of the general mail-order receptivity of the subscriber bases of the two publications.

The direct marketer must look not only for magazines that contain substantial amounts of direct-response advertising, but also for those that continually feature direct-response advertising for similar products. One way to ascertain this is to buy a lot of magazines and track their advertising for several months. Certainly the direct marketer should make a practice of studying the advertising of competitors and leaders in the field, but a quicker and more efficient way of finding out which magazines carry ads for products similar to your own is to consult the magazine advertising schedules compiled by the Publishers Information Bureau for member publications.

WHICH MAGAZINES . . . ONE MORE TIME

So, after taking into consideration all these factors, which magazines (and a direct marketer of any size will use several) should you choose? The rule is the same as it is for any other direct marketing situation: Make the most informed choice possible and test your choice. Once you learn which type of magazine tends to work best for your product, it will become easier to select other magazines that are similar on the key characteristics. Just avoid making any long-term advertising commitments until you are sure that a particular magazine will generate a profitable level of sales or the quality and quantity of sales leads you desire.

Designing and Executing Direct-Response Space Ads in Magazines

There are many similarities between developing copy and artwork for direct-mail pieces and for space advertisements in magazines. The ad must attract attention, arouse interest, stimulate desire, and inspire action. At the same time, an ad does not operate in the one-to-one environment of direct mail, so it cannot have the exact characteristics of a direct-mail piece.

THE ELEMENTS OF A DIRECT-RESPONSE SPACE AD

A direct-response space ad has four basic elements: the headline, copy, graphics, and coupon. Joel Blattstein makes strong recommendations about each of these four elements as well as other aspects of designing and executing print ads.¹¹

Headline

In general, short headlines of nine words or less work better. However, length is not the most important issue. Rather it is how well the headline motivates the reader by promising a desired benefit. A motivating headline leads to careful reading of the copy and then to taking the desired action.

Copy

Again, the issue in copy is not length; it is content. "If the body copy is well written and carries the reader along, it can't be too long. If it's clumsy and boring, it can't be too short!" If the copy is lengthy, however, consider using boldface captions at intervals throughout or breaking the copy up into separate blocks. And remember to make crystal clear what action you wish the reader to take and to make it easy to take that action.

Graphics

Print is a more visual medium than direct mail; the graphics are important. Blattstein distinguishes between "classy" and "klutzy" graphics. This is not a matter of high-quality versus low-quality graphics, it is a question of the target market to which you wish to appeal.

According to Blattstein, "classy" advertising has a clean, perhaps even sophisticated, layout. The typeface used and the photographs or artwork contribute to the image of high quality and prestige. "Klutzy" ads, on the other hand, feature "an informal layout, heavy use of spot illustration, aggressive use of headlines and captions, and a lavish sprinkling of exclamation points and arrows [to] convey to the prospect the sense that he's looking at a real bargain opportunity."

Coupon

The principle for a coupon is the same as for an order form in a catalog or a direct-mail piece: Make it easy to fill out and return. Leave plenty of room for the name and address. Four lines are preferable. Saying "please print" is not superfluous; many orders or requests for information go unfilled because the name and address are illegible. Include the mailing address on the coupon because the reader may tear it out and separate it from the ad. The placement and emphasis given to the toll-free telephone number, if one is used, can affect the number of readers who respond by telephone as opposed to by mail.

We have already mentioned the importance of having the ad on the right-hand page and the coupon on the right-hand side of the page. If the magazine will not promise right-hand placement, you can either prepare a second version of the ad with the coupon on the left side or move the coupon to the bottom center of the page. The coupon should not be at the top of the page. It should be a simple rectangle; would you go to the trouble of cutting out a coupon shaped like a Christmas tree and figuring out how to mail it? Finally, the coupon should have a white background so it can be written upon easily.

If you are using a bind-in card instead of a coupon, all of these design rules still hold true. In addition, the card size and height-to-width ratio must conform to postal regulations

¹¹The ideas and quotations in this section on elements are from Joel J. Blattstein, "Creating Successful Direct Response Print Ads," DMA Release No. 310.4, January 1984.

and the card stock must be heavy enough to qualify for mailing. The rule here is the same as for direct mail: When in doubt, consult your local postmaster. The design of the card should complement the ad itself. Prepaid postage will increase the response rate. Whether it increases it enough to justify the cost is a good variable to test.

SIZE AND COLOR

The general principle concerning size is: to use the amount of space necessary to present your offer effectively and profitably. The cost of space varies greatly from one publication to another, but you should neither take larger ads than are necessary in the less expensive publications nor compress an ad into too small a space to be effective in the more expensive publications. An interesting guideline is attributed to Robert Baker: "if the item is of genuine interest to 25 percent or more of a particular medium's readership, you can effectively use as much as a full page. But if your item is of limited interest, probably you should confine yourself to small units."¹² For example, stamp and coin collectors ferret out very small space ads that contain an appealing offer. Test extensively to find out which sizes work best for your offer.

Just as space costs money, so does color. It increases the expense of inserting each ad, as well as the original cost of producing the ad. There are some products that virtually require color—fashion items and foods, for example. Others, such as staple household items or office supplies, may be presented effectively in black and white. All other things being equal, the use of four-color will increase the response rate. But will the greater response be sufficient to recover the added expense? Only testing will tell you for sure.

TIMING AND FREQUENCY

In general, Stone says that the timing choices for direct-response space advertising can be described as follows:

- best months: January, February
- next best: October, November

The nature of the product or offer has an effect. He also points out that the purchase of Christmas gift items begins as early as September and that September is also good for schools and book continuity offers.¹³

The same warning that applies to direct mail applies here: These are useful generalizations, but the seasonal characteristics of your products may cause a dramatically different response pattern. Test!

Stone presents some guidelines for gauging the appropriate advertising frequency:

If the cost per response is in an acceptable range or up to 20 percent better than expected, wait six months and follow with a second insertion. If that insertion produces results within an acceptable range, you probably are a twice-a-year advertiser. If the first insertion pulls well over 20 percent better than the planned order margin, turn around and repeat within a

¹²Quoted in Julian L. Simon. *How to Start and Operate a Mail-Order Business*, 4th ed. (New York: McGraw-Hill, 1987), 217.

¹³Stone, *Successful Direct Marketing Methods*, 68.

three- or four-month period. If the response to the test insertion in January or February was marginal, it usually makes sense to wait a full year before returning for another try in that publication.

Stone's approach assumes that the readership of a magazine is finite and can quickly become saturated by a particular mail-order offer. However, if your objective is to generate leads or to build your database, you can probably run the ad more frequently. The level of response is the best indicator.

RESPONSE PATTERNS

The response pattern to your ad will vary according to the type of magazine. If its sales are primarily by subscription, response will peak quickly and fall off rapidly. If there is considerable pass-along readership, responses may come in over a considerable period of time. If the publication is time-sensitive, such as *TV Guide*, you can also expect a quick peak and short tail.

Stone indicates that for a weekly publication you can expect 50 percent of the responses by the end of the first two weeks. For a monthly, the average response has the following pattern:¹⁴

after the first week	3–7%
after the second week	20–25%
after the third week	40–45%
after one month	50–55%
after two months	75–80%
after three months	85–92%
after four months	92–95%

Study the response pattern for your product in each magazine. The patterns for different types of publications will be different, but you will soon learn what the patterns are and will therefore be able to predict total response with considerable accuracy long before the final response arrives.

SHOPPING AND CLASSIFIED PAGES

Hundreds of magazines offer either shopping pages that take ads as small as one column inch or classified sections that have the same format as newspaper classifieds. With a very few exceptions, such as *The Wall Street Journal*, mail-order advertising is rarely successful in the classified sections of newspapers. Ads in shopping pages and magazine classifieds, on the other hand, can be very successful, especially for the entrepreneur on a tight budget. The general principles for developing ads for both types of pages are the same, although shopping pages usually have illustrations whereas the classifieds do not.

William Cohen summarizes the advantages of classified advertising (most of which apply as well to shopping pages) as follows:¹⁵

- *Low cost.* Cost can be as low as a few dollars per word.
- *High profit potential.* According to one source, “these ads generate dollar for dollar more inquiries or sales than any other method.”

¹⁴Stone, *Successful Direct Marketing Methods*, 67.

¹⁵William A. Cohen, *Building a Mail Order Business* (New York: John Wiley & Sons, 1985), 161–165.

- *Excellent for new businesses.* The low cost means less risk.
- *No need for layout or artwork* for a classified ad. Simply type the ad exactly as you wish it to read and submit it. Ads in shopping pages usually incorporate illustrations and are laid out like display ads.
- *Good place to test.* If successful, roll out to other magazines or progress to display advertising.
- *Builds mailing list.* Because readers of classifieds are often looking for that specific type of product or service, the quality of the responses is surprisingly high.
- *Useful supplement to display advertising.* If the response rate from the publication will not support an ROP display ad, it may well support a classified or shopping page ad. Some regular users of display ads choose to place their ads in shopping pages when available, apparently because of the quality of attention they receive from readers of those pages.
- *Lower dropoff.* The decline in response rate that ordinarily occurs with repeated use of a magazine is slower. This seems to be because not all the readers of the magazine examine these pages in every issue.

This type of advertising has disadvantages also:

- *Limited applicability.* High-cost products or others that require extensive information cannot be sold in this manner. However, even very small ads may be sufficient to generate a request for more information.
- *Limited possibilities for growth.* There are not likely to be many magazines that will be successful for any one product or service.

Cohen also points out that the classified ad must contain sufficient information and a request for action. His suggestion is to write out the ad as if you were writing copy for a display ad and then cut out every word that is not absolutely necessary.

Whatever the type of advertising the direct marketer chooses to place, magazines offer a variety of ways in which to reach audiences that range from large and heterogeneous to small and highly targeted. Consequently, they are part of the media plan of most direct marketers and the chief medium of many. However, today magazines face a threat of uncertain magnitude from new media, especially the Internet.

MAGAZINES AND THE INTERNET

Magazines have faced threats, first from broadcast television and then from cable; now they face a threat of unknown magnitude from the Internet. Don Schultz of the Medill School of Journalism at Northwestern University described the situation this way in the 1997 study, "The Role of Magazines in the New Media Age":

Historically, we have been able to look out and if not always accurately, at least generally, predict the media future. We saw, for example, mass magazines give way to more specialized and local publications. Black and white television predictably moved to color. Network domination declined predictably as a result of cable. Direct mail challenged mass media for advertiser dollars and the like. In short, most of the changes we could see coming, and in some cases, even do something about influencing their impact. That was because change was commonly slow and often predictable. Today, that is not the case. One innovation leads quickly to another. Speed is of the essence. Companies, technologies, concepts and even media forms are born and die in months, not years or decades. It is this change in speed which, in my opinion, makes concrete analysis of the media scene so difficult. It is the transition which makes the challenge so great. It is the lack of solid, historical evidence, experi-

ence or background which challenges publishers, advertisers and even educators. In the words of Star Trek, “we are going where no man has gone before.” And, that is scary.¹⁶

Speaking to magazine publishers, one Internet expert described some of the challenges in late 1996 in the following terms:¹⁷

- Less than 0.3 percent of total advertising expenditures are for on-line.
- Standards for major issues such as legal requirements, ad size, and payment conditions are not clear.
- Magazine publishers are finding little profitability on the Web thus far. (In fact, a top executive of one large media company is reported to have described the costs of its site as “giving new meaning to the concept of a black hole.”)
- It is out of control and could damage media brands. “Publishers cannot control the size of a user’s browsers; color palettes across different operating systems are far from uniform; people can grab any images you create and take them out of context; authentication passwords are circulated around the office in a matter of seconds; many web technologies are unstable and unreliable; and computers crash on a regular basis.”

It is clear, however, that magazines, like other branded products, cannot afford to ignore the Web. The key questions center on how they should use it and what their financial expectations should be. The 1997 “Role of Magazines” report has a number of tentative conclusions and recommendations:

- **Content will continue to be the primary draw on-line for magazines as it is for other products and services.** Because magazines are content rich, they have an advantage; yet they cannot give content away free of charge on the Web and still expect to have people pay for it. Many of the trade publications on the direct marketing and general business fields deal with this issue by putting up only summaries and features of general interest (see the various trade publications on www.mediacentral.com and the promotion of the current edition of the *Harvard Business Review* on www.hbs.com for good examples). Print media can deal with this issue in the opposite fashion, by making additional content—such as the research and notes of their reporters—available to the public for selected articles. Providing content on a regular basis that is not available elsewhere will help publishers develop and maintain loyal audiences for their Web sites.
- **No one yet has a clear idea of how magazines are going to make a profit on the Web.** At present advertising alone does not hold much promise for supporting expensive sites. Two other possibilities are on-line and off-line transactions. Providing content to users on-line seems to have interesting possibilities. Both PointCast (general news) and Jupiter Communications (digital research) have sites where you can register free of charge and experience this type of service if you have not already done so (www.pointcast.com and www.jupiter.com respectively). PointCast relies on advertising revenue to support its service, whereas Jupiter sells the detailed reports of its research. Most information providers charge for these services. *Newsweek* and *Time* provide the ability to customize by country, a service of obvious value to international marketers and students alike. Some magazines not only provide customization by topic but also provide additional services such as early-morning news summaries to the desktop. Numerous others offer merchandise off-line. For example, *Rolling Stone* magazine (www.rollingstone.com) has a “store” in its Web site. The merchandising section (www1.viaweb.com/rsstore/) offers products

¹⁶Cowles Business Media and the Medill School of Journalism, “The Role of Magazines in the New Media Age,” 1996 report, www.mediacentral.com, 7 August 1997.

¹⁷Adapted with quotation from Tom Wang, “Magazine Publishing’s New Media Chameleon: Immature and Irresistible,” www.organic.com, 17 October 1997.

including related magazines, books, T-shirts and hats, calendars, and CD collections, all with themes that reflect the nature and content of *Rolling Stone*.

One publishing executive contends, "The Web offers the ability to help advertisers develop direct, more profitable relationships with customers. The kinds of measurements that need to be in place for this will track lifetime customer value, not eyeballs. They'll go beyond demographics to offer advertisers real opportunities to develop those customer relationships in new and creative ways."¹⁸

- **Advertisers need meaningful measures of results.** So far, most of the measurement of Web activity has been by the number of "hits" a site receives during a given period of time. Other possible measures include the number of inquiries received via the Web site or the number of transactions generated or even the number of times the site is bookmarked. We talk more about the current difficulties of measuring Web results in chapter 16.
- **Separation of advertising from editorial content is an issue.** There has always been concern about how advertising might influence the editorial content of magazines. One way of controlling this problem has been to clearly separate advertising and editorial content. It is especially easy for the two to become blurred on the Web, and publishers need to be vigilant. Remember the quote earlier in this chapter about the credibility of the magazine medium and the importance of that credibility to advertisers. There is no reason to believe that the same does not hold true of Web sites.
- **What role does consumer privacy play?** Publishers, like marketers of all other types, must pay attention to the way in which they collect and disseminate information about their customers.

It is clear that there are currently more questions than answers about how magazines can successfully coexist with the Internet. It also seems equally clear that electronic communication is a part of the future that no magazine can afford to ignore. The future of the print media is linked to that of the Internet and the nature of the relationship will become more obvious as time passes.

Let us now turn to the other major print medium, newspapers. They share with magazines the potential for reaching large audiences, but differ on many other characteristics.

Direct Response in Newspapers

Newspapers, too, are an important medium for many direct marketers. Once the dominant mass medium, newspapers have found competition, especially from television, to be intense in recent years. However, newspapers still reach a majority of all adults in the United States every day. According to a study conducted for the Newspaper Association of America, almost 59 percent of people over age 18 read a daily newspaper in 1996, and more than 68 percent read a Sunday paper. Readership increases with education, household income, occupational status, and home value. However, it is undeniable that overall readership levels have decreased during the past 25 years.¹⁹

Numerous factors have contributed to the decline of newspapers as the primary medium for conveying both national and local news. Network and, more recently, cable television have assumed first place as providers of news for a majority of consumers. Radio is able to

¹⁸David Shnaider, Ziff-David Publishing Co., in "The Role of Magazines in a New Media Age," 1997 report, www.mediacentral.com, 27 October 1997.

¹⁹"Most U.S. Adults Read Newspapers," www.naa.org, 11 November 1997.

respond more quickly to fast-moving events. Magazines, increasing in number and ever more targeted on editorial material, also provide competition. Rising paper costs and distribution problems place continuing pressure on newspaper prices. Changing lifestyles, especially time pressure and the increase in single-person households (which are less likely to subscribe to a newspaper), have also contributed to static circulation figures. Finally, the success of *USA Today* as the first “national newspaper,” with its short articles and colorful graphics, has challenged many basic tenets of the newspaper industry.

A national study of consumer media use conducted for the Newspaper Association of America and the American Society of Newspaper Editors in early 1997 portrays newspapers as strong in local content, some image areas, and in advertising that provides utility in daily living. The study indicates that consumers want newspapers to do more in areas that include helping communities find solutions to problems, helping consumers understand issues, focusing on and investigating important issues, and providing depth of content. The report concludes that newspapers must be intensely local, useful, and relevant while reporting on solutions and capturing the interest and engaging the emotions of readers.²⁰

Newspapers have also looked at ways in which they can better serve advertisers. As a result, they now offer direct marketers a variety of ways in which to successfully reach their customers.

There are four basic types of placement within the newspaper, ROP advertising, free-standing inserts (FSIs), Sunday supplements, and classified advertising. Papers in major markets tend to offer regional editions at least once a week. Others offer special services to important accounts, services that may involve other advertising media. Each of these advertising approaches has its own particular strengths and each tends to appeal to a different type of direct marketer. We consider each in detail in this chapter. First, however, let’s look at the general characteristics of the newspaper medium.

Newspapers as a Direct-Response Medium

Newspapers offer a number of special advantages to any advertiser, including the direct marketer:

- *Frequency.* Most newspapers, with the exception of small suburban and rural papers, publish six or seven times per week, and a few large urban papers offer both morning and evening editions.
- *Immediacy.* For black-and-white advertising, the close (the time by which the ad must be submitted for inclusion in a particular edition) is often only hours prior to publication for camera-ready copy.
- *Reach.* Newspapers offer high penetration of households in their primary geographical area. A 50 percent penetration of households in the locality is not uncommon, and some newspapers have a penetration of 70 percent or more.
- *Local shopping reference.* No other medium has been able to supplant the newspaper as the primary reference to local shopping opportunities. Readers expect to learn of merchandise availability, sales, and special events in the pages of their newspapers. Special sections, such as the midweek food sections, provide a focused environment for the advertiser of related product categories.
- *Fast response.* Because most newspapers are a daily medium, the direct marketer knows quickly whether a particular offer is producing a satisfactory response.

²⁰Newspaper Association of America, “Consumer Media Usage,” www.naa.org, 11 November 1997.

At the same time, newspapers have drawbacks as an advertising medium. The primary one is the poor color reproduction in the main portion of the paper. Mass-circulation newspapers also fail to reach some particular subgroups effectively. Non-English-speaking people and single-person households are two good examples. In larger cities, however, there are many newspapers that cater to speakers of other languages and offer special opportunities to marketers who target that segment.

In addition, the cost of newspaper advertising has risen sharply in recent years. Add to that their high level of household penetration, and newspaper advertising can easily become too expensive for advertisers who need to reach a specialized or neighborhood market. Because newspapers are essentially a local medium, the type of advertising that does well in them is more limited than it is in some other media. Finally, newspapers have a life span of only about 24 hours; they are not kept around the house to give people multiple opportunities to see an offer and respond to it.

Many of the services added by newspapers in recent years have been aimed at dealing with some of these disadvantages.

ROP Advertising in Newspapers

Because newspapers reach a large, heterogeneous market, they do not provide the precise targeting that most direct marketers require. Still, they are a useful medium for some types of direct-response offers.

Direct marketers who serve national or regional markets use ROP advertising in newspapers for two primary purposes: (1) offers that are of interest to or are related to a local market and (2) tie-ins with local retailers. Direct-response offers in newspapers are frequently for services that are being offered in a local area—for example, a seminar on buying real estate with little or no down payment or a stop-smoking clinic. Direct-response display (as opposed to classified) advertising is also used by local retailers. This advertising often has dual objectives: to generate sales and, often more important, to build traffic in the local retail establishment. The retail ad may include an incentive for coming into the store or a telephone number for additional information or retail locations.

Freestanding Inserts

Freestanding inserts (FSIs), also called preprints and freefalls, have been in widespread use for many years. These ads are prepared and printed in a central location and shipped to the newspapers for insertion, primarily in Sunday issues. Circulation of FSIs has fallen somewhat in recent years as newspaper circulation has slipped, but almost 45 billion are estimated have been distributed in 1996.²¹

Large retailers such as Sears and JC Penney and mail-order firms with extensive product lines such as Columbia Record Club and Time-Life Books were among the first to make consistent use of inserts. Inserts in envelope form also achieved popularity with publishers and photofinishing concerns. Billions of coupons for food and household products are distributed in this medium each year. Small, flat items can be sampled through FSIs. They are also effective for some one-shot direct response offers, notably collectibles.

²¹“Newspaper Preprint Insert Volume,” www.naa.org, 11 November 1997.

Marketers like FSIs because costs are lower as a result of the centralized production. Centralized production also allows better control over the creative design and execution of the ads. Perhaps most important of all, FSIs are printed on heavier, glossier paper stock than the newspaper itself and can therefore provide high-quality color reproduction.

ADVANTAGES OF FSIs

According to *The New York Times*, the advantages of FSIs to the advertiser are

- Because they are distributed in the Sunday paper, readers have time to consider their propositions at leisure.
- FSIs offer a great deal of flexibility. Virtually any kind of print promotional format (e.g., reply cards or envelopes, single sheets, tabloids, catalogs, brochures) can be adapted to FSIs.
- Geographic and demographic editions offer flexibility in the site and type of market reached.
- FSIs reach the loyal readership of a particular newspaper and confer the credibility of that publication on the advertisement.
- Large and sophisticated advertisers, including retailers, travel and financial services firms, non-profit organizations, and manufacturers of consumer packaged goods have consistently used FSIs successfully.

FSIs remain popular with consumers who find both information content and special offers, including those carrying price reductions, in the FSI section of newspapers.

Newspaper Supplements

Newspaper supplements are virtually brief magazines that, like FSIs, are produced at a central printing facility and distributed to local newspapers for insertion in Sunday editions. They combine the frequency, reach, and rapid response of newspapers with the high-quality graphics reproduction of magazines. Because their content is feature articles as opposed to news, they are retained longer than newspapers, giving more opportunity for exposure to the advertisements they contain. However, they lack the immediacy of the newspaper itself because closing dates can be as much as 90 days prior to publication. There are four major Sunday supplements, and they have little circulation overlap because they are designed for newspapers in different markets.

- The largest is *Parade* magazine, which is featured in Sunday newspapers in the suburbs of large cities and in smaller cities. It contains articles on subjects of national interest, regular features and columns, and theme sections on subjects such as food and health. Its editorial content is not localized, but it offers regional and demographic buys and split runs. *Parade* offers other services of interest to direct marketers, including a reader service card.
- The next largest newspaper supplement is the *Sunday Magazine Network*, distributed in newspapers in larger metropolitan areas. Its editorial content is local and its advertising is a combination of local and national ads sold through the network.
- *Family Weekly* is distributed through newspapers serving smaller towns and rural America. It is found in a large number of papers, but because of their small sizes its overall circulation is relatively low.
- The newest of the supplements is *USA Weekend*, which is published by *USA Today* and distributed by other newspapers throughout the United States (the newspaper *USA Today* has no

Sunday edition). It features articles on topics of general interest, including personal finances, entertainment, sports, lifestyles, and celebrity interviews. There are regular columns and sections on health, automobiles, literature, and travel. *USAWeekend* offers regional buys.

Remnant space—space unsold as the closing date nears—is also available in some of these supplements. It is offered at a considerable discount, but the direct marketer may have to wait several weeks for it to become available, especially if a selective buy is desired. If there is no urgency, however, the economics of remnant space are very attractive, especially for an untried product.

Sunday supplements work very well for a wide variety of direct marketers both in testing situations and for products with mass appeal over a long period of time, such as collectibles, or for products that need to reach a wide audience in order to build a database of qualified buyers. This means, however, that new advertisers may have difficulty obtaining the placement or even the particular edition desired. Because of the differences in reader demographics of the circulations of the four major supplements, they will probably not all work equally well for all product categories and should be tested just as carefully as any other media vehicle.

Total Market Coverage

Traditional newspaper advertising, whether ROP or in some type of insert, does not completely satisfy the needs of local retailers and national manufacturers for two reasons:

1. No newspaper reaches all the households in any given geographical area; 30 to 40 percent are not likely to be reached by a specific newspaper. In markets where there is more than one daily newspaper, of course, the marketer can advertise in more than one newspaper, but this is likely to be duplicative and prohibitively expensive.
2. For retailers who serve only part of the newspaper's geographical area or for manufacturers who market to specific market segments, newspapers represent a great deal of waste circulation. For example, a seasonal promotion for snow blowers should be received by suburbanites, not urban dwellers with no driveway and very little sidewalk.

The “classic” approach to solving the problem of total coverage is to publish a weekly edition that is carrier-delivered to the entire market or mailed to all nonsubscribers. There are many variations on this basic theme. These special editions can be targeted selectively. They can be used as delivery vehicles for other types of advertising such as samples, catalogs, or coupon packs. This type of service to advertisers has been growing rapidly in recent years, with most daily newspapers offering some type of service to reach nonsubscribers.

DATABASE MARKETING SERVICES

Another glimpse of the type of service that newspapers of the future will offer to advertisers is found in the experience of the *Salina* (Kansas) *Journal*.²² A program was begun in 1996 as a way to both acquire new subscribers and advertisers. According to the newspaper's advertising director, “we needed more specific information by households before we could comfortably feel we were going to be able to do it right. . . . We bought some life-style data that included, for instance, household income, type of home ownership, and the presence of

²²Adapted with quotations from Scott Hample, “Front Page News,” *Marketing Tools* (April 1997): 8–11.

children in the household.” They also used computer mapping technology to produce a visual representation of the information in the database. They found the maps to be especially well received by clients who prefer them to statistical reports.

Their first application was to their own subscription marketing. They mapped subscription rates by block group and color-coded them to show where penetration was strong and where it was lower. Low-penetration areas with demographics that matched those of high-penetration areas were prime prospects for circulation campaigns. With this program a success, they were ready to offer their database capabilities to advertisers:

“A salesperson from the advertising department approached the furniture store owner about the availability of the database and mapping services the newspaper offers, including the renting of our subscriber and nonsubscriber database,” says [direct marketing head] Atkinson. “We mapped out his clients, primarily looking at five demographics—their age, their income, their education level, whether or not they are homeowners, and the type of furniture they purchased in the past.” The newspaper’s subscriber and nonsubscriber databases were overlaid with the furniture store’s database of people who bought a specific brand of furniture. . . . The client mailed 10,000 catalogs in four cities, using a mailing list consisting of current customers who have purchased the specified type of furniture in the past, and prospective customers with matching demographics generated from the Proximity [mapping software] database.

The results of this campaign were not given, but the newspaper is enthusiastic about the potential of database marketing. “Basically, we are trying to help our customers know who their customers are,” according to the newspaper’s advertising director.

With the high penetration they offer in many markets, newspapers seem to be well positioned to offer database marketing services to their advertisers. This is another circumstance in which understanding lifetime value will be useful in planning cost-effective direct-response programs.

THE LIFETIME VALUE OF A NEWSPAPER CUSTOMER

Table 15.2 presents a model for determining lifetime value (LTV; also known as Customer Lifetime Value) for a newspaper.²³ This model assumes that the publication has defined zones based on subscriber demographics that permit it to charge different rates to advertisers looking for particular demographic targets. The process for calculating LTV is as follows (numbers in parentheses refer to columns in Table 15.2):

- Determine the number of households in each zone (1) and the number of subscribers in each (2) to obtain the penetration rate (3).
- Calculate the total revenue per customer (8) by adding ROP (nonzoned advertising that runs in all editions) advertising revenue (4), revenue from zoned editions (5), and circulation revenue (6), and subtracting from this sum the costs attributed to customer attrition or churn (7).
- Determine the average customer lifetime for each zone (9).
- Use the acquisition cost for the most recent acquisition program in each zone because the marginal customer acquisitions tend to be the most expensive (10).
- Calculate the total revenue (11) for each zone [(1) × (8)].

²³Adapted from Timothy J. Keane and Paul Wang, “Applications for the Lifetime Value Model in Modern Newspaper Publishing,” *Journal of Direct Marketing* (spring 1995): 59–66.

TABLE 15.2 Lifetime Value Model for Newspapers

Zones	[1] No. of Subscriber Households	[2] Total No. of Households	[3] Penetration	[4] Nonzoned Advertising Sales per Customer	[5] Zoned Advertising Sales per Customer	[6] Average Circulation Revenue per Year	[7] Average Annual Churn Costs	[8] Total Sales per Customer
North	10,000	15,000	([1]/[2]) 67%	\$135	\$200	\$135	\$(24)	([4] + [5] + [6] + [7]) \$446
South	15,000	20,000	75	135	35	155	(13)	312
East	9,000	30,000	30	135	140	115	(34)	356
West	25,000	50,000	50	135	140	105	(45)	335
Rural	6,000	28,000	21	135	100	135	(44)	326
Total	65,000	143,000	45	135	123	129	(32)	355

[9] Average Customer Lifetime (Years)	[10] Most Current Acquisition Cost	[11] Total Sales	[12] NPV (Year 1)	[13] NPV (5 Years) Based on Average Life and 6.5% Inflation Rate	[14] Total NPV (5 Years) Based on Average Life	[15] Percentage of Total NPV (5 Years)	[16] Percentage of Total Subscribers
		([1]*[8])	([8] - [A] - [B] - [10])	(7)	([11]*[13])	([14]/SUM[14])	([1]/SUM[1])
6	\$35	\$4,460,000	\$116.00	\$969.49	\$9,694,852	32%	15%
3	55	4,680,000	(38.00)	267.29	4,009,372	13	23
4	35	3,204,000	26.00	512.44	4,611,961	15	14
6	75	8,375,000	(35.00)	401.81	10,045,234	33	38
4	25	1,956,000	6.00	385.43	2,312,601	8	9
5	45	22,675,000			30,674,019	100	100

Source: Timothy J. Keane and Paul Wang, "Applications for the Lifetime Value Model in Modern Newspaper Publishing," *Journal of Direct Marketing* (spring 1995): 60-61. Copyright © 1995 by John Wiley & Sons. Reprinted by permission of John Wiley & Sons.

Note: [A] = Direct product cost per customer Year 1: \$250. [B] = General and operating cost per customer Year 1: \$45.

- Calculate the net present value (NPV) per customer for each zone:
 - Year 1 (12) includes the acquisition cost.
 - Follow the cash flow (income minus total costs of servicing each customer in each zone) for the average customer lifetime (13).
 - The net present value of those yearly cash flows is the total net present value for each zone (14).
- Determine the percentage of NPV produced by each zone (15).
- Determine the percentage of subscribers in each zone (16).

The newspaper has learned, for example, that the north zone produces 32 percent of its net present value with only 15 percent of its subscribers, whereas the west zone produces 33 percent of NPV but requires 38 percent of the subscribers to do so. The newspaper will now be able to make better decisions about how much to spend on acquiring certain types of subscribers, and it will be able to price advertising in its zoned editions so that advertisers receive a better return on their promotional dollar.

As we can see, newspapers are taking a number of approaches to retain their readership and their value as an advertising medium in the face of the rapidly changing media environment. Another strategy is to join the electronic age.

ON-LINE NEWSPAPER PUBLISHING

Like magazines, newspapers are having to contend with the explosion of the Internet. Many newspapers, both large and small, have established on-line editions. Like magazines, they are looking for innovative ways to integrate on-line with print publishing and to add value to the material that goes on-line. The following are just a few examples:²⁴

- The *Chicago Tribune* (www.chicago.tribune.com) runs a Beat Siskel (of the Siskel and Ebert movie review team) contest at Oscar time each year, which is flourishing since being on the Web. It runs in both the print and on-line versions of the paper, as does much of the paper's content, but they now receive more "pick the Oscar winners" contest entries by e-mail than they do by regular mail.
- New Jersey Online partners with the *Newark Star-Ledger* on a project called Interact (www.nj.com/interact/). A photo and a background piece on a current-interest topic are entered on the site each week. Users can respond and view the responses of other visitors to the site. The following week the editor chooses Web postings to print in the paper. At that time the topic for the following week is introduced and readers are urged to go on-line to learn more and to express their views.
- The *San Jose Mercury News* (www.sjmercury.com), which often breaks stories about the high-technology industry, has reporters on major stories file to the on-line version even before the print edition appears. Readers are encouraged to read the paper or to visit the site again for the final version.
- On a lighter note, the *Syracuse Post-Standard* (www.syracuse.com) publishes a business-related cartoon each Monday, which it then posts on-line. Viewers can customize the cartoon with their names and then turn it into a fax cover sheet, send it as an electronic postcard, or use it as a monthly calendar.

²⁴Adapted from Melinda Gipson, "Integration Strategies," www.naa.org, 11 November 1997.

- Taking advantage of the Texas mania for high school football, the *Austin Chronicle* has an on-line project that provides detailed high school game stats and pictures topped with a huge inflatable football and throws out “hundreds” of T-shirts with the logos of both the print and on-line versions of the newspaper.

Also like magazines, newspapers have yet to identify a clear model for making a profit on the Web. All accept advertising, but, remarkably, a number do not make it easy for a visitor to the site to find out how to purchase advertising. All seem to use their Web site as a subscription-generating activity, and there are some scattered reports of results that are deemed satisfactory. Some are generating revenue from subscriptions to the on-line version. *The Wall Street Journal Interactive* (www.interactive.wsj.com) is subscription based, and the *San Jose Mercury News* (www.sjmercury.com) provides its archival services only to subscribers. At the other end of the spectrum, *The Washington Post* (www.washingtonpost.com) and *USA Today* (www.usatoday.com) provide content free of charge. Both *The Times* (London) (www.the-times.co.uk) and *The New York Times* (www.nytimes.com) require that visitors register to access the site but do not charge for the privilege. Based on what we have learned, they may anticipate selling database services at some future time.

Summary

Magazines and newspapers are important vehicles for many direct-response marketers. They may well assume greater prominence as their presence on the Internet becomes established. What has now emerged as four separate but related media vehicles will each offer specific target markets and promotional advantages. In addition, each has drawbacks that make them more useful to most direct marketers as part of an overall media plan than as stand-alones. These media also offer special opportunities for the small direct marketer and the innovative or untried product. Each of them will continue to evolve as part of the rapidly changing media environment.

Discussion Questions and Exercises

1. What are the major characteristics of magazines as a direct-response medium? Of newspapers?
2. What criteria should a direct marketer use in selecting magazines to test?
3. Explain the different ways in which direct marketers can advertise in newspapers.
4. Bring some direct-response ads from magazines and newspapers to class and be prepared to discuss their content and execution.
5. Visit the Web sites of a number of magazines and newspapers with which you are familiar in their print format. Be prepared to discuss the similarities and differences between the print and on-line versions.

Suggested Reading

The current year's report on “The Role of Magazines in the New Media Age,” www.mediacentral.com.