

The Magazine About Magazines

# Masthead

## Q&A

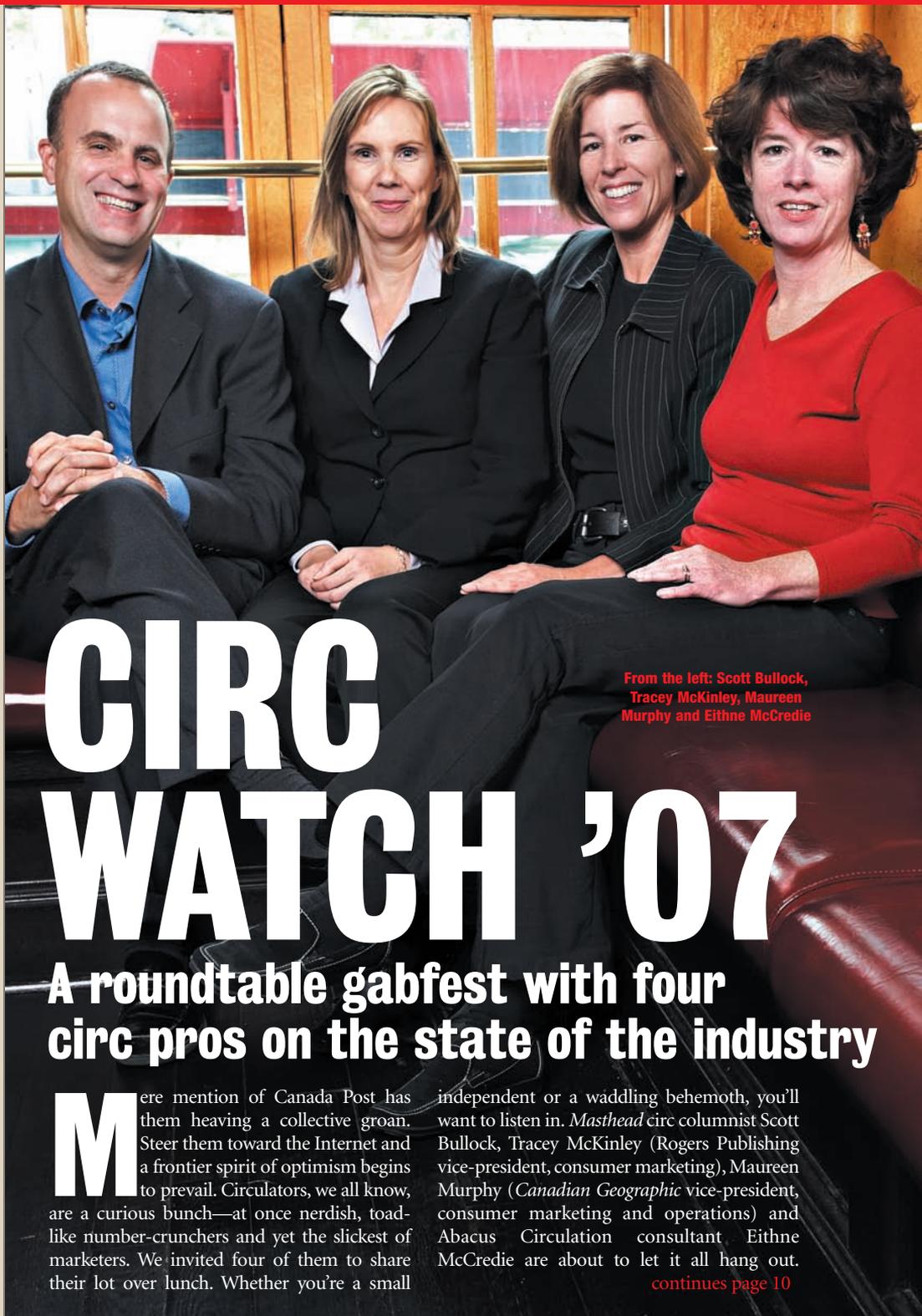
Kenilworth Media  
President  
Ellen Kral



**Q** Kenilworth recently made a six-figure investment in a new blade server. Can you explain the concept of a blade server and what it's for?

**A** As more of our content gravitated onto the Internet (electronic newsletters, searchable database products and so on) we needed to increase computing capacity in a manner that facilitated growth.

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From the left: Scott Bullock, Tracey McKinley, Maureen Murphy and Eithne McCredie

# CIRC WATCH '07

## A roundtable gabfest with four circ pros on the state of the industry

**M**ere mention of Canada Post has them heaving a collective groan. Steer them toward the Internet and a frontier spirit of optimism begins to prevail. Circulators, we all know, are a curious bunch—at once nerdy, toad-like number-crunchers and yet the slickest of marketers. We invited four of them to share their lot over lunch. Whether you're a small

independent or a waddling behemoth, you'll want to listen in. *Masthead* circ columnist Scott Bullock, Tracey McKinley (Rogers Publishing vice-president, consumer marketing), Maureen Murphy (*Canadian Geographic* vice-president, consumer marketing and operations) and Abacus Circulation consultant Eithne McCredie are about to let it all hang out.

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# CIRC WATCH '07

*Frightening threats to funding, sizzling Web opportunities, atrocious waste at the newsstand—four circ pros collect to mull these and other issues facing magazine circulators, big and small*

**M**asthead: Let's talk about Canada Post. It's set to pull out of the Publications Assistance Program and it'll be taking its \$15-million PAP contribution with it. Now, the industry's long maintained that CPC was making a good profit from publications mail. Were we mistaken? Why would they abandon us?

**Maureen Murphy:** I've heard, and this isn't verified, that [CPC CEO] Moya Greene's ultimate goal is to privatize Canada Post and things like subsidizing industry is perhaps not part of her mission, so I think they will ease out of that kind of thing. I think CPC is profitable, some sectors more so than others—and I think they do look at it that way.

**Tracey McKinley:** They've faced huge decreases in the high-profit, first-class mail because of the Internet. I think our industry suffered downloading costs onto our industry to try to make up for challenges that they have. And she's got a real mandate to make money, but meanwhile we're taking a huge hit.

**Murphy:** There's an element of shortsightedness in the things that they're doing because some of them undermine the whole point of making money. For example, if you're making it harder for magazines to survive, you're hurting your first-class mail, your addressed admail, your reply mail—all those other areas are going to be affected by declining circulation.

**Scott Bullock:** This is why it's so stupid and frustrating. Most of us have been doing busi-

ness with Canada Post for 15 to 20 years and all we keep doing is getting more sophisticated in terms of sortations and we keep making it easier and easier for them and it just keeps getting more and more expensive. The consequences of that are inevitable because it's not sustainable. Publishers are turning more to retail as a bigger part of their circ—*House & Home* is a good example—and sponsored subs and alternative delivery systems, and they have to.

**Murphy:** And launches are going controlled, by and large, for those same reasons.

days when we actually had a Canada Post rep who would come to our office at *Toronto Life* and sit down and talk to us like a human being?

**Eithne McCredie:** Yeah, they were great!

**Bullock:** Now, it's like, forget about it.

**Murphy:** Does anyone think that the consumer will understand this situation and will bear the added costs? I've noticed a lot of people using "plus shipping and handling" breakouts on their order forms now, preparing for that day when shipping and handling will be substantially higher. I'm not sure.

**McKinley:** We're trying out the "plus postage and handling" approach on our pricing. We all know that subscription pricing has been very flat for a long time, and that subscriptions have a high price elasticity so it's hard to increase pricing, but maybe through this tactic of breaking it out with "plus postage and handling" it will be more palatable.

**Masthead: On the subject of subscriptions, and generating new business: Is this where the opportunities for growth lie?**

**Bullock:** Not if you look at the latest ABC statements. Most magazines are managing down their circulations these days, for economic reasons that we've discussed, such as postal disincentives. And even the quality of those audiences is being diluted as well, arguably, because of the liberalization of ABC rules; there's more and more sponsored subs, more one-cent deals—

**McCredie:** —and the new "verified" category.



**"There's an element of shortsightedness in the things that [Canada Post] is doing..."**

—Maureen Murphy

**McKinley:** I think magazines will simply be reducing their circulation levels, too. The economic equation becomes a bit different when your postal costs are this high. You look at your marginal circ and you say, "This is just not worth it any more. My ad dollars are not making it up."

**Bullock:** And it's not as though Canada Post has done anything particularly innovative. They keep asking us to do all these things, and pay for it, while charging us more. I may be dating myself, but remember the good old



**Bullock, McKinley, Murphy and McCredie: Our circulation dream team ponders growth, shrinkage, Web auditing and woeful sell-through at the newsstand**

**Bullock:** In some ways, as the dinosaur that I am, it's a devolution, not an evolution. I don't see numbers going up. I see them going down. I see creative new products being introduced into the marketplace—such as *Chocolat*, for example, with an ingenious, almost perfect execution, and those special-interest publications that Transcontinental did with the Yellow Pages—interesting, new, innovative—so there's cool stuff happening. It's not all doom and gloom.

**Masthead:** Large publishing houses are engaging in these innovative projects.

**Eithne,** what about small magazines? Are they able to grow? Ambitious magazines like *Maisonneuve*.

**McCredie:** Yes, and *Ascent*, the yoga magazine in Montreal. There are a number of magazines in that 3,000 to 5,000 range that are trying to get up and over it. The biggest problem for small magazines is that they don't have a dedicated circ person and don't necessarily treat circulation as an investment. So, if they do a direct-mail campaign and they get a 2.5% response rate, that's not good enough for them. And because their markets are so niche, it's difficult to obtain a list to do a proper direct-mail campaign. These smaller magazines really have to research their field to see what the real market is, how viable the magazine is. *Ascent's* a good example because it's an eco-narco-yogo, like, it's not *Yoga Today* with the stretch pants and mats. It's right out there. But they're great, lovely people, and smart. They know their market well and realize they

may not get up to 20,000 circ in Canada, so they do other related projects like books and retreats, which help make them more financially stable. No one's growing leaps and bounds because they don't have the money, and they don't have the knowledge to do the circ properly.

**Bullock:** Many of these kinds of publishers have probably never heard that, "The investment required is X, but the payback five years later once renewals start coming back is Y"

**Murphy:** That could be true of many mag-

subscription prices, and they can work. I've done literary-mag direct mail campaigns for *The New Quarterly* and *Room of One's Own*, a women's collective, and they have high sub prices. So we play with two-year sub prices via direct mail and it works really well. So, direct mail's actually profitable, which is incredible. But with the cutbacks in funding, it's going to really, really hit these guys hard. We're going to see fewer of them.

**Murphy:** And because all these Canada Post cutbacks are going to affect everything that a circulation marketer does, we're going to need more money than ever to do the same amount of work and the same amount of promotion.

**Masthead:** And, with more cuts looming, circulators must be especially effective. Small publishers seem especially at risk.

**McCredie:** Yup, definitely. They're going to fold. I'd say 10% will fold.

**McKinley:** And the notion of passing along added costs to consumers is problematic. I think history shows that subscription revenues have actually decreased 1%, and prices have remained flat because of high price elasticity because of the open market that we have with American magazines competing with us. And, you know, it's good to have an open market, that's fine, we'll compete, but meanwhile don't knock us off at the knees. We can compete, but in a reasonable business environment.

**Murphy:** Well, just like every other cultural

**"The biggest problem for small magazines is that they don't have a dedicated circ person..."**

**—Eithne McCredie**



azines. It's one of the toughest things to get across—the investment required for the pay off three or four years down the road. There tends to be a shortsighted view of it. It doesn't work that way.

**Bullock:** And many don't understand the ad sales dimension, either. Even if they were successful and got a 10% response rate, if their circ was still only 10,000, what national advertisers are even going to care?

**McCredie:** That's right. But they can work at it. These small magazines have pretty high

## ABC TOP 45 FAS-FAX For the six months ending June 2006

Compare!

Publication Name	Subs	Single Copy Sales	Total Paid	+/- % versus 2005			Total Paid 2000
				Subs	Single Copy Sales	Total Paid	
Readers Digest	900,007 <sup>2</sup>	48,012	948,019	3.9	-15.5	2.7	1,001,022
Chatelaine	554,749	60,810	615,559	-5.4	3.2	-4.6	735,059
Canadian Living	380,266	136,558	516,824	-0.3	-6.6	-2.1	547,059
Maclean's	363,767	7,795	371,562	-3.7	51.4	-3.0	506,428
Selection Reader's Digest	238,995 <sup>6</sup>	10,848	249,843	10.3	-11.7	9.1	221,187
Canadian House & Home	178,376	70,002	248,378	0.3	-2.3	-0.5	176,131
TV Guide	213,931	27,954	241,885	-15.5	-45.8	-20.6	560,616
Time Canada	226,665 <sup>7</sup>	7,353	234,018	0.5	-29.1	-0.8	317,325
Style at Home	178,742	52,281	231,023	-1.5	-2.1	-1.6	192,840
Coup de Pouce	177,508	45,548	223,056	2.5	14.7	4.8	172,416
Canadian Geographic	203,789	14,553	218,342	2.3	-24.6	-0.1	229,180
Châtelaine	178,866	23,878	202,744	2	-3.5	1.3	183,474
L'actualité	177,535	8,149	185,684	0.8	-10.9	0.2	185,866
Flare	142,117	15,039	157,156	-1.5	-1	-1.4	160,220
Canadian Gardening	137,670	15,151	152,821	-0.6	11.9	0.5	142,135
Today's Parent	137,336	12,977	150,313	-28.6	131.7	-24.1	121,945
Good Times	143,023		143,023	-5.8		-5.8	142,777
Oxygen	56,583	85,366	141,949	50.6	4.9	19.4	n/a
Le Bel Age	132,691	4,546	137,237	-5.9	4.1	-5.6	149,754
LOULOU	108,222	24,378	132,600	23.4	14.3	21.6	— <sup>1</sup>
Harrowsmith Country Life	113,437	13,425	126,862	-0.7	15	0.8	133,885 <sup>5</sup>
Canadian Home & Country	114,238	12,209	126,447	-1.7	-3.2	-1.8	24,221
Fashion	118,609	7,664	126,273	-0.6	-10.7	-1.3	120,192
ELLE Canada	87,406	38,133	125,539	26.4	123.5	45.6	88,909 <sup>8</sup>
WISH	97,399 <sup>9</sup>	27,992	125,391				— <sup>1</sup>
Canadian Home Workshop	119,215	5,800	125,015	-5.5	16.1	-4.7	110,743
Protegez-Vous	105,817	14,121	119,938	-2.7	-11.5	-3.8	190,173 <sup>3</sup>
TV Hebdo	72,925	46,290	119,215	-6.1	-19	-11.5	200,053
MoneySense	108,127	11,065	119,192	4.2	-16	1.9	103,773 <sup>3</sup>
7 Jours	2,467	112,539	115,006	-15.9	25.8	24.5	130,229 <sup>3</sup>
Gardening Life	84,311	13,095	98,684	4.3	-8.1	2.5	76,142
Hockey News	81,624	13,398	95,022	38.7	101.4	45.1	101,578
Toronto Life	81,820	10,449	92,269	n/a	-2.8	-0.3	92,013
Outdoor Canada	83,986	7,448	91,434	6.4	-21.8	3.4	82,422
Canadian Business	83,405	4,873	88,278	6.1	7.6	6.2	81,377
Affaires Plus	86,231	1,453	87,684	1.7	-7.7	1.5	96,548
ELLE Québec	64,223	20,805	85,028	3.8	-9.9	0.1	75,223
DecorMag	72,970	11,190	84,160	-5.2	15.1	-2.9	60,312
Les Affaires	80,194	1,881	82,075	-0.8	-4.1	-0.9	94,084
Fashion 18	72,743	8,000	80,743	16.1	-3	13.9	— <sup>1</sup>
Decoration Chez-Soi	51,228	20,195	71,423	-8.2	-2.1	-6.6	65,525
La Semaine		71,423	71,423		-37.9	-37.9	— <sup>1</sup>
Les Idees De Ma Maison	48,223	22,182	70,405	-8.8	19.8	-1.4	55,895
LOULOU (French)	50,715	15,852	66,567	59.1	0.8	39.8	— <sup>1</sup>
Clin D'oeil	46,152	19,896	66,048	-14.5	3.4	-9.8	54,380

<sup>1</sup> title did not exist; <sup>2</sup> 1999 data; <sup>3</sup> June 2001 Fas-Fax; <sup>4</sup> sworn statement 2001 (launch year); <sup>5</sup> includes 51,178 verified subs; <sup>6</sup> includes 13,892 verified subs; <sup>7</sup> includes 22,617 verified subs; <sup>8</sup> includes 4,000 verified subs. **Please note:** dramatic fluctuations in single-copy sales may be due unusual bulk deals and may not reflect pure newsstand performance.

industry in Canada. There needs to be government support, and there is.

**McCredie:** But you know what? Small publishers don't treat it like a business. They say, 'Culture, culture culture,' and they don't treat it like an investment. They won't take that mentality, whereas Industry Canada, they have all these initiatives, especially with the Tories now in, and they just don't have the mindset that it creates jobs. They're underpaid as it is, and half of the magazines I work with are mostly volunteer-based. They don't see it as a business.

**Masthead:** Let's turn from talk of what's challeng-

ing circulators to the things that are working. Tracey, what are you pleased with?

**McKinley:** I'd say one of the things we're most proud of, and it's not just Rogers but all Canadian magazines, is the Rogers Magazine Service. We've created a business over the last number of years where we're selling continuous service subscriptions affiliated with all the major banks and various credit card companies. And we're really branching that out now to the Web where we have a very large volume count coming to this program through the Web. And aside from that, the Web has been huge for us on the subscription side. We've just

been doing tons of programs and lots of learning and continuing to grow subscriptions and renewals [via the Web].

**Masthead:** Can you tell us how many new subs and renewals are coming in via the Web now compared to five years ago?

**McKinley:** I can...but I won't. [laughing]

**Bullock:** I wouldn't if I were you!

**McKinley:** It's grown substantially. I think we're all focusing on service via the Web. So instead of having people call or write, they can go to the website. We're getting probably a third or more of our customer service done that way.

**Bullock:** Those are huge savings.

**Murphy:** Yes, I would say it's mostly efficiencies that the Web is providing now in terms of the cost of acquiring new subscribers or just a new ordering vehicle plus some success in renewals by email. I don't know who's really successful at that but, on-line, people can manage their own accounts. We're encouraging people to use the Web more. It's one of the areas where we have to do a lot more in terms of marketing and customer service but also in terms of just making sure you're driving traffic to the Web. I think you have to be very involved with the Web team—to use search engine optimization and search engine marketing to drive traffic to your site, which introduces new customers to your magazine and therefore improves sales.

**Masthead:** How is the business of measuring Web traffic impacting your role as circulators? Big advertisers like Nike and BMW and GM are now insisting that by next spring they want audited metrics.

**McKinley:** All our sites are measured by comScore Media Metrix. It's a survey-based traffic study that records unique users, page views and other information. It's my understanding that it's the main sales tool that we use. Internally, we use WebTrends and I think we're looking at having ABC audit our web-sites very soon.

**McCredie:** I have looked into [ABC web audits] for *Marketing*, and it's great. You get an audit statement. In the front you've got your paid circ numbers then you've got your print circ numbers then you've got your audit number. You also have readership passalong numbers. There's one audit statement for all that.

**McKinley:** In terms of the Web, all of us will probably want both [WebTrends and comScore], eventually, because WebTrends is like a circ audit and comScore is more like PMB because it's based on surveys.

**Murphy:** Yes, because they do tell different stories sometimes. Because we use WebTrends internally. It gives very direct statistics about what people are doing on the Web, how many

are coming, what pages they go to, things like that. Whereas comScore, which we're just getting involved with, is more survey-based like PMB. So it gives a general picture and it can provide demographics about your customers. And we're hearing from our advertising department that that's considered the standard now when they go to sell advertising.

**McKinley:** I agree. My understanding from our ad side is that comScore is an essential tool to sell ads on the Web. So we've been there for all of our sites but in terms of ABC, the point you made earlier is what I've heard as well—that a lot of major advertisers are saying that they are expecting third-party Web audits so I think that's going to, you know, move the industry along in terms of doing these audits.

**Masthead:** More work for you guys.

**Murphy:** Not in a substantial way. ComScore is not inexpensive so it will only be accessible to certain magazine publishers for some time to come. Maybe it'll get more sophisticated and offer different levels of service, but right now I'd say its use is limited because of the expense.

**McKinley:** Can I make one other comment? I'm just curious to see if others are seeing the same thing. I mean, at our place, print and digital are working very closely together and I find it interesting that, when I look at our unique users for a lot of our Web sites, the unique users are comparable to the circ levels of the print products. At Chatelaine.com, we have 500,000 unique users a month and our circ is 600,000. At Flare.com I think we may actually have more unique users monthly than [buyers of the print edition]. We're at a very, very interesting point now where the Web is maturing and moving us to a grand audience approach as opposed to, you know, either a print approach or a Web approach. And the notion of having an ABC audit across all of it to me appeals because we're moving in a grand audience, which I take it is a big thing for our industry.

**Murphy:** It is, and there's a huge role for circulators in that.

**McCredie:** That's where digital editions come in. In five to 10 years, the small- to medium-sized magazines are going to do it, too. They're going to realize that their paid print circ is down so if they can do a combined [ink and digital] offering then they'll retain circ heft and advertiser appeal.

**Murphy:** And digital editions are becoming a service. They may not be a huge part of circulation at this point but it's becoming a service you almost need to have because there's consumer demand for environmental reasons; and because customers live outside of Canada and want the magazine in a timely manner and they don't want to have to pay a fortune in

## CCAB TOP 45 For 2006

Compare!

Publication Name	Subs	Single Copy Sales	Total Paid	+/- % versus 2005			Total Paid 2000
				Subs	Single Copy Sales	Total Paid	
Movie Entertainment	791,737		791,737	0.4%		0.4%	n/a
Touring <sup>1</sup>	627,798		627,798	3.1%		3.1%	433,476
Westworld British Columbia <sup>2</sup>	516,812		516,812	1.7%		1.7%	489,123
Westworld Alberta <sup>2</sup>	463,232		463,232	4.4%		4.4%	378,022
Primeurs	385,746		385,746	1.4%		1.4%	222,946
Homemakers Magazine	354,532	21,517	376,049	-10.3%	68.0%	-7.8%	506,483
Legion <sup>3</sup>	313,217		313,217	-2.2%		-2.2%	381,805
Bell TV Magazine <sup>4</sup>	202,791		202,791 <sup>1</sup>				— <sup>11</sup>
The Health Journal	190,000		190,000	-11.6%		-11.6%	203,000 <sup>4</sup>
Golf Canada <sup>5</sup>	144,182		144,182	0.2%		0.2%	140,818
Hometown Hockey <sup>6</sup>	115,757		115,757	9.7%		9.7%	n/a
British Columbia Magazine <sup>7</sup>	103,319	11,468	114,787				110,860 <sup>4</sup>
Madame	108,490	4,109	112,599		-9.8%	2.7%	114,177
Westworld Saskatchewan <sup>8</sup>	109,378		109,378	1.6%		1.64%	108,880
Chickadee	90,140	2,239	92,379	3.5%	-23.5%	2.6%	66,645
Ontario Out of Doors <sup>9</sup>	22,310	2,911	90,026	14.1%	-64.1%	6.6%	86,131
POP	85,463	454	85,917	40.4%	191.0%	40.82%	n/a
Score Golf	60,045	9,183	78,321	3.3%	32.1%	6.0%	142,438 <sup>4</sup>
Profit <sup>10</sup>	5,871	3,062	73,112	19.9%	-15.8%	17.8%	49,648 <sup>4</sup>
Reflet de Société <sup>3</sup>	73,035		73,035				n/a
Chirp	69,026	1,718	70,744	2.9%	-4.5%	2.7%	57,654
OWL	67,785	1,383	69,168	0.6%	-20.1%	0.1%	63,059
The United Church Observer <sup>9</sup>	66,102	10	66,112	-5.2%	-44.4%	-5.3%	95,067 <sup>4</sup>
Ontario Snowmobiler <sup>9</sup>			63,086	-4.8%	-100.0%	-6.7%	85,908
Conservator <sup>9</sup>	1,833		56,421 <sup>3</sup>				n/a
Magazine Sentier VTT Quad <sup>9</sup>	50,629	2,733	53,362				n/a
TV Week	43,521	8,839	52,360	-1.9%	5.1%	-0.8%	67,816
Canadian Family <sup>9</sup>	22,312	1,638	47,103	79.2%	78.0%	79.1%	n/a
The Walrus <sup>2</sup>	27,998	10,459	45,762				— <sup>11</sup>
Aventure chasse et Peche	29,333	15,473	44,806	10.5%	-4.5%	4.8%	n/a
The Outdoor Edge	44,805		44,805	-3.8%		-3.8%	n/a
Le Magaine Enfants Quebec	22,773	2,537	40,699	19.8%	-18.7%	16.3%	n/a
Camping Caravaning	35,011	1,458	36,469	46.23%	39.9%	46.0%	n/a
Downhomer Magazine	19,559	16,890	36,449	8.1%	-6.2%	1.0%	33,139
Ski Canada	14,040	6,626	33,827	-6.8%	-8.4%	-7.1%	44,031 <sup>4</sup>
Saltsapes	27,616	5300	32,916	2.0%	1.9%	2.0%	26,281 <sup>10</sup>
Pets Magazine	30,645	600	31,245	-8.0%	-53.2%	-9.7%	n/a
Performace Auto & Sound <sup>7</sup>	31,193		31,193				n/a
Ontario Golf	30,671	232	30,903	8.2%	19.0%	8.3%	n/a
Dogs in Canada <sup>9</sup>	3,369	919	29,613 <sup>9</sup>				20,888
explore <sup>2</sup>	23,265	5,373	28,638				24,575
Outpost Magazine	15,341	3,723	28,233	2.9%	-4.9%	1.8%	n/a
Photo Life	16,225	9,218	26,302	26.5%	-16.2%	7.3%	57,800
Cycle Canada	21,045	4,774	25,819	-7.9%	-3.2%	-7.1%	17,914
GardenWise	15,509	3,873	25,624	-4.0%	3.3%	-2.9%	17,572

<sup>1</sup> initial audit for three months ending May 2006; <sup>2</sup> audit for 12 months ending March 2005; <sup>3</sup> initial audit for three months ending December 2004; <sup>4</sup> represents 1999 circ; <sup>5</sup> initial audit for three months ending April 2006; <sup>6</sup> initial audit for three months ending September 2005; <sup>7</sup> initial audit for three months ending February 2006; <sup>8</sup> audit for 12 months ending September 2005; <sup>9</sup> majority of subs are either sponsored or included with a membership; <sup>10</sup> 2002 data; <sup>11</sup> title did not exist

additional postage. Those are the two biggest ones for us. And just accessibility. There's going to be more and more demand for digital.

**Masthead:** What areas of the Web have yet to be fully explored?

**McCredie:** Well, I find all the new technology stuff is so trendy. You can test e-mail blasting and text-messaging. Either might do really well for six months, then they're on to the next thing. Who's got the time and the energy and the money and the resources to say, 'Hey, let's catch on to text messaging, we've got to do it,' and then discover that there's a new blocking

program out there so you just can't use it any more? Most small publishers don't have the resources for a lot of this stuff.

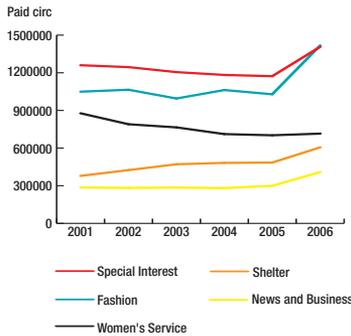
**Bullock:** I agree. Most of my clients, who are small to mid-size magazines, are still trying to get their traditional circ sources working first! It's like, 'Hey, how about a new renewal series since you haven't done one in 10 years? Or, how about trying a double postcard since you've never tried it? Or, how about adding that extra effort on your Christmas campaign, seeing how it's worked.'

The innovations are going to come from the

## CATEGORY TRACKER

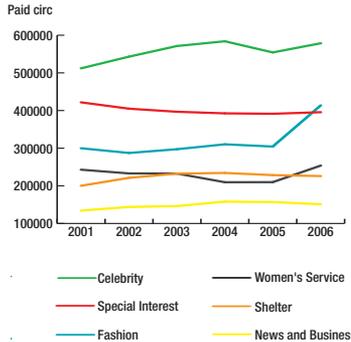
Line graphs below show five-year trends for total paid circulation in some of the leading categories. Growth in several categories is due largely to new titles entering the field, such as *LouLou* (women's service, English and French), *Western Standard* (news and business), *Protegez-vous* (French special interest), and *La Semaine* (French celebrity). All categories show overall growth over five years, except for News and Business.

ENGLISH CANADA 2006 vs. 2001 change: Women's service (+12%), Special Interest (+35%), News and Business (-18%), Shelter (+60%), Fashion (+43%)



Source: ABC FAS-FAX June 2005

FRENCH CANADA 2006 vs. 2001 change: Women's service (+13%), Special Interest (+38%), News and Business (-6%), Shelter (+13%), Fashion (+5%), Celebrity (+5%)



Source: ABC FAS-FAX June 2005

big publishers, as they always have, and we'll learn from their mistakes and us smaller guys can then come in when we can afford it and when we've got our other things figured out. And so hats off to the Rogers and the Transcons, and *Canadian Geos*, and the Americans for testing things.

**Masthead:** What's the story at *Canadian Geographic*?

**Murphy:** We're doing a lot of observation, too, because we don't have the resources and there is a lot of gimmicky stuff. It's a really new medium in terms of marketing and the U.S. is, I would have to say, ahead of us in that game. In fact, many other countries are ahead of us in terms of text messaging—you know, Japan and Europe and places like that. It's big business and we're kind of observing what people are doing and we'll step in when we perceive some good potential. Right now, I think search engine marketing and optimization are two areas we'll look into because half the people that come to our site are not subscribers, which means they're potential subscribers.

**Masthead:** Any unexplored areas at Rogers?

**McKinley:** I hope we have explored them if they're worth exploring, I'll put it that way [laughs]. We're doing a lot of experimenting. I'm intrigued by the whole area of wireless, the whole mobile receipt of information. I don't know how that'll play out for circ, but for audience development and brand extension there might be some neat stuff there. We tried a *Chatelaine* recipes program where



**"Innovations are going to come from the big publishers...and we'll learn from their mistakes"**

—Scott Bullock

you sign up and you get a recipe delivered to your cell phone so that you can pick up the ingredients on the way home. There's room for experimentation. Our brand, the Rogers brand, is about innovation and we're there innovating and trying to learn and grow.

**McCredie:** Kids have cell phones from age 10 and up now. That's a big means of communication for them—my daughter being one of them. I mean, they're texting. It's huge.

**Masthead:** Can we talk about the circulators of tomorrow and those who will succeed you?

**McCredie:** There's nobody left! [laughter all around]

**Masthead:** What qualities are you looking for?

**Murphy:** Flexibility. Being able to learn Web stuff, to do the direct mail, do the copy writing, design. I mean, circ's a very sophisticated job. They need the creativity, they need the analytical skills, which are always a big part of a circulator's job. And they need to be good

communicators because there's more interaction with the other departments in the magazine, probably than ever before: the ad department, the Web department, the editori-

al department. So it really is quite a broad set of skills that's required.

**McKinley:** The only thing I would add to that is that in the last number of years sales skills have increased in importance. Communication is a big part of it but it's actually selling, selling your concepts, even to the point of trying to ensure that you're getting appropriate investment [in circulation] within the company. You've got to sell that, you've got to sell the return on investment.

**Bullock:** And there's more bundling, there's more sponsorship deals and they cut across all disciplines in this business.

**Masthead:** How's your direct mail going? I'm hearing response rates are just trending down. Is that right?

**McCredie:** They go up and down. Last year it was up.

**Bullock:** I agree, it's cyclical. I think the issue that you hear from people when they're talking about direct mail these days is just the fact that lists are harder and harder to come by as a result of the new privacy legislation. Direct mail has good years and bad years. You have good packages and bad packages. And there are timing issues, as well.

**Masthead:** Is it still the number one source for new business?

**Bullock:** For a lot of clients it is.

**Murphy:** It still is, certainly for new business. It remains one of, if not *the* most expensive source. It still brings in very good quality, loyal customers so it's something you can't say no to if you're thinking long-term profitability.

**Bullock:** And it's predictable and it brings in big volumes when you need them because stuff falls off the file in big volumes.

**Masthead:** What's the second most potent tool in your arsenals?

**McCredie:** Renewals. People don't talk about renewals. In terms of circ revenue, it's number one.

**Murphy:** It's the heart of the business.

**Bullock:** And gift subs.

**McKinley:** Gifts and, yes, bind-in cards and insert cards.

**McCredie:** Insert cards are down, I'm finding. I don't know if you're finding that.

**Murphy:** I think they are, maybe in general.

**McKinley:** On the subject of renewals, I'm just interested in people's experience with continuous service. We're trying to sell more subscriptions that are continuous service instead of a whole renewal series. You're

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either getting a bill or you're getting your credit card charged. I mean, are you guys still finding that's a focus?

**Murphy:** It's something we do but there seems to be a limited number of people that want to operate that way and you may be there already. So we maintain it. And we encourage people to use it. Not in a big way, because we sort of maxxed out on that. I think we're staying where we are, with the number of people that want to commit to renewing every year, I think it's getting harder. That's our experience. I don't know in general, though, what people are finding.

**McCredie:** I do it on the paid trade stuff, for sure. It's auto-bill. And it's great, yes, though I think there's a certain limit to how many you can have. And depending on the industry, there's high turnover on it. And there's certain customers, it's something they feel comfortable with and some people don't.

**Bullock:** It really depends on the magazine.

**Masthead: What are your biggest successes this year?**

**McCredie:** I'm seeing really good cash-with-orders. And I'm seeing good two-year, long-term. Voucher packages are working. Some really good core partnerships are working. In terms of future, how do you make that newsstand buyer a subscriber? I don't think we do a good enough job doing that. I don't think insert cards are enough. Ideally, we'd like to actually even put a direct mail package in there.

**McKinley:** You won't get into Wal-Mart with that! *[laughing]*

**McCredie:** Maybe we should start thinking a little more innovatively and mailing the donor an actual package to give to the recipient, that includes the magazine. I think there's room there, but I won't tell you. *[laughing]*

**Masthead: Maureen? How about successes this year, and plans for the future?**

**Murphy:** Well, I guess some of the sponsor deals we've done have been interesting and there's more potential there but again, we have to make sure we're getting quality deals not just quantity. And on the Web, we've had some success with interstitial marketing. That proved really great for us last year. We're going to repeat that. So going forward, I would say our top priority is in fact a real old standard, is to increase direct-to-publisher business to improve our long-term profitability, to get the best quality customers we can so in the long term, we are the most profitable in the circulation area. And of course getting digital editions going and Web marketing. Those would be the top three for us.

**Masthead: Tracey, successes?**

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**McKinley:** Successes, I would say are Web—our growth on Web and digital. Our continued growth on newsstands. In particular, we felt really good about having a number of “mature” magazines actually turned around on the newsstand and grow, so that’s great.

**Masthead:** Specifically, I would think *Maclean’s* would be one?

**McKinley:** *Maclean’s* is a great example right now.

**Masthead:** Do you have some of the early numbers there. It used to be pushing about 4,500 copies?

**McKinley:** Well, we’re up over 50%. Ken Whyte and the new editorial team has just done an amazing job. We’ve also had really great support from retailers, wholesalers and our distributor, Coast to Coast, and our own team. So it’s been a collaborative effort. We have invested in more copies and the draw has gone up considerably and as the sale has gone up we’ve been able to warrant the increase in draw. So that’s been something good, too.

**Bullock:** That’s what’s so interesting about it—that you’ve put more copies out there and

your sell-through efficiency has *improved*. That rarely happens and that really does speak to the product.

**McKinley:** And I guess the other thing I would say overall is that I think our launches went well. Our team has been very busy with both *Hello!* and with *Chocolat*—two pretty



**“Next year, I think our priorities are the same. Retail focus, Web focus and launches”**

**—Tracey McKinley**

major launches at once—and so I feel like we’ve executed on that successfully. We’ll see how our numbers come back and so far, so good, in terms of successes for this year.

**Masthead:** How is *Hello!* doing, out of curiosity? We know the British edition was selling about 6,000 copies in Canada?

**McKinley:** For our first issue we’re looking 50,000 to 55,000, or more.

**Bullock:** Congratulations.

**McKinley:** Thank you.

**Masthead:** That’s massive.

**McKinley:** Yeah, that’s for the first issue. You know, the first issue was a launch issue and basically our guarantee to advertisers is 25,000. So that’s a good start but that’s the first issue. The other ones, we’re just getting feedback on so we’re off to a good start. For next year, I think our priorities are the same. Retail focus, Web focus and launches.

**McCredie:** There’ll be more launches next year?

**McKinley:** No comment.

[laughing]

**Masthead:** Any words of advice for your fellow circulators?

**McCredie:** Well, given the uncertainties at Canada Post and Heritage, small magazines have to just figure out a way to get their circulation really strong. So, they have to invest in it, they have to take it seriously, they have to take

newsstand seriously or they're not going to be able to survive it. They really aren't.

**Bullock:** I totally agree with that. In my role as a consultant, one of the things that you run into is this notion of, 'Well, we can't afford it.' But, you can't afford not to, right? It becomes a self-fulfilling prophecy. If you think small, you'll stay small. So, you have to think big, you have to plan well and you have to make strategic investments in core circulation infrastructure, get that functioning and stick to the plan. So that's the kind of advice I'm giving. They're starting to do those things. I'm seeing a magazine like *The Beaver*, it's been around for 85 years, and they're finally promoting at the newsstand. They're going to be testing this fall a CD-ROM tip-on to see if they can move the newsstand numbers. They're getting into premiums for the first time, tipped onto the cover. I'm seeing magazines like *Western Standard* finally getting a magalog [subscription brochure].

**McCredie:** What do you tip on to a beaver? [laughing]

**Bullock:** It's a CD-ROM of fur trade stories. It's for kids, it's for teachers, it's for parents. Publishers have to start getting more creative and doing the core stuff. And *The Beaver's* doing it. It's starting to happen.

**Masthead: Maureen? Advice for the medium-sized?**

**Murphy:** Medium-sized. Not too many of us left. [laughing] I don't know. I don't think there's anything new. Magazines are here to stay for quite a while. I think that has to be recognized. There's lots of talk about other media taking over but it's not going to happen any time soon. So sticking with the basics that circulators know and learn through their careers. But also being open to the potential that if they're on the Web and the potential of that is now there with the opening of the new ABC rules and using it to its best advantage to improve circulation. I think those are the main things.

**Masthead: Tracey, I'm not going to ask you to advise your colleagues at Transcontinental but perhaps you could share your concerns, both positive and negative, going forward?**

**McKinley:** I would say the opportunities exist not just to large magazines but to a lot of magazines. A big word around our place is the word "integration." I think we have to look at a magazine in an integrated way, as a brand, integrating both Web and print. It's such a big force. In terms of concerns, I think our industry retail sell-throughs, which are I think around 33% or 34%, are a huge issue. We're spending millions and millions of dollars on

magazines that are being shredded.

**Masthead: What's the solution?**

**McKinley:** Well, I mean, you can see in a way some of the challenge when you've got 15 check-outs in Loblaws and they all have a pocket and you need to have your magazines in the pockets. If we could move the dial from 34% to 44%, it would make a huge difference in all of our economics and I think it's an area that needs to be looked at. I know Mags Canada has. I'm not sure where it stands, but they are going to be forming a retail council,

**"Magazines really need to raise their collective voice and kick and scream louder than ever"**

—Eithne McCredie



just like there's a postal council. I think that's a big issue.

**Murphy:** There's a lot of newsstand issues, you know? RDA [retail display allowance] is getting right out of hand.

**Bullock:** That's why we have to have a retail council. We need ideas. We've been talking about a retail advisory council for so long now. The PBAA [New York-based Periodical & Book Association of America] is coming up here regularly and The News Group is talking about having its own custom seminar to start getting input. So there does seem to be some movement, finally, to actually tackling this in a more holistic way instead of the usual talk that demonizes the wholesalers.

**McKinley:** I think we'd welcome it. And we don't want the higher sell-through at the expense of unit sales. We don't want our unit sales to go down. We want them to stay the same or go up. We just don't want to print as many copies. It's all about targeting, right?

**McCredie:** Well, it's also about getting the sales data in a timely fashion, too. At the moment, it's hard to get the data and we're number-crunchers, right?

**Bullock:** The momentum's there. Chapters/Indigo has already imposed certain sell-through formulas on their suppliers. Of course, it's a lot easier to impose them on the smaller guys who don't have the clout to fight back. Because, let's face it, if we're going to get to a goal like 44% sell-through, then it will require the large publishing houses to make sacrifices to draws. Wholesalers and retailers will welcome anything that improves sell-through. Wholesalers certainly don't want

those low sell-throughs because they're the ones that have to carry the copies to the store and then to the shredder.

**McCredie:** But don't they get money for those shredded copies?

**Bullock:** Sure they do, but given their druthers, the wholesalers and the retailers want high sell-throughs and they're going to demand higher sell-through. So where's the problem? The problem is usually in the larger, mass-market, often American titles, because that's where the volume of returns come from. If you're a weekly magazine I don't care if

you're *Newsweek* or *Maclean's*, you're going to have more returns just because you only have a week to sell. But it's the little guys who are currently feeling the pinch.

**McCredie:** Oh, yeah.

**Bullock:** But even if every one of [those small mags] got to 75% or 80% sell-through efficiency, the 35% number would move maybe half a point. The only way the problem is going to be solved is if the bigger publishers get serious

about it. The only way that's going to happen is if there's a retail advisory council that we all get behind. So it's not going to be solved by our little clientele.

**McCredie:** There's also the fact that foreign publishers don't have to pay any portion of provincial recycling fees.

**Bullock:** All the more reason to have this council because that's another issue that could be addressed at a forum like that.

**McCredie:** Yes, but I guess what it comes back to, too, is the fact that circulators, we have to deal with a lot of monopolies. Right? We've got Canada Post, we've got newsstand distributors, we've got a little bit of fulfillment competition happening now, which has been good—at least there's someone else in town. But we are so forced to play with these people.

**Masthead: You don't have any trump.**

**McCredie:** There's no trump! You can kick and scream until you're blue in the face, but if your draw is only 600 copies nationally, who really cares if it's available or not? No one is making any serious money. And that's what's happening to small-magazine newsstand distribution. The big guys aren't fighting each other to take them on and then Magazines Canada is getting kicked out of some stores because retailers have exclusive-supplier arrangements with wholesalers and direct-to-retail distributors. As a result, some small mags are getting knocked right off the stands. Combined with the huge increases in postal rates, the small- to medium-sized magazines really need to raise their collective voices and kick and scream louder than ever! **M**