

Masthead

The Magazine About Magazines

Q&A

HYPN
Senior Vice-President
Rob Young



Q You recently moderated a panel discussion on how ad agencies are reinventing themselves. With the explosion of media choices in this consumer-controlled environment, the heat must be on agencies to keep up with consumer behavior. What keeps you up at night in this regard?

A I sleep pretty well at night but the escalation of choice does keep me busy during the day.

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Greg Keilty (*SkyNews, The Walrus*),
Alexandra Cooper (*Canadian House & Home*)
and Terri DeRose (Transcontinental Media)

CIRC WATCH 2006

A roundtable discussion with three circ pros on the state of the industry

Without circulation, a magazine is lost. You might get by with questionable editorial; what's trash to you may be treasure to the next person. There's an element of subjectivity involved. But circulation...now there's where you get to the cold, hard truth of the matter—especially paid circ. You're either getting it, or losing it. It's a never-ending concern. To discuss the circulation challenges and opportunities facing small, medium and large magazines these days, we invited a representative from each camp to a luncheon gabfest: Greg Keilty (publisher/owner of *SkyNews* and circulator for *The Walrus*); Alexandra Cooper (vice-president, circulation and strategic development with House & Home Media); and Terri DeRose (vice-president of circulation, Transcontinental Media). Read on for a take on matters as they see them.

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CIRC WATCH 2006

Featuring three leading circulation professionals in a free-ranging discussion about their increasingly complex roles, their partnership with editorial, bigger workloads, database and privacy issues, the Web, Canada Post and thoughts on controlled circulation

COMPILED BY WILLIAM SHIELDS



Greg Keilty (*The Walrus*, *SkyNews*), Alexandra Cooper (*Canadian House & Home*) and Terri DeRose (*Transcontinental Media*) at The Brasserie restaurant in Toronto in October

Masthead: What skills will best serve the next generation of circulators?

Terri DeRose: You've got to be a salesperson. You have to be able to negotiate things. You have to be able to put packages together that involve both the sales department and the circulation department. There's more and more partnerships being struck.

Alexandra Cooper: Yes, you have to be able to market yourself, but I think that's more of a temperament than a skill set. You've got to be able to market your magazine in any context, be it at an ad sales meeting, talking to the editorial department—no matter what, you're looking at the big picture, what's healthy for your magazine, and that's what matters. I find the people who we gravitate towards are the people who

want their success to help the product. They're not just looking out for themselves; they're not just going to look after their thing and make sure they've done their part of it. It's constantly changing, what they have to do. They might have to suddenly go present something because the ad director has called a meeting with an idea to give away 6,000 copies of the magazine to an important advertiser, and the circulator has to explain why that wouldn't be good for circulation.

Masthead: So, building an interdisciplinary awareness is important?

Cooper: Yes, but if you're interested in the success of the title, then I think you have that because then you pay attention to how ad sales are doing, to the relationship between editorial

and circulation, and you're constantly aware of how it all works together.

DeRose: Which was not the case in the past. We were all in our little departments, and sales and circulation, we found, were almost butting heads, and now we have to co-operate, we all have to work together

Cooper: And it's more fun working together.

DeRose: Absolutely.

Greg Keilty: I agree with Alex about the up-and-coming circulators. The word I was going to use was curiosity. It's funny, you know. I'm dealing with niche magazines, and you just have to know everything there is to know about that niche, and you have to want to know about that market. I mean, I sell the advertising for *SkyNews*, so I find that really helpful to do all sorts of stuff. You have to know the market in

PHOTOGRAPH BY JEAN HEGUY

great detail because the circulations are usually small and tight and you have to have tremendous penetration because that's what the advertisers want. If you're doing a good job in a niche market, I find that the advertisers tend to know it. So, at a niche title, the tools of sales and circulation, such as the audit, are closely related. If the readers aren't excited about the magazine, then the advertisers aren't going to be. So, niche-title circulators must have a deeper interest in the specifics of the market or, at least in general, they must be curious.

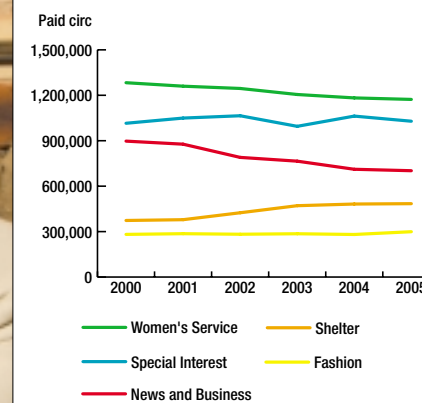
Cooper: What you need for a successful title is to have really good editorial. You can be the best marketer in the world but if you don't have a good product, it's going to be expensive to market it. You can get people to try it but they won't renew. You can get people to buy it on the news-

stand but they're not going to subscribe. To get that kind of loyalty you need a good product. You have to give your editorial and art teams results in a way that is meaningful to them. We try, at *House & Home*, to not give them too much, because they don't like too many numbers. You know, things like showing the issues that did really poorly [on the newsstand] and what they had in common, and showing the issues that did really well, and what they had in common; we'll show the issues where [Transcontinental Media's] *Style at Home* actually did better than we did, and what those issues had in common. I do think as a circulator that you have to influence the editorial that way by giving them results and making them care about how you do because sometimes you have editorial teams who are just oblivious to how

ENGLISH & FRENCH CIRC STATS

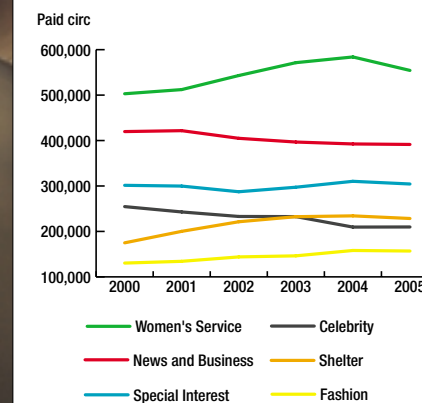
Line graphs below show five-year trends for total paid circulation by category.

ENGLISH CANADA: Women's service (-9%), special interest (+1%), News and Business (-22%), Shelter (+30%), and Fashion (+6)



Source: ABC FAS-FAX June 2005

FRENCH CANADA: Women's service (+10%), News and Business (-7%), special interest (+1%), Celebrity (-18%), Shelter (+31%), and Fashion (+20%)



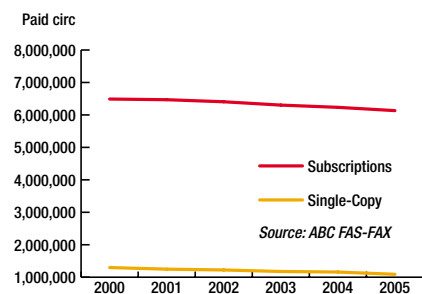
Source: ABC FAS-FAX June 2005

you sell on the newsstand, how your direct mail does or what your renewal rates are. Some editorial departments regard circulation as a completely different department and they don't think about it, but if you involve them and make them interested and share those successes with them then I think they're more responsive to those sorts of things.

Keilty: There's no question—it all starts and finishes with editorial. We're totally confined by that. If they do the job well, it makes our job so much easier. If they do the job poorly, there's no magazine. It's funny. We've worked on magazines that had nothing. You couldn't sell them. People did not want the magazine. There are magazines that just have no reason to exist. And then we get something like the launch of *The Walrus* where there's an obvious niche and

THE BIG PICTURE

A comparison of the same set of magazines with ABC data in 2000 and 2005 reveals that paid circulation by subscription has declined by 5.5% in the past five years while single-copy sales have dropped by 16%



pent-up demand, and it was like, "Give me that magazine!" It was so easy to start, but the market isn't huge so it gets harder.

DeRose: You mentioned marketing inappropriately and I just want to add something to what Alex was saying about working with editorial; that's extremely important. We're very close to all of our editors. I run all the promotional materials by them to make sure I'm selling what they're producing. It's happened where they'll find a [promo] piece and they'll say, "This isn't my magazine!" I have to have the bells and whistles and marketing techniques in there, but it still has to reflect what they're doing, so we work together on what we say and how we say it.

Masthead: Circulators must wear many hats.

DeRose: Absolutely.

Cooper: And it helps if they're good communicators. I think they need a certain amount of confidence. You can get young, fairly inexperienced people with a natural amount of self-confidence who are not afraid to ask questions, and those people learn because they're not embarrassed to say, "I don't understand newsstand at all." And then they learn. People who are afraid of what they don't know, I think they're really damaging in the circulation department because they just sort of sit on the skills that they have and don't ever venture beyond, and then the other departments are frustrated that they can't get information out of that person. You know, when sales comes in and wants an answer immediately you need someone who can talk.

DeRose: I also find that being comfortable with the great technologies plays a role. Greg, you're renowned for hiring university students way back in the days when you were with *Saturday Night*. You launched a lot of circulation careers. We don't have that luxury any more because staff is at such a minimum.

Keilty: That was really the interesting part of that. *Toronto Life* was doing the same thing at that time, to a greater extent probably than they are now. There were three or four places back then where there were a lot of people going through.

ABC TOP 45 FAS-FAX For the six months ending June 2005

	2005			+/- % versus 2004			Total Paid 2000
	Subscriptions	Single Copy Sales	Total Paid	Subscriptions	Single Copy	Total Paid	
Readers Digest	866,328	56,834	923,162	-3.6	-3.4	-3.6	1,001,022
Chatelaine	586,136	58,908	645,044	-2.4	-15.7	-3.8	735,059
Canadian Living	381,542	146,152	527,694	-1.2	16.0	3.1	547,059
Maclean's	377,743	5,147	382,890	-3.8	-29.0	-4.3	506,428
TV Guide	253,250	51,572	304,822	-9.5	-24.3	-12.4	560,616
Canadian House & Home	177,889	71,673	249,562	-1.7	-3.1	-2.1	176,131
Time Canada	225,567	10,375	235,942	2.5	12.0	2.9	317,325
Style at Home	181,389	53,411	234,800	3.1	4.3	3.4	192,840
Sélection Readers Digest	216,652	12,280	228,932	-2.0	-23.9	-3.5	221,187
Canadian Geographic	199,215	19,290	218,505	-0.9	4.2	-0.5	229,180
Coup de Pouce	173,099	39,701	212,800	-2.9	-20.3	-6.7	172,416
Châtelaïne	175,363	24,752	200,115	2.1	-18.3	-1.0	183,474
Today's Parent	192,453	5,601	198,054	21.7	7.0	21.2	121,945 ¹
L'actualité	176,184	9,143	185,327	-1.4	14.3	-0.7	185,866
Flare	144,262	15,184	159,446	3.5	-15.9	1.3	160,220
Canadian Gardening	138,462	13,545	152,007	-1.6	10.9	-0.6	142,135
Good Times	151,863		151,863	0.9		0.9	142,777
Bel Âge	141,071	4,367	145,438	-1.7	-19.2	-2.3	149,754
Canadian Home Workshop	126,178	4,995	131,173	1.2	36.5	2.2	110,743
Canadian Home & Country	116,203	12,616	128,819	10.0	33.2	11.9	n/a
Harrowsmith Country Life	114,205	11,671	125,876	1.5	-25.6	-1.8	133,885 ²
Protégez-Vous	108,797	15,957	124,754	-4.6	2.9	-3.7	190,173 ³
Moneysense	103,748	13,167	116,915	11.5	-3.0	9.6	103,773 ³
La Semaine		115,003	115,003				n/a
Gardening Life	80,825	14,250	95,075	-0.8	12.1	0.9	76,142 ¹
Outdoor Canada	78,939	9,523	88,462	1.9	10.5	2.8	82,422
DécorMag	76,987	9,722	86,709	6.4	-26.8	1.2	60,312 ¹
Affaires Plus	84,797	1,574	86,371	0.2	0.6	0.2	96,548
Elle Canada	69,174	17,059	86,233	-20.7	-0.5	-17.4	n/a
Elle Québec	61,871	23,094	84,965	-4.3	-12.3	-6.6	75,223
Canadian Business	78,591	4,527	83,118	1.4	-3.5	1.2	81,377
Les Affaires	80,831	1,961	82,792	0.9	-10.9	0.5	94,084
Hockey News	58,845	6,652	65,497	-25.8	-55.5	-30.5	101,578
Weddingbells		61,714	61,714				n/a
Fleurs, Plantes, et Jardins	51,718	9,943	61,661	1.8	-20.7	-2.6	54,340
Capital Santé	44,537	2,962	47,499	2.7	-43.2	-2.2	49,084
Revue Commerce	36,365	554	36,919	0.2	-42.5	-0.9	43,111
Gardens West	24,491	10,030	34,521	-7.2	-15.5	-9.8	36,662
Western Sportsman	22,685	1,578	24,263	-3.5	-14.2	-4.2	25,234 ²
BC Outdoors	15,075	4,594	19,669	-10.1	-15.6	-11.4	25,217
Interim	19,553		19,553	4.8		4.8	n/a
Pacific Yachting	12,451	4,438	16,889	-0.4	-1.9	-0.8	13,930
Shopping		15,078	15,078		-12.4	-12.4	n/a
Cottage	5,811	1,845	7,656				n/a
What's Up Kids	6,396	472	6,868				n/a

¹2000 data from CCAB/BPA ²June 2001 ³1999

Through their knowledge of circulation, they went on to other parts of the magazine

DeRose: I just find that what's happening in the industry, stateside, too, is that you've got a lot of higher-up people performing a lot of lower-level job duties because staff cuts are everywhere.

Masthead: It sounds like there's an industry trend resulting in fewer dollars flowing toward the circulation department.

Cooper: I think that's because people don't differentiate between cost and investment. If you think of it as an investment and everyone is supposed to get some kind of return on that investment, then you can usually rationalize spending more. So, if you're going to make

more money, you can hire more staff. I'm lucky because I work in an entrepreneurial environment where that's welcome. You know, if it takes more people to make more money, then you can do it—but you have to deliver on that.

Keilty: Circulation is definitely not an area where short-term thinking works. You have to think in terms of two or three years. *The Walrus* has been interesting in that they do a lot of internships, editorial as well as circulation, and the circulation internships work out really well.

Masthead: Let's turn to the subject of all the recent circulation scandals in the U.S. Is this impacting Canadian circulators?

Cooper: Don't you think that's way more of a stateside problem?

CCAB/BPA TOP 45 CONSUMER TRAC for 2005

	2005		2004		+/- % versus 2004		Total Paid 2000
	Single Copy Sales	Subscriptions	Member Subs	Total Paid	Single Copy	Subscriptions	
Feature		788,688	788,688	788,688		3.28%	352,743
Leisureways			736,255	736,255		2.02%	694,907 ²
Journey			630,231	630,231		2.36%	347,660 ²
Touring			608,773	608,773		4.45%	433,476
Westworld B.C.			508,409	508,409		1.55%	489,123
Westworld Alberta			443,843	443,843		1.46%	378,022
Homemakers	12,811	385,872		398,683	-4.57%	-2.48%	506,483
Primeurs		380,408		380,408		52.08%	222,946
Legion		2,018	318,257	320,275		-3.72%	381,805
50 Plus		194,690		194,690		-4.65%	204,147
British Columbia Magazine	12,443	105,419		117,862	26.20%	-5.90%	n/a
Madame	4,554	105,080		109,634	-3.72%	0.35%	114,177
Westworld Saskatchewan				107,616		0.25%	108,880
Hometown Hockey			105,568	105,568		27.15%	n/a
Chickadee	2,928	87,123		90,051	114.98%	-0.67%	66,645
Ontario Out of Doors	8,105	14,802	61,547	84,454	19.95%	-4.06%	86,131
Profit	3,470	492	70,229	74,191	-27.60%	36.30%	49,648 ²
Cottage Life	12,226	57,473	1,051	70,750	9.37%	2.96%	60,007
United Church Observer	18	3,264	66,494	69,776	0.00%	-6.89%	95,067 ³
Owl	1,730	67,351		69,081	103.77%	0.17%	63,059
Chirp	1,798	67,069		68,867	83.10%	0.68%	57,654
Ontario Snowmobiler	1,400	66,237		67,637	—	-7.56%	85,908
POP	156	60,858		61,014	-26.42%	6.38%	n/a
Motoneige Québec	1,284	60,303		61,587	0.31%	2.35%	70,536
TV Week Magazine	8,413	44,359		52,772	-16.36%	-0.29%	67,816
The Beaver Magazine	788	45,643		46,431	-14.90%	-5.06%	44,630
The Walrus ¹	13,033	29,462	514	43,009	-17.78%	29.17%	n/a
Aventure Chasse & Pêche	16,203	26,554		42,757	3.79%	37.77%	n/a
SBC Skier ³	7,863	8,252	22,784	38,899	n/a	n/a	n/a
Dogs in Canada	781	2,823	34,864	38,468	-4.29%	0.21%	20,888
The Downhomer	17,670	19,327		36,997	-1.59%	13.06%	33,139 ²
Ski Canada ²	7,233	14,539	14,630	36,402	-3.07%	-6.00%	44,031 ¹
Pets Magazine	1,283	33,322		34,605	-3.75%	-9.56%	n/a
ScapeScapes	5,208	22,950	4,112	32,270	9.55%	12.68%	26,281 ¹
Cycle Canada	4,934	22,850		27,784	16.29%	-6.04%	17,914
Outpost Magazine	4,315	14,296	9,176	27,787	-5.31%	-1.12%	n/a
explore	5,623	21,593		27,216	-15.92%	8.20%	24,575
Gardenwise	3,748	22,646		26,394	-13.98%	33.36%	17,572 ²
Snow Goer Buyer's Guide	8,048	17,046		25,094	-69.12%	-10.85%	n/a
World of Wheels	3,275	22,698		25,973	-40.13%	-1.75%	32,766 ¹
The Leader Magazine		284	23,898	24,182	—	7.18%	n/a
Photo Life	10,421	13,005		23,426	-13.83%	-2.61%	57,800 ²
Geo Plein Air	3,491	18,253	580	22,324	-30.82%	8.25%	14,022
SkyNews ³	3,300	14,264	5,736	23,300	-8.44%	10.63%	n/a
Le Monde De L'Auto (English)	2,998	12,474		15,472	-9.73%	-3.10%	n/a

¹ 2000 data from CCAB/BPA ² represents 1999 circ; ³ initial audit for three months ending March 2005

⁴ 1999 publisher's statement; ⁵ sworn statement March 2000 ⁶ December 2004/2003 figures ⁷ 2002

DeRose: Absolutely, absolutely. I don't think that's an issue here.

Cooper: Our industry is so small and so tight and I think there's a lot of integrity to the circulation.

Keilty: There is.

Cooper: Certainly Transcon and Rogers and all of the big publishers, there's incredible circulation integrity and at the smaller publishers you don't have any examples [of malfeasance] because it is such a small industry and we use the same people over and over again. When someone changes jobs there's a major shift. You lose someone from St. Joseph so someone from Transcon moves because they filled the job at St. Joseph. The quality of our circulation is high in general here.

Masthead: Could this also be because Canadian publishers are not under pressure to meet rate-

base promises made to advertisers?

DeRose: I don't think Canadian publishers have had inflated rates which I think is what prompted the problems in the U.S. You know, you've got 1.2 million subscribers, you got to maintain that. You know, all those deeply discounted subscriptions and the build up from [bulk subscription sales via sponsors] has just been huge for them.

Masthead: So it's not a problem in Canada?

Keilty: Definitely not at the niche magazines.

DeRose: I think the advertising agencies are putting a lot of pressure on magazines to actually do their ad campaigns [via requests for proposals]. They're saying, "We want value-added,

value-added," and requesting packages in that respect. They're not interested in just giving you \$20,000 to run a full-page ad in every issue; they want more than that.

Cooper: And you have to resist.

DeRose: Sometimes you have to resist.

Cooper: Diplomatically resist, and that's a hard one with the pressure. They want contests, subscriber offers, free issues—things that don't necessarily jell with the whole circulation strategy of the magazine—but it's an important advertiser, so you have to be very diplomatic in the way you approach it and educate your ad sales team to discourage them at the onset regarding certain things. I mean, if it involves giving away 30,000 magazines, you definitely don't want that. So don't say, "Yes, and I'll get back to you with a price."

Masthead: You all preside over databases that advertisers would love to get their hands on, and you can mine those databases in so many ways. Are you building new tools in this regard?

DeRose: Absolutely. And you can do it to a greater degree at a multi-title house. We've had a database for 10 years and we use it extensively. For Transcontinental it's moving up higher on the list because there's so much more that we could be doing with it. We have 18 million people on those lists, three million unduplicated names. I'm working the database extensively in terms of circulation promotion using regression models.

Masthead: Regression models? How do they work?

DeRose: It's when you go into your database of, say, three million unduplicated names, and you say, "Okay, I just want to send out 30,000 direct-mail packages for prospective *Outdoor Canada* subscribers and you take out 30,000 names blindly. I'm going to get *Canadian Living* people in there, and *Canadian Home Workshop* people, and subscribers to our other titles. And you mail out that package. When the responses come back, you analyze the characteristics of the people who did respond and you apply that back to the main database using criteria that you've established. It's about finding what's unique to those people so I can go back and find others like them. By working backwards from the initial test, hopefully you end up with a list that actually works. We're testing this. Is it working? I don't know; we're not there yet.

We're doing a lot of work in that area—because there are no lists! You can't get any names due to privacy issues. You can't get any American lists because they aren't onside with our new privacy legislation.

Keilty: Regression modeling works really well. It's proven. But it's really expensive for smaller, niche titles.

DeRose: *Reader's Digest* is a perfect example of how effective it can be. They've been doing it for years. It's huge for them.

Keilty: I think they used it for the launch of *Our Canada* [now with a paid circ of more than 200,000, and the title is not even two years old.]

Masthead: Former Maclean Hunter executive Lloyd Hodkinson used to say, "If you have a list, you have a magazine." Is that more or less still the case?

DeRose: Yup.

Cooper: Yes.

Keilty: Well, look at *Cottage Life*. Some lists would not support a magazine but by and large, that is a true statement.

Cooper: And non-competitive magazines work pretty co-operatively together [with blow-in subscription campaigns]. Circulators do package inserts in magazines all the time. And you don't charge each other beyond exchanging GST.

DeRose: Yes, that's a huge program for all magazines.

Masthead: In addition to sources of new business, the means by which to reach prospective consumers is exploding. There's RSS, podcasting, satellite radio, text messaging, for starters. These new technologies are creating new delivery methods, hence new methods for circ promotion. Circulators have to keep their fingers on the tech pulse.

DeRose: Absolutely. I have to tell you about *The Hockey News*. We've got to get on the video trend and text messaging. There's so much going on. We're working on that. We're working with text messaging. The offer to call. I don't even know all the technology.

Cooper: Well, is IT within your area?

DeRose: Well, here we go again. Aren't circulators IT people? We just had our first special issue of *The Hockey News's Ultimate Pool Guide* which is not mailed to subscribers—it's a special-interest publication—and we got it up on Zinio [digital-edition provider] and it sold over 3,000 copies in a month. That's a digital magazine, so, going back to that question, yes, I have to learn IT; I have to be able to talk to the IT people and they've got to be able to talk to me so that I can explain what they're talking about to get the program going. Jason Patterson is the circulation manager on *The Hockey News* and he's very involved with it, so I can't tell you the details. But, text messaging, video, Web—it all has to be co-ordinated.

Cooper: It used to be that one person knew everything that happened in circulation; you were an expert in all of it. It's become so broad now that you have to trust people and realize that people are more savvy in one area than you are, and you have to trust them to report back to you.

DeRose: If I was just *The Hockey News* all by myself, I'd have to learn that. I'm not involved because I'm working on 10 magazines immediately and 38 all together. So I go to a meeting to find out what's going on and say, "Okay, Jason, go do it!"

Masthead: How can small publishers utilize the new technologies?

Keilty: The most obvious thing is that the Web has become the most important place for subscription [generation]. It's just a magnet for subscriptions. A lot of it is people ordering in response to things you're doing.

Cooper: So, it's a method of subscribing.

Keilty: I think so. It's also marketing, so it's both. In the last year and a half, two years at most, it's really blossomed for niche magazines. A lot of people are quite happy doing their business that way. They want to do their business that way. My finding is that we still have to pro-



"There has to be a list or an event where you can talk to these people in concentrated form, because you can't talk to the phone book"

mote magazines in traditional ways, but that's the place they choose to order.

Cooper: But isn't the reason you have to promote them in traditional ways because you can't necessarily isolate how they got there unless you have different URLs for all your different promotional pieces?

Keilty: That's part of it, and perhaps another part of it is that circulators just don't trust the medium to do the job of finding new business. I mean, for niche magazines it's all about targeted access to the market. There has to be a list or an event where you can talk to these people in concentrated form because you can't talk to the

ABC TOP GAINERS FAS-FAX for the six months ending June 2005

	Subscriptions	Single Copy
1	Today's Parent 21.7%	Canadian Home Workshop 36.5%
2	MoneySense 11.5%	Canadian Home & Country 33.2%
3	Canadian Home & Country 10%	Canadian Living 16%
4	Décormag 6.4%	L'actualité 14.3%
5	Interim 4.8%	Gardening Life 12.1%
6	Flare 3.5%	Time Canada 12%
7	Style at Home 3.1%	Canadian Gardening 10.9%
8	Capital Santé 2.7%	Outdoor Canada 10.5%
9	Time Canada 2.5%	Today's Parent 7%
10	Châtelaine 2.1%	Style at Home 4.3%

phone book. I mean, they're there but that is too expensive. So, I have to send them a package or initiate something to a concentrated portion of the community, then they choose how they want to order in a way that they didn't used to. Maybe they'll come back in the mail, or back through the Web. It was really interesting: a few years back, e-mail lists were cheap and you'd promote through that and it made sense—there was no cost for postage and no cost for materials. So all the cost was in the list but the responses are as good as direct mail. And when the list was basically \$150 per thousand names, it made sense. Then e-mail lists became so expensive that you can't use them anymore. They still work but using them just doesn't make economic sense. And you thought, "Damn! Almost!"

Masthead: The beauty of subscriptions generated through the Web, where a credit card is usually involved, is that you are that much closer to hooking into a continuous subscriber via auto-billing. What's been your experience with continuous subscriptions in this context?

Cooper: We use it but not the credit cards, and it's the credit card that really makes it a real cost-saver. Unless you have access to updated credit cards—and Rogers Media does have that—it can work. If you're the kind of business with customers whose trans-

actions are constantly occurring because you have access to that subscriber through different means [cable, phone bills, sister titles], then you are more likely to get a recent transaction. But with *Canadian House & Home*, we're only going to get that credit card information once a year and when the time comes to renew them, half the time their card has expired so then you have this huge problem with not being able to process the continuous-service sub; and since you're renewing them right at the time of renewal, you don't have a lot of time to get that new card information, so we've always gone for just auto-billing them and as long as they are

CCGAB/BPA TOP GAINERS

	Subscriptions	Single Copy
1	Primeurs 52.1%	ChickaDEE 115%
2	Aventure Chasse & Pêche 37.8%	BC business 112.6%
3	Profit 36.3%	Owl 103.8%
4	Gardenwise 33.7%	Chirp 83.1%
5	The Walrus 29.2%	British Columbia Magazine 26.2%
6	Hometown Hockey 27.2%	Ontario Out of Doors 20%
7	Tidings 20.3%	Cycle Canada 16.3%
8	The Downhomer 13.1%	Saltscapes 9.6%
9	Saltscapes 12.7%	Cottage Life 9.4%
10	SkyNews 10.6%	Aventure Chasse & Pêche 4%

paying on their first bill, it's still way more economical than sending out a whole bunch of renewal notices. But you have to remember that you're giving them the best deal so you have to make sure that what you're saving on renewal costs—and bills are more expensive to mail because you're mailing them first class—you're making it in the renewal itself.

DeRose: And hopefully in a higher conversion rate.

Cooper: Yes. And we have a lot of two-year subs. More people subscribe for two years than one year at the renewal stage. So then you're giving away a two-year sub for a one-year sub which is okay if you have a very solid product but you're taking a little bit of a risk, not getting two years' worth of money, but we still found it works when we crunched the numbers; it was still better than traditional renewal methods. But it gets complicated if you change your frequency because then you're adding issues, you're testing prices—it's not friendly with price testing.

Keilty: My only experience, especially with *The Walrus*, is that people are ready for it, but we're still awkward in how we do it. The big part of it is, we don't have the credit card.

Cooper: Right.

DeRose: There's the credit card and then there's the auto bill that Rogers Media does. Certainly on the RMS [Rogers Magazine Service] program, that's all continuous bill and Suzanne Phillips does an excellent job with that.

Keilty: Consumers are ready for it. There's no question. There's just something awkward about the way we do it. I don't think there's any question that it works. My sense is that we're still just a little stumbly on it.

Masthead: Is it because the price point is so low? It's one thing if you're subscribing to *The Globe and Mail* and it's \$228 per year and every month they're taking out the \$25, whereas a magazine is \$25 per year.

Cooper: For the most part, people are used to paying for the entire subscription at once. But,

you're right, it makes sense, because then you have current information and you're talking to them on a fairly regular basis. But if you're only going to talk to them once a year, you probably don't have current information.

Masthead: What about the newsstand. Some circulators

are developing bald spots from scratching their heads wondering how to get their sales up. Thoughts?

Keilty: *The Walrus* does really well on the newsstand contrary to what you may have guessed, but it's really difficult. I don't think it's any harder than it used to be and I see more people moving money to the newsstand and there are lots of great examples [of success]. *Canadian Living*, *House & Home* and *Toronto Life*. Some people have decided to make newsstands work, and they have done it.

Masthead: So, it's possible to win on the newsstand.

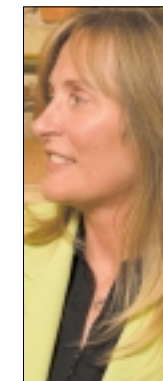
Cooper: Yes, absolutely.

Masthead: You need...

Keilty: A great product.

Cooper: And investment. And the more consistent your editorial product is, the better you do.

"I don't have a problem with controlled titles, except those placed on the newsstand; they add to the clutter and to overall inefficiency"



Masthead: Let's talk about controlled circulation for a moment. It's been something of the whipping boy of late. What are your thoughts on the matter?

Keilty: You could spend all day on this question. I don't think there's anything wrong with it. It's perfect in certain circumstances. The problem is, people use it as a default because they don't have enough money to launch properly or they don't understand how to do it properly. Both are common. Look at *Toro*. Why did they launch the way they did [as a controlled-circ-

title]. Did it make any sense?

Cooper: And controlled-circulation titles that sell on the newsstand don't make a lot of sense.

Keilty: But, in their defense, if you look at the circumstance of the PAP [Publications Assistance Program], and postal rates, there's a real built-in incentive to launch controlled. Can I talk about Canada Post for a while? Canada Post just doesn't seem to understand—

Cooper: Publishing? How to make money?

[Laughter all around]

Keilty: They do everything in their power to discourage. If you launch as paid, you use Canada Post for all sorts of stuff. But if you launch as controlled, you never have to talk to Canada Post ever again. If you launch paid, you are paying these giant rates in your first year.

Cooper: I don't have a problem with controlled titles except those placed on the newsstand; they add to the clutter and to overall inefficiency, which just annoys retailers and wholesalers. Other than that, I don't have a problem with them.

DeRose: I agree.

Masthead: Priorities for 2006. What are yours?

DeRose: One of my priorities is definitely to try to explore the Web in a bigger way and to try to get that relationship going back and forth. We have a lot of opportunities; Web-based, e-mail-based—that's high on my list. Newsstand is high on my list.

Keilty: And new sources of business. It's pretty well the same list that circulators have had—**Cooper:** Forever!

DeRose: There was one discussion point down there [in *Masthead's* topics-of-discussion brief] that asked about circulation breakthroughs and I was thinking, "Please, tell me if there is one!" [Laughter all around]

Masthead: Are there any surprises left in circulation?

Keilty: Well, one of the ones I would like to be able to make work is e-mail renewal. Just get everyone's e-mail address on file and renew them that way, you know? I haven't been able to do that. Just maintaining that on your database is really tough.

Masthead: What's stopping you?

Keilty: We don't have their e-mail addresses.

Masthead: Why is that difficult? It's like a phone number, isn't it?

Keilty: Yeah, but they change them.

Cooper: Also, it's so crowded, everything that you have on the blow-in card or renewal offer. It's hard to add new information. You've got their mailing information, you've got the tax

COVER STORY

information, the opt-in/opt-out choice, the offer itself.

Keilty: You're adding one more thing to the decision hierarchy and, you know, there's a lot of stuff on there now.

Cooper: And you're always hesitant to do anything that is going to detract from the response. And the more information you ask for, the more likely they are to be scared off.

Keilty: The other thing I'd like to work on is that, yes, we hear that new customers are harder to come by, so I'd like to work harder with current customers, and I think a big part of that is working with them so we can communicate economically. We're all risk-averse. I'm risk averse to some extent because it's such a hard business. There's not a lot of room to fail. The tried and true works to some extent but the Web's become important, e-mail's become important, and so on, but you can't abandon one and jump to another way of doing business because there's too much at stake.

Masthead: So, generally speaking, is the bulk of your attention on renewal or is it in generating new business?

Cooper: It's always on renewal, but unless you have 100% renewal rate, you need new sources.

DeRose: The higher your renewal rate, the less you have to go out and find new business.

Keilty: The biggest problem for the magazines I've been working for is the challenge of finding new sources. I mean, it's hard.

Cooper: Yes, harder than it used to be.

Keilty: But I don't find it harder than it used to be. We've lost some really big sources, but they weren't the most important sources. The biggest loss hasn't been those sources, it's been the

shrinkage of available lists.

Cooper: Right.

DeRose: Absolutely. That's a huge problem. When the new privacy legislation came in, on a magazine like *Outdoor Canada*, I would be going down and getting all those U.S. fishing books, like 4,000 [Canadian subscribers] to *Field & Stream* with a 10% response rate. Now, U.S. publishers are like, "I'm sorry. We don't want to be bothered with your privacy laws so we've taken our list off your market." Same with *Cosmo*.

Keilty: Yes, we've found that a lot.



"Now, U.S. publishers are like, 'I'm sorry. We don't want to be bothered with your privacy laws, so we've taken our list off the market'"

Masthead: Terri, these U.S. publishers didn't have a problem with you going after their readers?

DeRose: Absolutely not. And we let them use our list, too.

Cooper: And don't you find that that kind of co-operation works better than magazines worrying too much about competition?

DeRose: Oh yes.

Cooper: Because what you want is a strong category, that magazines are strong, not just your magazine.

Masthead: Do any of you foresee efforts to right-size circulation? That is, a jettisoning of junk or inefficient circulation?

Cooper: I don't think we have as much junk circulation [as in the U.S.]. I think we have good circulation. But I think that changes in postal rates and subsidies mean that publishers may be pursuing tighter circulations because it's so costly to mail.

Keilty: The junk circ kinda got cleaned out a long time ago with the demise of the agencies.

And look at *Atlantic Monthly* and *Harper's*; their files have dropped to a portion of what they were and they're still doing fine.

DeRose: I think we're all working toward giving the advertiser more targeted, quality circulation, and if it means you have to lower your rate base to do that then you just have to have the story to go out and explain to the advertiser that it's not because we're in trouble, it's

because we want to target and give you quality circulation.

Cooper: In general, Canada is innovative. The innovations we've seen at the wholesale level, with the creation of ProLogix where the wholesalers got together to come up with the logistics company that they share. You don't see that in the States, because the wholesalers are stronger here than they are in the U.S. And in Canada, for publishers to see wholesalers go under means that you don't get paid. You want all aspects of the supply chain to be strong. **M**