

**BUILDING AND SUSTAINING CIRCULATION LEVELS IN
A FLUID ENVIRONMENT WITH CONSTRAINED
RESOURCES**

by

Keisha Johnson
BA Media and Communication, University of the West Indies, 2001

PROJECT SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF PUBLISHING

In the
Faculty of Arts & Social Sciences

© Keisha Johnson 2004

SIMON FRASER UNIVERSITY

December 2004

All rights reserved. This work may not be
reproduced in whole or in part, by photocopy
or other means, without permission of the author.

APPROVAL

Name: Keisha Johnson
Degree: Master of Publishing
Title of Project: BUILDING AND SUSTAINING CIRCULATION
LEVELS IN A FLUID ENVIRONMENT WITH
CONSTRAINED RESOURCES

Supervisory Committee:

Dr. Rowland Lorimer
Senior Supervisor
Director, Master of Publishing Program
Simon Fraser University

John Maxwell
Supervisor
Instructor, Master of Publishing Program
Simon Fraser University

Tracy McRitchie
Industry Supervisor
Circulation Manager
Canada Wide Magazines & Communication

Samantha Legge Stollery
Industry Supervisor
Director, Circulation & Marketing
Canada Wide Magazines & Communication

Date Approved:

DEC 15/04

SIMON FRASER UNIVERSITY



PARTIAL COPYRIGHT LICENCE

The author, whose copyright is declared on the title page of this work, has granted to Simon Fraser University the right to lend this thesis, project or extended essay to users of the Simon Fraser University Library, and to make partial or single copies only for such users or in response to a request from the library of any other university, or other educational institution, on its own behalf or for one of its users.

The author has further granted permission to Simon Fraser University to keep or make a digital copy for use in its circulating collection.

The author has further agreed that permission for multiple copying of this work for scholarly purposes may be granted by either the author or the Dean of Graduate Studies.

It is understood that copying or publication of this work for financial gain shall not be allowed without the author's written permission.

Permission for public performance, or limited permission for private scholarly use, of any multimedia materials forming part of this work, may have been granted by the author. This information may be found on the separately catalogued multimedia material and in the signed Partial Copyright Licence.

The original Partial Copyright Licence attesting to these terms, and signed by this author, may be found in the original bound copy of this work, retained in the Simon Fraser University Archive.

W. A. C. Bennett Library
Simon Fraser University
Burnaby, BC, Canada

ABSTRACT

This report is an analysis of the internal and external challenges experienced by Canada Wide Magazines and Communication Limited in its attempt to build circulation for the eight consumer and trade publications it owns.

Like many circulation departments, the Canada Wide team finds that to achieve circulation growth it must constantly strategize and adapt to a changing environment. The department is internally challenged in this endeavour by constrained resources (finance, personnel and time) to handle its increasing workload. Fierce competition from local and US magazines as well as other types of media, demographic shifts and a changing regulatory framework are additional hurdles. The department endeavours to overcome these challenges and secure the revenues it needs to underwrite the costs of producing the magazines and ensure their viability.

The analysis contained in this report has been informed by my three-month internship in the circulation department, where I assisted with various projects and activities such as audit preparation, customer service, subscriptions and the Garden Wise retail expansion initiative, (see Appendix A for detailed internship job description). It is further substantiated by documents and reports from Canada Wide, existing articles and research findings on the topic sourced from trade magazines, books and statistical institutions. Interviews conducted with members of the circulation department combine to add relevant context and qualifying details to this report.

ACKNOWLEDGEMENTS

I would like to extend my gratitude to Dr. Rowland Lorimer and the entire MPUB staff for affording me this opportunity to pursue my dream. Special thanks to Karen Foss and Tracy McRitchie, from Canada Wide Magazines, who were always ready and eager to share their expert knowledge of circulation and publishing. Karen your enthusiasm for publishing is inspiring. Tracy you are a great mentor. Special thanks also to Jackie, Eileen, Sam, James, Kali, Carol, Kelly, Fern, Leah and Brianne from the circulation department at Canada Wide Magazines. You each provided essential details and information to help me complete this project.

TABLE OF CONTENTS

APPROVAL	ii
ABSTRACT	iii
ACKNOWLEDGEMENTS	iv
TABLE OF CONTENTS	v
LIST OF TABLES AND FIGURES	vii
Chapter I Introduction	1
1.1 Circulation Context.....	1
1.2 Overview of Circulation in Canada	4
1.3 Circulation Challenges	5
Chapter 2 Circulation and Canada Wide Magazines	7
2.1 Description of Canada Wide Magazines.....	7
2.2 The Circulation Models (Reaching Readers)	9
2.2.1 Controlled Circulation	11
2.2.2 Paid/Bulk/Controlled Circulation.....	17
2.2.3 Bulk Circulation	18
2.2.4 Controlled & Paid Circulation	18
2.2.5 Predominantly Paid Circulation	21
Chapter 3 The Administration of the Circulation Department	28
3.1 Outsourcing	30
3.2 Canada Wide Circulation System Capabilities.....	31
3.3 Budget	36
3.3.1 Expenses	37
3.3.2 Revenues.....	41
Chapter 4 Internal Challenges to Circulation Growth	45
4.1 Budgetary Constraints.....	45
4.2 High Work Volume, Limited Staff and Limited Time	46
4.2.1 Auditing Challenges	49
4.2.2 Periodic Delays	52
Chapter 5 External Challenges to Circulation Growth	55
5.1 Competition	55
5.1.1 Competition for Limited Newsstand Space	56
5.1.2 Regional Competition.....	59
5.2 Changing Demographics	60

5.3 Regulatory Framework.....	61
Chapter 6 Canada Wide's Circulation Approaches and Strategies	63
6.1 Marketing and Promotions.....	64
6.1.1 Contra Exchanges.....	65
6.1.2 Partnerships & Corporate Sponsorships	66
6.1.3 Cross-marketing	67
6.1.4 Marketing Within Each Magazine	67
6.1.5 “Freemiums”	68
6.1.6 Premiums	68
6.1.7 Gift Subscriptions.....	69
6.2 Customer Service.....	69
6.2.1 Payment Plan.....	70
6.2.2 Price Differentiation	70
6.2.3 Renewal Series	71
6.2.4 Grace Issues	72
6.2.5 Telemarketing	73
6.2.6 Other Miscellaneous	73
Chapter 7 Conclusion	75
APPENDIX A INTERSHIP JOB DESCRIPTION.....	77
APPENDIX B RESPONSIBILITIES OF THE CIRCULATION TEAM	79
APPENDIX C REVENUE COMPARISONS	82
SOURCES CONSULTED	84

LIST OF TABLES AND FIGURES

TABLES

Table 1 Canada Wide Magazines Categorization	8
Table 2 Canada Wide Magazine Distributions	11
Table 3 Award Five-Year Circulation Analysis	13
Table 4 Grocer Today Five-Year Circulation Analysis	14
Table 5 BC Business Five-Year Average Qualified Circulation Trend 01-04.....	19
Table 6 TV Week Five-Year Average Circulation Analyses	23
Table 7 TV Week Average Qualified Circulation Trend 2001-2004	23
Table 8 Garden Wise Five Year Average Qualified Circulation Trend.....	26
Table 9 Garden Wise Five-Year Analysis: Average Annual Audited Circulation.....	26
Table 10 Canada Wide Budget Expense Percentages Per Magazine for Fiscal 2001/2003	39
Table 11 TV Week Budgeted Expense Percentages for Fiscal 2003/2004.....	40
Table 12 Canada Wide Magazines and Communication Revenue Percentages For The Fiscal Year Ended July 31, 2004	42
Table 13 National Average Revenues Per Category Per Statistics Canada Periodical Publishing Report 1998/99	82

FIGURES

Figure 1 Circulation Department Processes	29
---	----

CHAPTER I INTRODUCTION

1.1 Circulation Context

It might be claimed that circulation is the engine of a publication as it involves the daunting tasks of identifying, reaching, sustaining and expanding your targeted readership. Intrinsic to these processes is a complex range of detail and administrative procedures from compliance with industry audit rules to maintaining consistencies in data entry formatting and accounting, market research, creative and responsible budgeting and astute data management and analysis. All these details have the potential to make or break a magazine's circulation efforts. And although high production values, engaging editorial and an aggressive and effective advertising team are as essential to the success and longevity of a publication, it is circulation that gets a magazine into the hands of the target readership.

The British Columbia Association of Magazine Publishers in the Circulation volume of its *In Print: Working Strategies for Magazine Publishers* describes the circulation function as “a complex process that involves developing valuable mailing list, direct mail campaigns, subscriptions, renewals, fulfilment, newsstand sales and promotional campaigns”. A constant pursuit of all these strategies is necessary to ensure a viable level of circulation given the plethora of magazines available in Canada and the ensuing competition among them and with other media for readers. In the magazine industry, readers’ demand for a title validate its worth and popularity and hence readers are in essence magazines’ collateral for securing investors, whether these are advertisers,

government or any other potential underwriters. The primary goal of circulation therefore, is not only to ensure that magazines are circulated to targeted readers but also that the largest possible share of these readers is being reached.

To reach readers, magazines are circulated using several circulation models referred to as paid circulation, bulk circulation or controlled circulation. These circulation models can be used singly or in combination. Paid circulation includes single-copy sales and/or paid subscriptions and is usually strived for whenever possible as it provides a constant cash flow, provides demographic information on readers and is also indicative of readers' commitment to the magazine, (which augurs well with prospective advertisers). Paid circulation is, however, quite costly to develop and circulators are often cautioned to aim for incremental growth if the requisite resources for expansion are limited. This model generally incurs substantial production, printing and postage costs for renewal notices and invoices in addition to costs for promotional initiatives to gain new subscribers and sustain a lucrative renewal level among existing subscribers. Bad debt (incurred from grace issues and magazines that are delivered to readers but are not paid for) as well as salaries is also generally higher for this model in comparison to controlled and bulk circulation.

Bulk circulation incurs less formidable costs and refers to multiple subscriptions sold to one consumer, usually at a discounted rate¹. This approach helps primarily to increase the visibility and exposure of a title among a general or specific audience as well as generate readers. But bulk circulation is not as robust (as paid circulation) for

¹ The Basics of Magazine Publishing by Ralph Hancox

delivering readership demographics. Circulators also have little control in reaching individual members of the targeted audience.

Controlled circulation is quite targeted. Intrinsic to this method is the distribution of magazines to a specific demographic at no charge to the recipient. It is most commonly used to distribute trade and specialty titles that have exclusive audiences and is also an effective method of providing samples of a magazine to a distinctive audience who are encouraged to become paid subscribers. Its major weakness as noted by circulator Sheila Cousineau in her article *Avoiding the Blue Box*, is that it is generally difficult to convert a free subscriber to paid and when the transition is made these readers who convert from controlled circulation to paid circulation are not always as loyal as those who pay right from the start. Needless to say, controlled circulation is an effective way to bump up circulation levels quickly.

Key to selecting the appropriate circulation model for a magazine is an understanding of the magazine's goal and target audiences. Identifying a magazine's potential audience is therefore considered the first step in building circulation². This process requires that circulators be au fait with all aspects of their target audience and the magazine industry. *Garden Wise* publisher Karen Foss underscored this point at a 2004 SFU Summer Publishing workshop lecture on circulation in which she emphasized that research and understanding of the industry, audiences' needs and habits are essential groundwork for reaching them and building circulation levels. These findings inform the appropriate choice of circulation model, the publication's frequency, print-run and the cost the market will bear for subscriptions. Audience research also helps a magazine

² In Print: Working Strategies for Magazine Publishers

define and segment its target audience and helps to make the circulation process that much more targeted.

1.2 Overview of Circulation in Canada

Canada has a fertile magazine industry that produces over 2000 periodicals according to the Statistics Canada Periodical Publishing 1998/99 report. These magazines span an extensive range of editorial focus, reflective of the pluralistic Canadian society. It is not surprising then that the special interest consumer category with 631 titles dominate the five main categories of Canadian published periodicals Statistics Canada identifies within the industry. Business and trade follows with 525 titles, scholarly (367), general consumer (229), religious (196) and farm (79) titles, for a total of 2,027 periodicals.

These magazines have an accumulated annual circulation for the period of the report of over 602 million copies. The bulk of Canadian magazines have small (5,000 or less) to medium-sized circulation (5,000-19,999). General interest magazines showed the highest average circulation per issue, followed consecutively by special interest consumer titles, religious, business or trade, farm and scholarly publications. Across the board in both category and geographic region, advertising accounts for the largest share of revenues for Canadian magazines, followed by subscriptions sales (except in the special interest consumer category where the number two income is other revenues). Single-copy sales and other revenue sources accounts for the remaining revenue streams.

1.3 Circulation Challenges

Magazine circulation in Canada is challenging. These challenges are characterized by fierce competition for advertising revenues and audiences among the plethora of local and foreign (especially US magazines) and with other forms of media such as television and the Internet. Limited newsstand space, a complex and inefficient distribution system, demographic shifts and a changing regulatory framework are additional hurdles to developing magazine circulation. Canada Wide Magazines has survived many of these challenges but as they expand their portfolio of publications, budgetary, personnel and time constraints internally challenge their circulation prowess.

Canada Wide is a multi-title magazine publisher with a rapidly growing portfolio. At the time of writing the company published over 30 consumer, trade and contract publications. This burgeoning list of publications in recent years has increased the workload of the circulation department, but the department's staff complement is not reflective of the expansion.

This paper will examine the impact and extent of the resource deficits on managing circulation as well as the various external challenges the department encounters in its effort to grow and sustain the circulation levels for its eight company-owned magazines. It will also reflect on the strategies employed to overcome and manage these challenges. First we will look at circulation in the context of Canada Wide and examine its circulation models. The third chapter details how the administration of the department, structural resources and budget are coordinated to support and manage circulating the magazines. Chapter four details the internal challenges –budgetary constraints and the imbalance of workload staff and time– that most adversely affect the

department's initiatives at achieving and managing circulation growth. Chapter five outlines the external challenges to circulation growth that directly affect the Canada Wide magazines namely, various types of competition, demographic shifts and changing government and auditing regulations. The sixth chapter details the various marketing and promotion strategies the company employs in its effort to develop its circulation levels. The report concludes that adequate resources are imperative for managing and developing circulation.

CHAPTER 2 CIRCULATION AND CANADA WIDE MAGAZINES

2.1 Description of Canada Wide Magazines

Canada Wide Magazines and Communication Limited debuted in Western Canada in 1976 with a single title: *TV Week* Magazine. Since then, its magazine portfolio has grown to include more than 30 business, trade, consumer and contract publications. The company is the largest independent publisher in Western Canada with over \$20 million³ in annual sales. Eight of the titles it produces –*TV Week, BC Business, Garden Wise, 99 North, Award, Grocer Today, Pacific Golf* and *BC Home*– are owned by the company. The remaining 20+ periodicals are contract publications.

For the 2003-2004 financial year the company had an accumulative annual distribution of 5,472,000 copies⁴ for the magazines it owns. These magazines are primarily regional in focus to Western Canada and vary in frequency. *TV Week* is produced weekly, *BC Business* monthly, *Garden Wise* and *Award* are bi-monthly while there are six issues of *Grocer Today*, five issues of *BC Home*, three issues of *Pacific Golf* and two issues of *99 North* per annum. Table 1 below, shows the category/genre of each magazine, its frequency per year and the print-run per issue.

³ Provided by Canada Wide, 2004.

⁴ This figure combined from distribution data provided on Canada Wide rate sheets for the respective magazines.

Table 1 Canada Wide Magazines Categorization

Magazine	Category/Type	Frequency	Print-run
TV Week	General Consumer	Weekly (52)	75,000
BC Business	Business	Monthly (12)	26,000
Garden Wise	Specialty Consumer	6 issues	35,000
BC Home	Specialty Consumer	5 issues	35,000
99 North	Leisure	2 Issues	100,000
Pacific Golf	Leisure	3 issues	20,000
Award	Business/Trade	6 Issues	8,500
Grocer	Business/Trade	6 Issues	16,000

TV Week is a general consumer magazine and appeals to a diverse audience in the Lower Mainland and Vancouver Island. It features television program listings and was recently revised to include an additional 11 pages of editorial content, featuring additional coverage of entertainment news and features relevant to British Columbia. *BC Business* magazine as its name suggests, is a business magazine. It reports on the “trends, issues and the strategies that affect the professional and private lives of all British Columbians.”⁵ *Garden Wise* is a specialty consumer gardening magazine that covers gardening information specific to British Columbia. *BC Home* is another specialty consumer title that focuses on the home décor industry (also referred to as the shelter market) in British Columbia. *Pacific Golf* falls in the specialty consumer category and may be more specifically referred to as a leisure title. Its niche is golfing in British Columbia. *Award* and *Grocer Today* are trade titles covering news and industry related

⁵ Sourced from the Canada Wide Magazine and Communication Limited profile sheet.

information in the architecture and food industries respectively in Western Canada. According to the circulation manager Tracy McRitchie, the number of copies printed for all the Canada Wide-owned magazines (with the exception of *TV Week*) remains the same for each issue⁶. *TV Week* is allowed a range of 65,000 - 75,000 copies per issue. The print-run for each magazine is based on the total circulation that is needed to attract sufficient advertising revenues to underwrite the cost of producing the magazines or may be reflective of the demand for paid circulation. What this means is that there are no increases to the print-run, unless this can be justified by an increase in advertising revenues or an increase in paid readers.

Five of the Canada Wide-owned titles and three of the contract publications are audited by Business Publication Audit International (BPAI), which verifies the circulation figures the department claims for these magazines. Sworn statements prepared by the company corroborate the circulation of the remaining three magazines. As a member of BPAI, Canada Wide's circulation operation is subject to the regulations and standards of this audit bureau, which outlines the terms and conditions for identifying, classifying and managing circulation.

2.2 The Circulation Models (Reaching Readers)

The eight magazines are distributed using an array of circulation models— paid circulation, bulk circulation and controlled circulation— employed singly and in combination for the different genre titles represented. All the magazines with the

⁶ Interview conducted with Tracy McRitchie on October 21, 2004.

exception of *99 North* have some element of paid circulation. The general consumer magazine (*TV Week*) and one of two specialty consumer titles (*Garden Wise*), are predominantly paid circulation; the leisure titles (*Pacific Golf* and *99 North*) are primarily bulk circulated, while the two trade titles and the company's newest magazine (*BC Home*) are largely controlled circulated. *BC Business* has a mix of controlled circulation and paid circulation.

The circulation model for each magazine is collectively decided by the publisher, circulation manager and the director of circulation and marketing and is a factor of what they anticipate will reach the largest share of targeted readers and ultimately yield the highest number of qualified readers. Director Samantha Legge Stollery notes that the process of choosing an operating model is not formulaic because not only is the audience different for each magazine but also, readers are moving targets⁷. The circulation models therefore have to remain flexible to respond and adapt to readers' habits and lifestyle changes as well as any other trends in the industry that influence circulation levels.

The following section, beginning with Table 2, details the circulation models that Canada Wide employs for its in-house magazines and the rationale and influences governing each choice. All the circulation figures quoted are obtained from BPAI audit statements unless otherwise stated.

⁷ Interview with Samantha Legge Stollery conducted July 23, 2004.

Table 2 Canada Wide Magazine Distributions

Magazine	Frequency	Print-run	Paid Subs	Single-copy Sales	Bulk	Controlled	Total Circulation
TV Week	Weekly	75,000	44,489	10,058		4,405	58,952
BC Business	Monthly	26,000	10,951	1,349		9,421	21,720
Garden Wise	6 issues	35,000	16,981	4,357		8,088	29,426
BC Home	5 issues	35,000				28,100	35,000
99 North	2 Issues	100,000			100,000		100,000
Pacific Golf/ Alberta Golf	4 issues	20,000		350	11,145	7,074	18,569
Award	6 Issues	8,500	91	4		7,534	7,629
Grocer	7 Issues	16,000	315			14,190	14,505

2.2.1 Controlled Circulation

The company uses the controlled circulation model to distribute its two trade titles, *Award* and *Grocer Today*, as each title serves a targeted niche in the building and grocer industries respectively in Western Canada. Business Publications Audit International (BPAI) defines the field served by the magazines, and recognizes only the copies sent to recipients within the defined field as qualified circulation. The field served by *Award* includes, architects, developers, interior designers, engineers, landscape architects, city planners, construction contractors and suppliers. *Grocer Today* serves the grocery field trade and the qualified recipients for this magazine as defined by BPAI are personnel and companies within this field, including manufacturers and processors of food products and equipment. The majority of both magazines are distributed free of charge to the organizations' members and the professionals within the respective trade sectors.

The March 2004 BPAI audit statement of *Grocer Today* shows that the magazine has a qualified circulation of 14,505 copies, of which 98 percent is controlled circulation. The most current BPAI audited circulation statement for *Award*, which covers the six-

month period ending December 2003, shows that its circulation stands at 7,629 copies. Both publications have a single digit percentile of paid subscribers of 2.2 percent (*Grocer Today*) and 1.2 percent (*Award*).

Circulation growth for both trade magazines has been static for several years as there has been no real push by the company to grow these magazine's circulation levels. The circulation director says sometimes it is simply not necessary to increase circulation, especially if the competition has a similar circulation and if the advertisers do not need and/or are not willing to pay for a larger audience. As a result, the print-run for the trade titles have been frozen for several years. Customer service manager, Jackie Lee explains that there is therefore little room for circulation growth for these magazines⁸. *Award* magazine for example started in 1996 with a print run of 8,000 copies, which was only increased in recent years to 8,500. Similarly, the print run for *Grocer Today* has not changed from its initial (1987) 16,000 print run. The company has also only invested minimally in promoting these magazines. The promotion budget allocated to *Grocer Today* represents only 3.52 percent of its total budget and 1.46 percent of *Award's*.

Table 3, which represents a partial five-year analysis by BPAI of the average annual audited circulation for *Award*, shows that the magazine's circulation has not seen any real growth since 2001 when it was 7,624. There was an increase to 7,641 in '02 but this was lost in '03 when circulation fell to 7,608. The circulation department reported an increase to 7,629 in 2003, but that figure is unaudited. At the time of writing there were no subsequent audit statements for *Award*.

⁸ Interview 21, October 2004.

Table 3 Award Five-Year Circulation Analysis

FIVE CALENDAR YEAR ANALYSIS: AVERAGE ANNUAL AUDITED QUALIFIED CIRCULATION AND CURRENT UNAUDITED CIRCULATION STATEMENTS				
	Audited Data	Audited Data	Audited Data	Circulation Claim
	2001	2002	2003	2004
Total Audit Average Qualified:	7,624	7,641	7,608	7,629
Qualified Non-Paid:	7,496	7,518	7,513	7,534
Qualified Paid:	128	123	95	95
Post Expire Copies included in Paid Circulation:	**NC	**NC	**NC	**NC
Average Annual Order Price:	**NC	**NC	**NC	**NC
*NOTE: July-December 2003 data is unaudited. With each successive year, new data will be added until five years of data is displayed. **NC=None claimed.				

(Source: Reproduced with permission from BPAI Circulation Statement of Award magazine for the Six-Month Period Ended December 2003.)

The circulation growth trend for *Grocer Today* mirrors that of *Award*. Table 4 shows that in 2002 *Grocer* had an average 14,819 qualified circulation, which is up 0.18 percent from the previous year's average. But the circulation level fell to 14,456 in 2003. For the first half of 2004, only an average of 49 additional copies were distributed according to the department's unaudited report. The September 2003 audit statement, which showed the magazine's average circulation for May 03 to the August 03 period at 13, 947, suggests that during this period (May–Aug 03) the magazine lost its first place circulation ranking among the three major food titles (*Grocer Today*, *Western Grocer* and *Canadian Grocer*) serving Western Canada⁹. Moreover the June 2004 issue was cancelled due to insufficient advertising revenues to underwrite the cost of producing the magazine.

⁹ Based on comparisons of 2001-2003 BPAI circulation audit statements for *Grocer Today*, *Western Grocer* and the *Canadian Grocer* circulation to provinces in Western Canada.

Table 4 Grocer Today Five-Year Circulation Analysis

FIVE CALENDAR YEAR ANALYSIS: AVERAGE ANNUAL AUDITED QUALIFIED CIRCULATION AND CURRENT UNAUDITED CIRCULATION STATEMENTS				
	Audited Data	Audited Data	Audited Data	Circulation Claim
	2001	2002	2003	*2004
Total Audit Average Qualified:	14,792	14,819	14,456	14,505
Qualified Non-Paid:	14,792	14,395	14,078	14,190
Qualified Paid:	429	424	378	315
Post Expire Copies included in Paid Circulation:	**NC	**NC	**NC	**NC
Average Annual Order Price:	**NC	**NC	**NC	**NC
<p>*NOTE: July-December 2003 data is unaudited. With each successive year, new data will be added until five years of data is displayed. **NC=None claimed.</p>				

(Source: Reproduced with permission from BPAI Circulation Statement of Grocer Today magazine for the Six-Month Period Ended September 2003.)

According to the circulation manager, Tracy McRitchie, prior to the last two years circulating to both trade sectors was fairly straightforward. Canada Wide developed relationships with a number of the trade organizations and most companies and associations were cooperative in providing the circulation department with a list of their members or directories. But as some of these organizations become wary of privacy violations¹⁰ in general —such as magazines selling their names to third parties or cross marketing other products than the requested magazine to subscribers— they are less willing to share their membership database. That the magazines are complimentary and provide essential information to their trade has little bearing on the matter. Privacy concerns stand in the way of their reversing their decision.

¹⁰ Privacy Regulation in Canada “protects individuals against unwanted disclosure of personal information. It also governs the collection, use and distribution of information collected by organizations.” Sourced from CMPA.

The scope for growth in the circulation numbers for both trade magazine is therefore narrowed by the increasing difficulty accessing new readers, as well as convincing existing subscribers to submit a request for the magazine every three years as required by BPAI, which stipulates that subscriptions can only be valid for a maximum of three years. This reapplication process is referred to as re-qualifying. The circulation manager says the combination of an aging database of subscribers, low-level response to re-qualification initiatives and the difficulty acquiring new subscribers within the respective trade sector that each magazine serves are additional challenges to developing and maintaining the circulation levels for these magazines. But these are deterrents the department must overcome to ensure that the magazines deliver the size and quality audience that will appeal to advertisers within these trades.

To give a sense of the importance of advertising, currently, advertising revenues accounts for over 90 percent of each of these magazines' revenue. Since advertising revenues underwrite the production costs for these magazines, it is imperative to maintain circulation levels that will appeal to advertisers. Lowered circulation levels can, in worst-case scenarios, diminish the publication's frequency and consequently the magazine's clout in attracting advertising revenues.

Cognizant of this dependency between circulation and advertising revenues, the circulation department strove to restore *Grocer's* circulation in August 2004 by targeting individuals in the trade versus the trade organizations and by seeking business directories and lists it did not previously have. According to the circulation manager, the circulation levels for both magazines have since been regained. However, further growth for these titles is restricted given the magazine's present print-run.

The controlled circulation model is also used for distributing the company's newest magazine *BC Home*. The goal of this shelter magazine is to be paid circulation, but controlled circulation is currently being used to develop a subscriber base and ensure it is reaching an appealing audience to advertisers. *BC Home* was upgraded from a quarterly feature that was inserted in the *Garden Wise* magazine, to a five-issue magazine to capitalize on advertisers who desired to reach British Columbia readers in the shelter market¹¹. Canada Wide was confident it could deliver this audience by identifying homeowners in its existing database. From the initial print-run of 35,000, the department mailed 10,600 copies to *BC Business* home-owning subscribers and 17,500 copies to *Garden Wise* home-owning subscribers. An additional 6,900 copies were promoted at home and design shows. To begin developing the paid circulation, the company offered a one-year free gift subscription for a friend to all new prospective subscribers.

This mailing of a new title to existing customers of Canada Wide, called cross-marketing in the industry, promises high returns in both circulation numbers and advertising revenues for several reasons. They are as follows: a) the population is large enough to address advertiser's needs, b) the recipients have existing relations with the company and this familiarity means they may be more receptive to subscribing to the magazine, c) magazine subscribers tend to be more likely to subscribe to other magazines. Such cross-marketing is also a lower cost initiative to the company than if these names had to be purchased from an external list provider. Using its existing resource, also allows the company to offer a competitive introductory subscription rate of \$12.00 per annum, which, in today's tight economy and competitive magazine

¹¹ Interview with Samantha Legge Stollery July 23, 2004.

environment, is more likely to increase the appeal of the offer, and hopefully spur the response rate. The timing of the re-introduction of the magazine to the market also coincides perfectly with the advertising success of home magazines in Canada.

According to Leading National Advertiser Canada (LNA), home magazines showed a 21.1 percent growth in advertising revenue from 2002 to 2003, outpaced only by gardening magazines that registered a 25.4 percent growth in advertising revenues for the same period. City magazines (9.6 %) were the next runner-up followed by women's titles (7.6 %).

The company hopes that these targeted promotional efforts will produce a sufficiently positive response rate to allow it to incrementally increase the magazine's paid circulation and reduce the controlled list.

2.2.2 Paid/Bulk/Controlled Circulation

The paid circulation model combined with bulk circulation and or controlled circulation has proven most suitable and lucrative for *Pacific Golf* a leisure title with an audiences that is best accessed through leisure related institutions. (Note both *Pacific Golf* and *99 North* magazines are not audited by BPAI, so the term "distribution" is used in lieu of "circulation"). Bulk distribution for *Pacific Golf* is targeted mainly at golf clubs because they can deliver the desired audience. Just over 10,000 copies or half of the print-run is distributed in bulk to golf courses across British Columbia¹². Another 800 copies are bulk distributed to Jazz airlines to increase the visibility of the magazine. There are a few copies (350) on the newsstand and 7,074 controlled subscribers obtained from various golf associations. A predominantly bulk circulation model has worked well

¹² Sourced from Subscriber list provide by Canada Wide.

for this title and in 2003 a split run of 10,000 copies was created to produce *Alberta Golf* which is distributed to golf clubs in Alberta using the same distribution concept.

2.2.3 Bulk Circulation

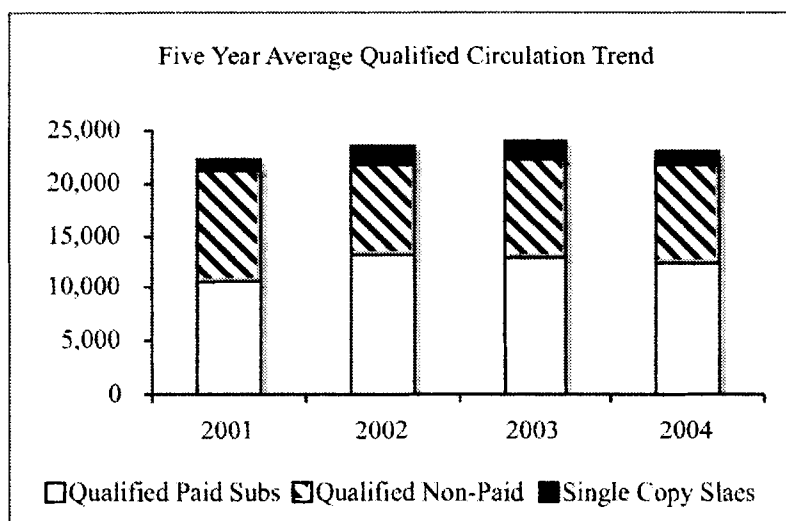
A pure bulk circulation model is employed for *99 North* as the target audience for this magazine is mainly tourists travelling through the sea to sky corridor between Vancouver and Whistler. It has a print-run of 100,000 copies most of which are bulk distributed through 8,000 specialty outlets in Western Canada. *99 North*, however, has no paid subscribers, as the readers are seasonal and transient. This magazine is published twice each year and is supported entirely by advertising revenues. The department has not had any major challenges distributing this magazine.

2.2.4 Controlled & Paid Circulation

Mixing controlled and paid circulation was adopted for *BC Business*, which retails on newsstands and has a paid subscriber base of 10,951 as well as a large controlled list of over 9,000 business professionals or 43.3 percent of its qualified circulation. Its combined qualified circulation as of the June 2004 BPAI audit statement is 21,720. Typically, controlled circulation is mixed with paid in the initial years of a magazine to build brand awareness and increase circulation to levels that can attract adequate advertising revenues to support the cost of the magazine's growth. As paid circulation increase, the controlled circulation is tapered off. But *BC Business* has maintained close to half controlled circulation since its inception to sustain the size of its circulation. Table 5, BPAI Five Year Average Qualified Circulation Trend 01-04 shows that the ratio of paid subscriptions to non-paid has been relatively constant from 2001 to 2004. (Please

note that Canada Wide considers non-paid circulation to be synonymous with controlled circulation, which for *BC Business* includes copies sent to individuals as well as those provided to institutions and those copies, allotted for distribution at the *BC Business* Breakfast seminars).

Table 5 BC Business Five-Year Average Qualified Circulation Trend 01-04.



(Source: Reproduced with permission from BPAI Circulation Statement of BC Business magazine for the Six-Month Period Ended June 2004.)

In 2003, an aggressive conversion program to increase the number of paid subscribers was launched to top-up revenues and to ensure the magazine maintain compliance with the 50 percent paid subscriber requirement that paid magazines are required to meet to qualify for Publications Assistance Program¹³ subsidy. Postage is

¹³ ‘The Department of Canadian Heritage administers the postal subsidy under the Publications Assistance Program on behalf of the Government of Canada in partnership with the Canada Post Corporation. Amendments were made that became effective April 2004. Among the general eligibility criteria publishers need to meet is have at least 50 percent paid of its total circulation to bona fide subscribers, single-copy sales and newsstand sales or have 50percent of its total circulation consisting of request circulation.’ – Periodical Publishing Policy and Programs PAP Applicant’s Guide 2004 Edition.

approximately 43 percent of *BC Business*' circulation budget¹⁴ and though BPAI audit statements show that the magazine has maintained just above fifty percent paid, the department needs to ensure it is able to sustain these levels in order to retain the postal subsidy¹⁵. The PAP subsidy supplements a huge chunk of postal costs.

The push by the circulation department for an increased number of paying subscribers is also inspired by renewal challenges. Securing paid renewals for *BC Business* magazine has previously been undermined by the high levels of duplication in complimentary copies sent to paying subscribers, or the availability of complimentary copies to this group. In-house telemarketing results show that when approached to renew, these subscribers often opt to cancel their paid subscriptions in favour of their free subscription, which is usually valid for a year or longer.

Though history shows that readers are slow to pay for a magazine they previously received or can access free, the department is confident they can overcome this challenge and it has tailored its creativity to gradually wean its controlled subscribers by offering them three-free issues for a limited time, plus the opportunity to subscribe for a year at a reduced rate of \$14.77 (the normal rate is \$25.95 per annum). This subscription offer also includes a premium of a business related book written by Canada Wide publisher Peter Legge. The department used this concept of a limited free issue trial married with a discounted subscription rate and premiums (free gifts) in its attempt to convert controlled subscribers for *Garden Wise* to paid subscribers and achieved an average two percent

¹⁴ Budget percentage allotments for fiscal 2003/2004 provided by Canada Wide Circulation department.

¹⁵ "The Publications Assistance Program has introduced a three-year re-application cycle for publications currently receiving postal assistance. The three-year cycle will require two annual attestations, and one full re-application, be received from publications currently receiving the postal subsidy. This measure was introduced to ensure existing PAP recipients continue to meet the eligibility criteria, and current information is on file for monitoring and audit purposes." CMPA members News Bulletin November 28, 2003.

conversion rate¹⁶. They hope to have a similar response rate to the *BC Business* conversion series.

According to the marketing manager for *BC Business*, who was hired in 2003 specifically to develop the magazine's subscriber base and increase the revenue generating events for the magazine, the objective was to achieve 250 new subscribers each month from the various conversion offers and the other discounted offers targeted to gaining new subscribers¹⁷. This project commenced in December 2003 and at the time of writing, this goal of gaining 250 subscribers per month was achieved only once. The response rate to all the offers varies from a high of 5.08 percent to a low of 0.13 percent¹⁸. Overall the subscriber base for the magazine has increased, but the results have not matched the expectations of the management.

2.2.5 Predominantly Paid Circulation

TV Week is the only general consumer magazine and therefore appeals to a diverse demographic. It has the purest form of paid circulation, which represents 90 percent of its total qualified circulation. Its total circulation for the six-month audit period ending March 2004 is 58,952. Its circulation includes paid subscribers, single-copy sales, single copies mailed to individuals requesting the magazine and multi-copies sent to television cable companies for redistribution to their customers¹⁹. Compared to all the Canada Wide owned magazines, it has the largest subscriber base of 44,489. Retail

¹⁶ "The Circulation Cinderella Story of Garden Wise" lecture by Karen Foss.

¹⁷ Interview conducted with Leah Weisgerber July 17, 2004.

¹⁸ Figures quoted from BC Business Promotion Analysis 2003/04 and BCB Controlled Circulation Oct 03-Oct 04) Reports.

¹⁹ Circulation definitions for TV Week per March 2004 BPAI audit statement.

single-copy sales of the magazine accounts for an average 17 percent²⁰ of its circulation. However, its circulation has been in a steady decline, falling by an accumulated 10,000 in average qualified circulation in the last three years (see Table 6 and Table 7). This decline is attributed to increased competition on the newsstand, increased usage of satellite television and substitute products (such as, satellite listings and Shaw cable program listing) and use of the Internet among its target audience, as well as, the aging of some its long-standing subscribers.

In an effort to meet the 34 percent editorial mandate required by Heritage Canada to maintain the PAP subsidy, include more diverse editorial other than TV listings, compete more aggressively on the newsstand and hopefully regain its former level of circulation, the magazine was revised and re-launched on September 25, 2004. Table six and seven shown below map the average annual qualified circulation from 2001 to 2004 and shows a steady decline in both single-copy sales and subscriptions over the period.

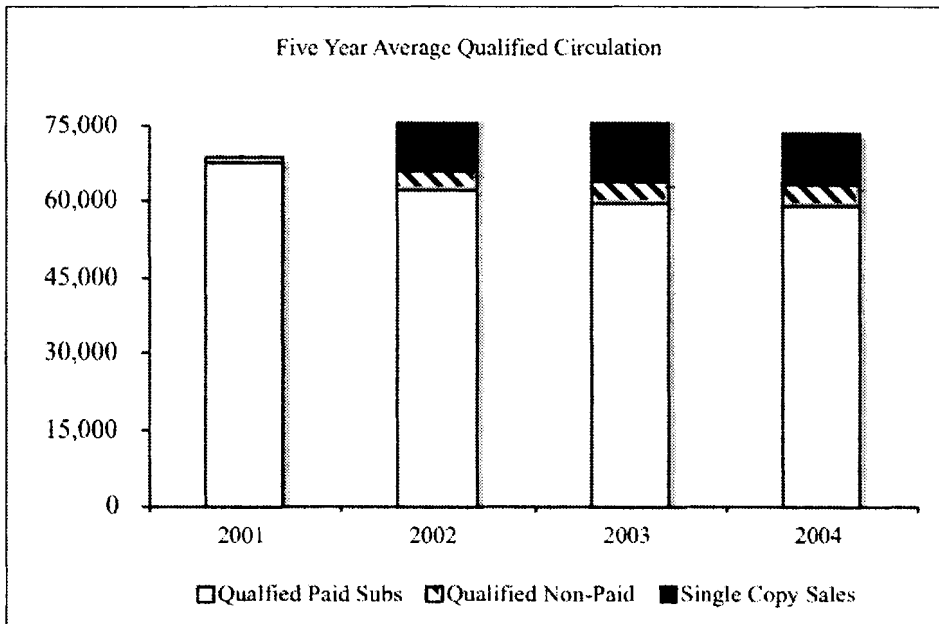
²⁰ Based on un audited figures from the *TV Week* rate card compiled by the Circulation department. Print-run is 75,000 per issue with weekly newsstand sales ranging between 10,000 to 13,000 copies.

Table 6 TV Week Five-Year Average Circulation Analyses

FIVE CALENDAR YEAR ANALYSIS: AVERAGE ANNUAL AUDITED QUALIFIED CIRCULATION AND CURRENT UNAUDITED CIRCULATION STATEMENTS				
	Audited Data	Audited Data	Audited Data	Circulation Claim
	2001	2002	2003	*2004
Total Audit Average Qualified:	68,833	65,957	64,146	58,952
Qualified Paid:	67,543	62,137	59,706	54,547
Subscriptions	-	47,962	46,776	44,489
Single Copy Sales	-	14,175	12,930	10,058
Qualified Non-Paid:	1,290	3,820	4,440	4,405
Post Expire Copies included in Total Qualified Circulation:				
Average Annual Order Price:	**NC	\$34.41	\$34.31	\$34.84
<p>*NOTE: 2004 data is unaudited. With each successive year, new data will be added until five years of data is displayed.</p> <p>**NC=None claimed.</p>				

(Source: Reproduced with permission from BPAI Circulation Statement of TV Week magazine for the Six-Month Period Ended March 2004.)

Table 7 TV Week Average Qualified Circulation Trend 2001-2004



(Source: Reproduced with permission from BPAI Circulation Statement of TV Week magazine for the Six-Month Period Ended March 2004.)

Historically, *TV Week* subscribers have proven to be loyal readers who remain with the magazine for several years. But the bulk of its subscribers are aging. PMB 2003 data shows that 40 percent of its readership is age 50 to 65+ and just under an additional 30 percent are in the 35-49 age group. While members of the latter group are expected to remain with the magazine for some time, no real in-roads have been made securing subscribers among the province's younger demographic. Only seven percent of *TV Week* readers are in the 18-24 age range and 16 percent are aged 25-34. The circulation department hopes that a renewed focus on more local entertainment news and lifestyle features will strengthen the magazine's appeal to this demographic who generally source their entertainment information from electronic media such as the Internet and satellite television. How well they respond to the magazine is too soon to assess.

Garden Wise magazine has the second highest percentage of paid subscribers of all the Canada Wide magazines in the paid circulation category at 70 percent²¹. According to its statement of circulation, the distribution comprises four categories: paid-individual-copies mailed to subscribers, single-copy sales at the newsstand and garden retailers, non-paid copies mailed to gardening enthusiasts and multi-copy same addressee copies sent to the British Columbia Landscape and Nursery Association, BCLNA, for redistribution to their customers.

Garden Wise also has the fastest and most steadily growing paid circulation per issue among the Canada Wide consumer titles gaining from 6,450²² in 2001 to 21,338 paid circulation in 2004. Its total qualified circulation (paid and non-paid) at the six-

²¹ Obtained from BPAI audit statement for the six-month period ended March 2004.

²² Unaudited subscriptions. These subscribers were obtained from the purchase of BC Gardener, which is the forerunner to *Garden Wise*.

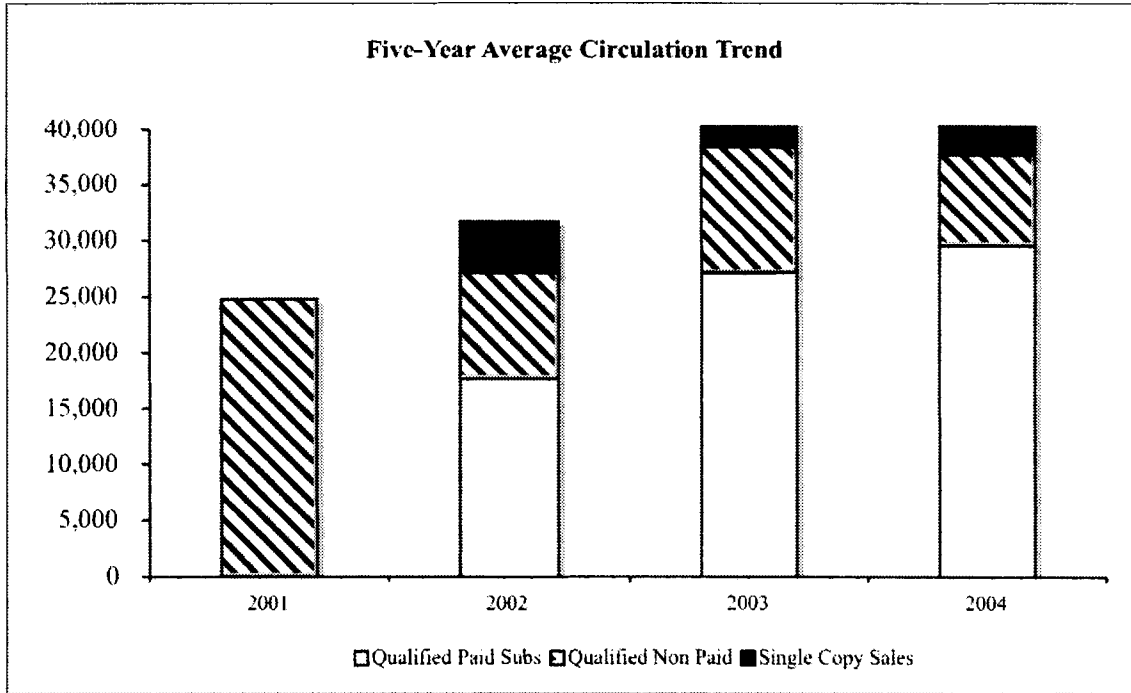
month period ended March 2004 was 29,426. Like *BC Business*, the magazine started with a large controlled list of approximately 24,827 names but free copies have been reduced to 8,088. According to Publisher Karen Foss, a controlled list of 20,000 names was initially obtained from gardening centres and today most of these subscribers have converted to paid. Consequently, only 1,500 to 2,000 names remain in the controlled pool each issue²³.

Garden Wise magazine retails at mass retails stores as well as a number of gardening centres in British Columbia and has 16,981²⁴ paid subscribers. The target audience was recently extended to include gardeners in Washington, USA as that geographic area shares similar climatic conditions as BC for gardening. The BPAI audit figures represented in table eight and nine below, show a steady growth since 2001 in the qualified circulation trend for *Garden Wise* magazine.

²³ Quoted from 'The Circulation Cinderella Story of *Garden Wise*' lecture presented by Publisher Karen Foss' at the 2004 Simon Fraser University Summer Publishing Workshop.

²⁴ BPAI

Table 8 Garden Wise Five Year Average Qualified Circulation Trend



(Source: Reproduced with permission from BPAI Circulation Statement of Garden Wise Magazine for the Six-Month period ending March 2004.)

Table 9 Garden Wise Five-Year Analysis: Average Annual Audited Circulation

FIVE CALENDAR YEAR ANALYSIS: AVERAGE ANNUAL AUDITED QUALIFIED CIRCULATION AND CURRENT UNAUDITED CIRCULATION STATEMENTS				
	Audited Data	Audited Data	Audited Data	Circulation Claim
	2001	2002	2003	*2004
Total Audit Average Qualified:	24,827	27,132	28,496	29,426
Qualified Paid:		17,572	17,199	21,338
Subscriptions	-	12,997	13,142	16,981
Single Copy Sales	-	4,575	4,057	4,357
Qualified Non-Paid:	24,827	9,560	11,297	8,088
Post Expire Copies included in Total Qualified Circulation:	**NC	**NC	**NC	**NC
Average Annual Order Price:	**NC	\$19.37	\$18.96	\$16.48

***NOTE: 2004 data is unaudited. With each successive year, new data will be added until five years of data is displayed.**
****NC=None claimed.**

(Source: Reproduced with permission from BPAI Circulation Statement of Garden Wise Magazine for the Six-Month period ending March 2004.)

The rapid growth of *Garden Wise*'s circulation within the three years since Canada Wide launched the magazine is attributed to the magazine's partnerships with businesses and major events in the gardening industry. Publisher Karen Foss underscores the value of these relationships. "I can't stress enough the importance of developing good relationships with other businesses that can help secure your own success. We support and help the BC gardening industry wherever we can and for the most part they have been very supportive of us in return." In its initial year a controlled list of more than 20,000-targeted names was obtained from several of BC's Gardening centres. Bulk subscriptions are also purchased by industry-associated businesses and the magazine participates in approximately 24 consumer shows each year from which it obtains over 4000²⁵ subscriptions. These successes have created a model that the department is now using for developing the circulation for a number of the other Canada Wide owned magazines that have paid circulation.

As demonstrated in this section there are many influences— industry and audience related— including editorial focus, access to advertising dollar, demographic shifts, readership needs and various types of government regulation, that influence the type of circulation model a magazine may adopt at any given time. To build and sustain growth levels, circulators must keep pace with these changes in their environment and be willing to adapt. To understand how Canada Wide handles circulation growth we need to examine how the department is organized and operates. The following section looks at the administration of the circulation department, the processes, responsibilities of the team, the technological capabilities and how these are coordinated.

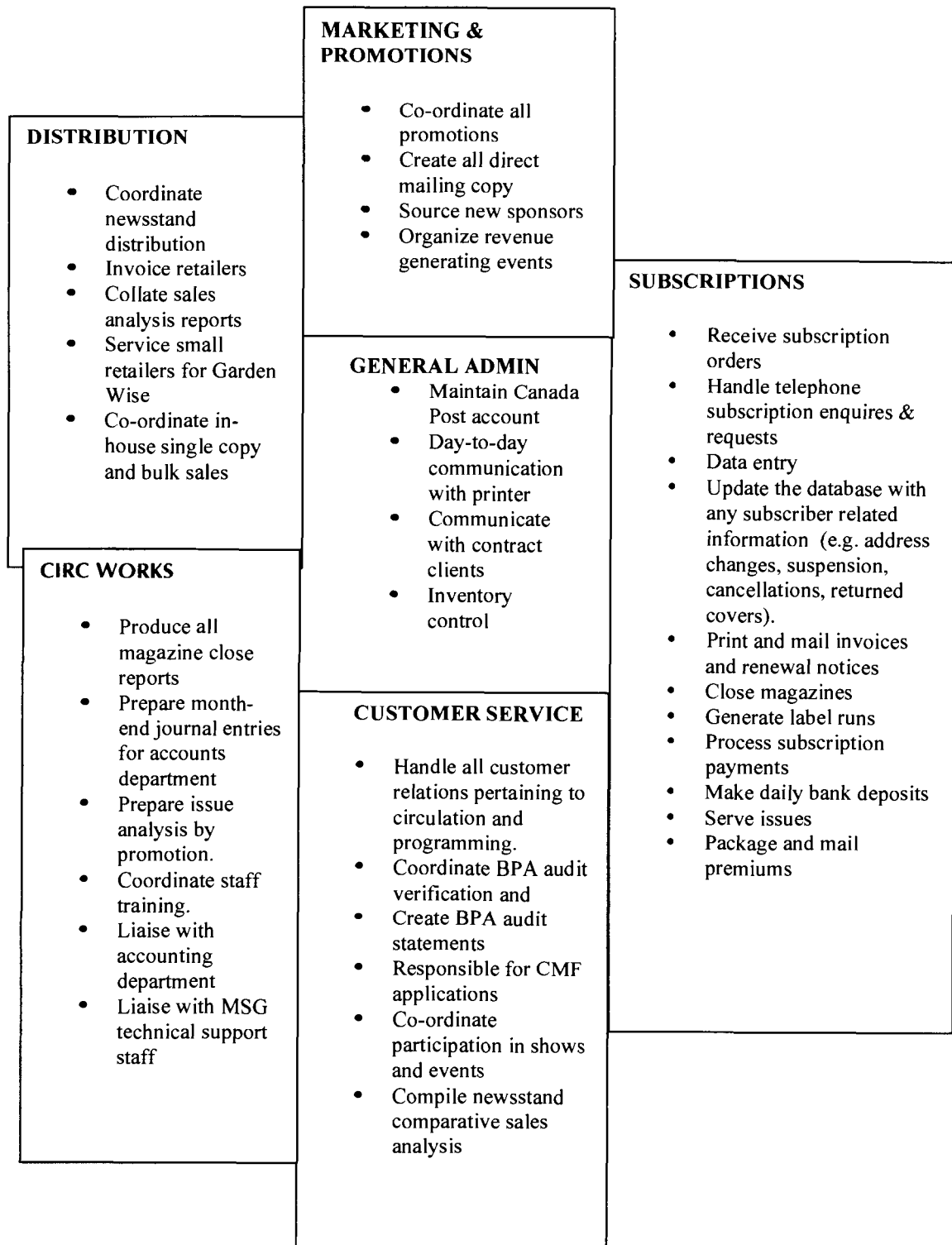
²⁵ Quoted from "The Circulation Cinderella Story of Garden Wise" lecture presented by Publisher Karen Foss' at the 2004 Simon Fraser University Summer Publishing Workshop.

CHAPTER 3 THE ADMINISTRATION OF THE CIRCULATION DEPARTMENT

The circulation department assumes total responsibility for managing the circulation growth, distribution and marketing of the Canada Wide-owned publications. The department also shares responsibility for contract publications, but its involvement in these publications is limited to the parameters of each contract. The workload of the department is divided into five main compartments: marketing and promotions, customer service, CircWorks, subscriptions, and distribution. There are also some general administration functions that support the work of these subdivisions. These five divisions represent the core processes undertaken to deliver the magazine to the desired target readers. Fig 1 on page 29 details the functions of each division within the department.

The department has a staff complement of 13 personnel headed by the director of circulation and marketing, followed by the circulation manager who works directly with the CircWorks manager, customer service manager and subscriptions manager on a day-to-day basis. There is a marketing manager for *BC Business* magazine and a marketing coordinator who works on all the paid magazines and reports directly to the department's director. There are two circulation assistants and one subscription assistant. Three other employees share responsibility for the actual delivery and monitoring of retail distribution of the magazines on the mainland and Vancouver Island respectively. This team is fairly close knit and members cross function on a regular basis to complete tasks and meet deadlines.

Figure 1 Circulation Department Processes



As the circulation functions and responsibilities expand with the acquisition of new magazines or with increased frequency of existing titles, the increase in the number of contract publications and the rapid circulation growth of paid magazines such as *Garden Wise*, more help is needed to meet targets and complete the growing number of tasks. The need for this help is well recognized within the department, and while in the recent past the decision to hire this extra help in some instances was too long delayed to avert costly set backs (as detailed in Chapter 4) this mounting challenge can hardly remain unchanged much longer. With no additions to the staff, the team is increasingly required to multitask and though a wide range of responsibilities and tasks are completed in-house, there are still some essential circulation functions that are contracted to external service providers, a process known as outsourcing.

3.1 Outsourcing

Tasks are outsourced when the department lacks the capabilities or time to practically complete them or when the dynamics of the trade dictates the use of third parties (as is the case with mass retail magazine distribution). External contractors are employed for mass retail distribution of the magazines, database clean-up and list rentals. The News Group²⁶ (one of two national distributors in Canada) distributes *TV Week*, *Garden Wise*, *Pacific Golf* and *BC Business*. Quebecor, which prints the magazines, also prepares them for mailing, a process otherwise known in the industry as mail prepping²⁷.

²⁶ There are two national distributors in Canada, the News Group and The Canadian Mass Mart and PharmaPlus.

²⁷ Refer to 14. Quebecor prints the subscriber addresses for TV Week directly on the magazines. They also handle the mail presort for the magazines.

Subscription lists are rented occasionally to reach new subscribers and Tel Computers assists the department with identifying and purging the database of duplicate subscriptions. The company in general uses a storage provider for documents it is legally bound to keep over an extended period and some of the circulation budget contributes to this cost to compensate for the thousands of subscription forms, invoices and financial documents the department archives for auditing purposes.

On occasion temporary workers are brought in to assist the team meet various deadlines, but this is usually a last resort as the department endeavours to contain costs. Extra workers have been hired temporarily to assist with audit preparations, magazine sales and promotions at trade shows.

In 1999 the company invested in a sophisticated circulation software system and the system capabilities it provides, allows the department to curtail outsourcing and manage and execute most of the circulation functions such as fulfilment and handling in house. The benefits of this investment cannot be understated for as forwarded by President of Quality Circulation Systems, Carole Ireland, “A well run fulfilment operation using the right system enables you to develop and maintain a closer relationship with your customers in a cost effective manner – one that provides you with the control and flexibility to run your business as you want.”²⁸

3.2 Canada Wide Circulation System Capabilities

Intimated in the previous quote from Ireland is the notion that in the competitive magazine industry, circulators need to know their circulation numbers to plan well and

²⁸ Carole Ireland, President of Quality Circulation Systems: Circulation Management ‘Why Fulfill In-House?’ July 04.

exploit any competitive advantage they can extend to attracting advertisers, paid readers or trading partners. Essential (though not exclusive) to securing such an advantage, is the use of a reliable fulfilment company to adequately service subscribers, or investing in the appropriate technological supports and software capabilities for managing subscriber database and the entire fulfilment process in-house. For as stated by BCAMP in the circulation volume of its *In Print Series*, “your database is your greatest marketing tool. It keeps you connected to your customers, saves you money, and keeps you ahead of your competitors as you tailor customized information to readers, based on their demographic profiles.” The larger the database, the more robust and reliable a system is required to help circulators manage and monitor that database and enhance fulfilment and handling efficiency. At Canada Wide, the growth of the subscription database prompted the management in 1999 to revise their circulation software capabilities.

Frustrated with inaccurate data output, and limited reporting and data analysis capabilities, the management team agreed that its operation had outgrown the firm’s existing circulation software. A more sophisticated and reliable system that could adequately support its growing database of subscribers and support the extensive fulfilment processes was needed. After assessing its needs, outlining expectations of a new system and months of product and user research the team chose CircWorks created by the Media Service Group Limited²⁹. The conversion was made in 2001.

This software was selected for various reasons, among them a) it is part of a package of publishing software that can be networked to facilitate the sharing of information among departments and minimize duplication of processes between

²⁹ Media Services Group is a software vendor for programs tailored to publishing.

specifically sales, circulation, production, accounts and advertising; b) its wide range of built-in reporting functionalities befitting a large to medium-sized publisher; c) the availability of upgrades for extending its capabilities and resolving kinks; d) the quality and access to technical support. These were important considerations for the department, as the projected growth of titles and processes demands that the circulation system could support and match the complexity of the operation. The new software also made a perfect compliment to the dot matrix printer the department already had and used for running large label batches and reports and the Street Sweeper software, which it uses to format addresses in compliance with the Canada Post address standards³⁰. The combined use of these technologies facilitated the streamlining of the fulfilment operation of the circulation department.

Hiring a manager to monitor the new automated process followed the acquisition of the new software. In keeping with what is considered in the industry as the two most essential skills for astute management of circulation and fulfilment (attention to detail and accounting knowledge), the company re-assigned a member of its accounting staff to the circulation department to manage CircWorks. She also oversees the subscription processes on the system for all publications and liaises with the software provider for technical support, system updates and upgrades as well as coordinates all CircWorks/MSG system training for current and new employees.

Once the new system was installed and the staff trained, the fulfilment capabilities and functions of the department were overhauled and extended. With adequate training,

³⁰ Canada Post requires that at minimum 98 percent accuracy be maintained for addresses for publication mailing. An address is deemed accurate when all components are present, correct and match information on Canada Post's database. Penalties for non-compliance include increased surcharges or mailing cost or non-delivery of the entire batch of magazines.

the staff could, for the first time, readily generate progress or performance reports showing the circulation levels for each magazine in the database; response to promotional efforts; and the status of all subscriber related activity such as renewals, payments, billing and label runs. At the touch of a button, invoices, renewal notices and address label runs were now generated. The database could also be separated according to any description within the data entry fields (such as by magazine, promotion, postal code, payment type, trade sector etc), which is a significant tool for making direct mail more targeted.

Using the range of built-in reports on CircWorks/MSG the team is able to quickly assess each magazine's performance, view cash flow and revenue levels, as well as identify what promotional programs work and are better informed of where to focus their energy and budget. Paired with the use of its existing technologies, the department can process its own labels, invoices and renewal notices thus alleviating the cost it would have paid if these functions were outsourced.

While these technological capabilities streamlined the department's processes, it has also equipped them to engage in more downstream marketing which generates additional income to help fund the circulation initiatives of its in-house magazines. A diverse range of direct mailing and a range of value-added services are now offered to advertisers who want to reach a segmented audience. As it becomes easier to track delivery and subscriber response rates, an increasing number of ancillary products are combined with subscriptions to attract more readers and boost subscription levels.

After three years using CircWorks the members of the department all admit that they found the learning curve to be very steep, and that they continue to discover more efficient ways of using the system. Staff training also continues with periodic upgrades to

improve the efficiency of the program³¹. Even with the upgrades, the program still has some inherent limitations. The program is not very robust for example, at identifying duplication in names and addresses unless the records are exact matches; consequently checking for duplicates (where a person searches through the list of persons and institutions to which the magazine is mailed) is still outsourced and cost \$75 per magazine. The department recognizes that as with all database software, the accuracy of what CircWorks outputs, relies on the integrity of the original data. To minimize the occurrence of data-entry error, a consistent data-entry protocol was established at the set-up of the software. The software vendor is also constantly working to improve the efficiency and functionality of the program.

Overall, it is fair to say that the investment in CircWorks has greatly increased the productivity and efficiency levels of all the automated process, and that this aspect of the fulfilment process is streamlined. What remains time consuming for the circulation department is the manual tasks of data-entry, stuffing envelopes (required for renewal notices, invoices and promotional materials), packaging premiums and collating documents for BPAI audit verification. Some of these processes could be minimized if the company provided the facilities for on-line subscriptions to all its magazines. Currently, submitting subscription request online is only available to *BC Business* subscribers. Some trade organizations also provide the department with a soft copy of their directories via e-mail or on discs, and this information is electronically imported into CircWorks.

³¹ The vendor requires at least one annual upgrade to resolve kinks and extend the capabilities of the software.

By investing in the technologies that accommodate online subscriptions and providing this service for all the magazines, the department could automatically import subscribers' information (such subscription requests, renewals, address changes, request for suspensions etc) into CircWorks from the website. If this service were available, it could minimize the time that the staff spends on manual data input. Renewal notices and invoices could also be e-mailed to subscribers with e-mail addresses, again minimizing some of the time spent stuffing envelopes. In the long term there would also be a much smaller paper trail of supporting documents to be stored for audit verification, which implies that preparing for audit verification could become a less time consuming task. Such efficiencies could relieve the staff to complete other tasks that cannot or are not practical to automate. But investment in such technologies is expensive. And while the circulation director and the company as a whole is not averse to the idea, they may not move in that direction during the current fiscal year due to the unavailability of funds at this time. At the time of writing, Karen Foss was pushing for online subscriptions to be made available to *Garden Wise* subscribers, especially since the competition, *Garden's West* recently rolled out that service to its subscribers.

3.3 Budget

The circulation budget at Canada Wide is shared among the magazines and is sourced from advertising revenues, subscription and single-copy sales (current and back issues), revenues from downstream marketing and the proceeds from other revenue-generating events organized by the marketing department. The department's director drafts a budget proposal for each fiscal year and submits it to the board of directors for approval. The draft is based on the expenses the department anticipates for each

magazine in a given year and is also gauged from the actuals of previous years. The expenses for each magazine, how they are appropriated, and the revenue percentages for each magazine (for the last fiscal year) provide insight into the company operations and they can be compared to the national trend.

3.3.1 Expenses

Table 10 lists the expense percentages for each magazine, for the 2003-2004 fiscal year. The highest costs/expenses for the department among all the magazines are for postage and salaries (plus employee benefits). The limited postage costs of *99 North* are replaced by high delivery costs. Postage is divided between fulfilment and subscriptions for magazines with subscribers and regular postage or bulk postage for the other magazines. Note the PAP subsidy only applies to postage for subscriptions. All other postage is charged as first class, addressed ad-mail (for invoices and renewal notices), bulk (multiple copies to same address) or reply business mail (for self-addressed promotional pieces not contained within the magazine).

All the magazines with a paid circulation component incur bad debt due to the non-payment for copies sent to readers. The magazines with the highest promotion budget also have a correspondingly higher bad debt. Handling refers to the cost of servicing readers with magazines, renewal notices and invoices. When it is conducted in-house this cost is divided into handling for fulfilment and handling for subscriptions. Otherwise handling is subcontracted to the printers for the magazines that do not have subscribers who are sent renewal notices or invoices. The cost for stationery and supplies is also shared among the magazines and is appropriated in accordance with the estimated quantity each magazine will use. *TV Week* and *Garden Wise* which both have the largest

number of paid subscribers use the most stationery and therefore share the bulk of the stationery expenses.

The expense budget for *TV Week* is shown on a separate spreadsheet as it is divided between subscription and newsstand costs. Its subscription expenses, however, mirror those for the other paid magazines. The largest allotments are made to postage, salaries and promotion. *TV Week* also has one of the highest levels of bad debt in comparison to the other magazines due to its larger paid subscriber base. The bulk of its newsstand budget is allocated to salaries and personnel related costs and delivery. *TV Week* also incurs bank charges for the pre-authorized payment service (PAP) it offers to subscribers who authorize the department to withdraw funds from the subscribers' accounts periodically (for subscription payment). The bulk of the newsstand expenses is allocated to the various costs associated with delivery of the magazines. See details in Table 11.

Table 10 Canada Wide Budget Expense Percentages Per Magazine for Fiscal 2001/2003

EXPENSES	GARDEN WISE	BC.HOME	BC.BUSINESS	GROCER	AWARD	99 NORTH	PACIFIC GOLF
Alberta Golf Delivery	0.00	0.00	0.00	0.00	0.00	0.00	14.95
Automotive (for delivery)	0.00	0.00	0.00	0.00	0.00	86.00	0.00
Bad Debt	1.14	0.00	0.95	0.59	0.36	0.00	0.37
Couriers	0.15	0.00	0.16	0.28	0.00	0.00	0.30
Data Processing	0.77	0.00	1.90	1.76	1.75	0.00	2.24
Employee Benefits	2.08	0.00	1.77	0.00	2.62	0.00	1.64
Field Reps	3.09	0.00	0.00	0.00	0.00	0.00	2.99
Handling	0.00	19.62	0.00	0.00	3.64	14.00	4.48
Handling - Fulfilment	1.70	19.62	1.90	0.59	0.00	0.00	0.45
Handling - Subscriptions	1.54	0.00	3.16	5.86	0.00	0.00	0.00
Meals	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous	1.54	0.00	0.00	0.00	0.00	0.00	0.00
Postage	0.00	48.97	0.00	0.00	69.75	0.00	42.97
Postage - Bulk	0.00	0.00	0.00	0.00	0.00	0.00	4.48
Postage - Fulfilment	7.72	0.00	7.59	2.34	0.00	0.00	1.49
Postage - Subscriptions	16.50	0.00	34.89	64.46	0.00	0.00	0.00
Promotion	37.68	11.78	28.46	3.52	1.46	0.00	2.99
Retail Display Allowance	0.00	0.00	2.69	0.00	0.00	0.00	0.45
Salaries	22.38	0.00	14.95	19.42	19.24	0.00	18.69
Stationery & Supplies	3.70	0.00	1.26	0.59	0.44	0.00	1.49
Telephone	0.00	0.00	0.32	0.59	0.73	0.00	0.00
Travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	100.00	99.99	100.00	100.00	99.99	100.00	99.98

Source: Canada Wide Magazines and Communication Ltd, 2004.

Table 11 TV Week Budgeted Expense Percentages for Fiscal 2003/2004

SUBSCRIPTION EXPENSE	%
Bad Debt	1.30
Bank Charges	2.20
Address Accuracy Labour	0.00
Computer	0.60
Couriers	0.20
Employee Benefits	1.30
Handling – Subscriptions	8.80
Handling – Fulfilment	2.20
Postage - Aug - Dec 28, 02 issues (5,102 *22 issues)	19.90
Postage Jan 4-Jul 27, 03 (5558 8 30 Issues)	28.10
Postage Fulfilment	7.00
Promotion	13.10
Salaries	10.50
Stationery & Supplies	4.40
Telephone & Fax	0.40
Travel	0.00
TOTAL SUBSCRIPTION	100
NEWSSTAND EXPENSES	%
Automotive (for delivery)	14.20
Couriers	1.03
Employee Benefits	8.21
Field Representatives	8.21
Meals & Entertainment	0.82
Pay to Stay	0.00
Promotion	0.00
Retail Display Allowance	0.00
Salaries	65.68
Stationery & Supplies	0.00
Telephone	0.82
Travel	1.03
TOTAL NEWSSTAND EXPENSES	100.00

Source: Canada Wide Magazines and Communication Ltd, 2004.

3.3.2 Revenues

The current value of advertising revenues to the magazines is explicitly emphasized as the revenue statements of June 2003 to July 2004 fiscal year indicates. Advertising revenues are the highest income for most of the Canada Wide magazines at an average 90:10 ratio compared to all other revenues. Table 12, shown below represents the revenue percentages per magazine for the fiscal year June 2003-July 2004, and illustrates this point.

Table 12 Canada Wide Magazines and Communication Revenue Percentages For The Fiscal Year Ended July 31, 2004

PUBLICATION	TV WEEK	GROCER	99 NORTH	AWARD	BC BUSINESS	PACIFIC GOLF	GARDEN WISE	BC HOME
	%	%	%	%	%	%	%	%
Advertising	38	97	100	99	88.5	98	54	98.5
Single-Copy Sales	20	0	0	0	1.5	0.1	8.5	0
Subscriptions	41	1	0	1	4.5	0.4	28	0.5
Back Issues	0	0	0	0	0.5	0	1	0
Government Grants	0	0	0	0	2.5	0	5	0
Other Revenue	1	2	0	0	2.5	1.5	3.5	1
Total Revenues	100	100	100	100	100	100	100	100

Source: Canada Wide Magazines and Communication Ltd, 2004

For the four trade and leisure publications— *Grocer*, *Award*, *99 North* and *Pacific Golf*— advertising sales accounted for over 90 percent of the revenues. This is typical for trade magazines across Canada according to the findings of Statistics Canada’s 1998/99 Periodical Publishing study, which shows that typically 89 percent of revenues for this genre are sourced from advertising sales. The reasons for this ratio at Canada Wide are: a) the readership for these magazines are a targeted niche defined by trade or specific leisure interest within a geographic region, which makes them a “hand picked” package for advertisers in these sectors, and b) the small circulation size and regional location of the audience is also insufficient to provide substantial revenues from subscription and single-copy sales. While small circulation is not an issue for *99 North*, which has 100,000 per issue print run, its target audience is unlikely to subscribe, as they are seasonal readers of the magazine. Consequently, advertising remains the most lucrative income source for these publications. *BC Home* is also heavily funded by advertising sales at 98.5 percent. This is in large measure, a result of it being a new publication that is in the infancy stage of developing a paid subscription base. Advertising revenues no doubt will remain high for this magazine until its paid circulation streams develop.

The revenue ratio is different however for the two consumer magazines which have a more diverse audience. For *TV Week*, advertising revenues compared to other revenues is approximately 40:60 and just over 50:50 for *Garden Wise*. Sixty one percent of revenues for *TV Week* were generated from subscriptions and single-copy sales while its advertising revenue is 38 percent (other revenues were one percent). The format of the magazine – predominantly TV grid listing with mostly black and white news print pages— may also have limited its attraction to large-account advertisers. The company hopes that

the addition of more colour pages in the reformatted version (launched September 2004) may reflect an increase in advertising revenues for the next fiscal period.

Garden Wise had the greatest variety in revenue flows, which may be reflective of the concerted effort and commitment by management to develop its circulation. It had revenues from advertising (54 %) single-copy sales (8.5 %), subscriptions (28%) back issues (1 %) government grant³² (5 %) and other revenues at 3.5 percent. We see the same trend, though at smaller margins, (with the exception of advertising revenues) for *BC Business* for which a new subscription expansion program was launched in September 2003. *BC Business* subscriptions accounted for 4.5 percent, single-copy sales are 1.5 percent and other revenues contributed 2.5 percent to its revenue pool. Note also that only these two magazines benefited from government subsidy, which contributed 2.5 percent and 5.0 percent respectively to the revenues for these magazines. It is possible that only these two magazines applied for the subsidy or, they were the only titles that met Canada Magazine Fund subsidy criteria.

³² Government Grant refers here to the Canada Magazine Fund. The PAP subsidy disbursed to *TV Week*, *BC Business* and *Garden Wise* is not shown as a revenue item as it is accounted for as a reduction in expenses.

CHAPTER 4 INTERNAL CHALLENGES TO CIRCULATION GROWTH

There are several internal challenges to growing and maintaining circulation at Canada Wide, among them budgetary constraints, insufficient human resources and subsequently insufficient time to handle the growing workload of the department.

4.1 Budgetary Constraints

Budgetary constraint is considered among the department's managers as one of the leading internal challenges for the circulation department at Canada Wide. The director says she submits a budget proposal based on the expected expenditure for each magazine to the board and they decide the final figure, which, she says, is never enough to cover the costs of what the department aspires to do. Consequently, the department employs the most cost-effective ways to meet its targets and objectives. While some of the department's cost saving measures (such as the strategies used in promotion and marketing detailed in Chapter 5) have been able to sustain the circulation levels for most of the magazines, exercising this frugality is less successful at alleviating the strain on the department's human resources. Consequently the department is in a constant bind of limited personnel and insufficient time to match its workload.

4.2 High Work Volume, Limited Staff and Limited Time

As a multi-title publisher with its own in-house fulfilment operation, Canada Wide is in a constant process of servicing a large database of subscribers and coordinating programs to reach new readers for its eight in-house magazines. This job involves myriad processes, some that are ongoing and routine (e.g. data entry, answering phones, magazine closes, billing) and others that are one shot (such as processing premiums) or seasonal (e.g. audit preparations). With an expanding portfolio of magazines this workload is constantly growing.

Tasks are extended or new ones added as the department takes on an increasing number of contract publications in addition to the responsibilities of its in-house publications. A rigorous regimen and adequate resources are needed to keep all these processes and programs running smoothly. The department follows a tight production schedule but it remains challenged by insufficient staff and, by extension, inadequate time to handle the workload.

The circulation manager says the workload of the department grew exponentially between 2001-2004 with the rapid and extensive circulation growth of its newest magazine at the time *Garden Wise*. An elaborate promotion, subscriptions and retailing program was implemented by the department, to develop the circulation levels for this magazine. The promotion program included coordinating, processing and follow-up for numerous sampling efforts, promotional exchanges with other magazines, participation in over 20 consumer shows and events annually as well as processing premiums, gift subscriptions, business reply cards, "Freemiums", direct mailing, bill stuffing, sourcing

and signing on new retailers and responding to at least 100 phone call orders per issue³³. Added to these tasks on the subscription side of things are the routine functions of sorting the magazine's mail and updating the database, billing, generating invoices and renewal notices and closing the magazine (which includes ensuring the database is updated with all new subscribers for the respective issue and then running labels).

Coordinating and maintaining the retail and bulk distribution of the magazine were also very detailed and consuming. The department assembled and mailed introductory packages to prospective retailers. The packages contained a copy of the magazine and a letter requesting the retailer's involvement in selling the magazines. The department then attempted to follow-up with the recipients, subsequent to this mass mailing. For some of the retailers who accepted the offer, the department organized the provision of racks and each issue of the magazine was mailed or delivered and unsold copies retrieved by the three distribution staff.

All these efforts generated impressive results as the circulation levels for this magazine mushroomed from 6,450 subscribers in 2001 to 16,981 subscribers in 2004 and continues to grow with a 30 percent increase since 2003³⁴. Supporting this rapid growth consumed the department's human resource and given the limitations in personnel, an obviously disproportionate amount of time and resources has since been spent developing the circulation for the other magazines. This is not to say that the department or the company is unhappy with the growth of *Garden Wise* (quite the contrary as its successes have given new impetus to develop the circulation for some of the other magazines) but

³³ Quoted from "The Circulation Cinderella Story of Garden Wise".

³⁴ Obtained from the circulation department at Canada Wide. These subscribers were inherited from the purchase of BC Gardener, which was transformed into Garden Wise magazine.

rather it is to highlight that the combined workload for all the magazines, added to the circulation growth of *Garden Wise*, exceeds the capabilities of the existing staff complement. The circulation manager reports that two-thirds of the subscription staff currently commit half of their time to handling subscriptions for *Garden Wise*³⁵. The customer service manager also dedicates significant time to coordinating the magazine's participation in over 20 shows and events each year, in addition to her other duties.

With seven other in-house publications to service, each with different production deadlines to meet, combined with the department's responsibilities and roles in producing the 20+ contract publications, there are no real slow periods or lull in the volume of tasks to be completed. As the staff complement remains incommensurate to the workload, the department operates in "most urgent" mode.

What this means is that the team is constantly juggling to meet close or overlapping deadlines. Though they manage most times to get the job done, there have been periodic delays at critical intercepts and oversight of processes and details that are costly and sometimes impact negatively on the actual and potential circulation levels of the affected magazines. Some of the processes most adversely affected by the department's limited human resource are: handling audit verification preparations, fulfilling premiums and to some extent keeping abreast of follow-up of projects and processes.

³⁵ Interview with Tracy McRitchie conducted October 04, 2004.

4.2.1 Auditing Challenges

The circulation manager reports, that in the last three years, preparing for the BPAI audit verification process and keeping abreast of BPAI changing regulation and rules has become strenuous on the department's limited human resources³⁶.

Audit verification preparation is an essential part of the circulation function at Canada Wide and is done once per year for each of the five in-house magazines and three of the contract publications. The department is responsible for providing all the supporting documents that the BPAI auditor may request to verify the circulation numbers the department claims for each magazine. This preparation process consumes weeks of manual labour and is usually undertaken by the staff to help contain costs.

The department's work starts when the auditors submit a sample (at minimum 100 names of subscribers for the respective magazines) to be 'pulled' for the audit. For this list the department must provide the original request for each subscription, record of the database entry and financial records showing proof of payment as well as the bank statements showing that the actual payment was deposited/banked. If these documents are not archived in-house they must be retrieved from the storage company and each item must be checked manually. Once retrieved, the documents are then photocopied and compiled for the auditors. The customer service manager, who is responsible of coordinating these audit preparations, must remain available during the tenure of the audit to answer any queries the auditor has or provide additional documents the auditor may request.

³⁶ Per interview conducted with Tracy McRitchie October 4, 2004.

The process is laborious but essential as BPAI audits validate the publications' actual circulation figures, which, according to a recent CMPA survey, is increasingly of interest to advertisers who want to reach magazines' segmented audiences. The audits lend credibility to the magazines' circulation claims and can have substantial bearing on accessing government subsidy or other funding which are needed to help underwrite the cost of producing the magazines.

In the last year the challenge of preparing for the audit intensified as the audit verification process became more detailed with BPAI request of larger sample sizes and a broader range of supporting documentation³⁷. Committing the staff and time to complete this extensive process was almost beyond the department's capabilities. This was particularly challenging for the September 2004 *TV Week* and *Garden Wise* audits.

Swamped by its regular workload the department requested an extension from BPAI to allow it to sufficiently prepare for the audit. Two staff members were pulled from their regular tasks to assist with this process, but with the high volume and tight schedule of their regular workload they were unable to complete the job. As the extended deadline closed-in I was hired part-time to assist the circulation manager complete the preparations, which were still being done while the auditor was present. The circulation manager says that in future hiring extra staff will be imperative to getting this job done.

Keeping abreast of the BPAI audit rules is also a challenge for the department. Though the rules are constantly revised, the circulation manager recognizes that it is the department's responsibility to keep abreast of the changes. But finding the time to do so

³⁷ BPAI requests large sample universe because of the weakness found in the magazines previous audit verification.

she says is nearly impossible. The department's handicap in properly preparing for the audits in recent times has not been well received by the auditors and the respective magazines have been penalized for various types of non-compliance with BPAI rules.

The March 2003 audit report for example lowered the circulation levels for *Grocer Today* as the department failed to update the database by removing duplicate records and re-qualifying or removing old subscriptions. BPAI tolerates no more than three percent duplication in a magazine's subscription database and stipulates that for subscribers to count as valid they must be qualified. To achieve this circulators must (a) re-qualify subscribers at maximum every three years, (b) purge the database of duplicate records. The department's failure to comply with these regulations led to *Grocer Today* losing its first place ranking to second³⁸ among the grocer titles distributed in Western Canada during the six-month period that audit report represents. When circulation figures fall as in this case, the department struggles to redirect its limited resources to regain these levels and the juggling of tasks, time and staff intensifies.

The circulation manager also explains that the increased sample size and additional documentation that BPAI now requests of the department for audit verification is a result of unsatisfactory results from the magazines' previous audits. When a magazine fails to comply with the BPAI rules beyond the tolerance levels the audit organization sets, it is given an audit report. In the industry this is considered a penalty from which the magazine must seek to redeem itself in future by ensuring full compliance. When there is full compliance with all the BPAI rules the audit verification

³⁸ Per the comparison of the BPAI audited statements for Western Grocer and Canadian Grocer for the same period. Note that only for Canadian Grocer only the circulation figures for the western provinces (Alberta, Saskatchewan, Manitoba and British Columbia) were included for the comparison.

ends with an audit statement, which validates the circulation levels claimed by the department. Based on this explanation, it appears that the root of the compliance problems for the circulation department, rests with incomplete processes and a lack of thoroughness, which the department maintains is a result of inadequate staff.

4.2.2 Periodic Delays

General follow-up is problematic for some functions and processes more than others. The department responds in a timely fashion to most matters affecting subscriptions, but follow-up of processes and projects that do not immediately affect or contribute to the routine process of closing and distributing magazines — such as packaging premiums, and follow-up of the *Garden Wise* retail expansion project—are sometimes relegated to the back burner until they too become urgent. Premiums, for example, are gifts offered as an incentive for subscribing to a magazine. They are offered mainly during the yuletide season but are more frequently offered as part of the *Garden Wise* promotion and more recently with the *BC Business* conversion program. Except for the premium offers that are available exclusively at an event such as a consumer show, the premiums are usually not distributed immediately by the department.

From my experience in the department, it seems apparent that preparing these gifts takes time that detracts from the many routine functions of the department's work schedule and the team may not get around to packaging and delivering these premiums for weeks or sometimes months after the subscriber has submitted payment. While there is not an overwhelming complaint file about these delays, this tardiness does have the potential to reflect negatively on the quality of service the subscriber comes to expect of the company and could skew their decision to renew or dissuade them from providing a

positive referral of the Canada Wide magazines to other prospective readers. To address this problem, the receptionist's job was extended to assist the department with packaging premiums as well as with sorting subscriptions mail.

The specialty retail expansion of *Garden Wise* magazine has also been stemmed by the lack of time and manpower needed for follow-up. A retail expansion program was launched in 2001 shortly after the debut of the magazine. More than 100 garden centres in British Columbia were sent an introductory package containing a copy of the magazine and a letter requesting their participation in retailing the magazine, but the follow-up of this initiative never occurred until it was incorporated into my internship in 2004, as neither of the two team members to whom the follow-up was delegated had the time to dedicate to this task. Consequently, the entire project had to be reinitiated as if it never occurred and the company paid twice for postage of the packages as well as for stationery, while it also missed out on the potential retail sales and visibility the magazine could have had if this project was completed in 2001 when it started.

These challenges demonstrate the need for adequate resources to support circulation growth especially where this growth occurs for paid subscriptions, which requires that extensive time be spent on fulfilment, handling and promotions. The internal challenges to developing circulation at Canada Wide seem to be pegged primarily to limited personnel. For if the staff complement was increased, then the issues of excessive workload and limited time would be minimized. Adequate staff could more efficiently support the department's workload and a much more extensive program to build the circulation of the other seven in-house magazines could also be pursued and adequately supported. In so doing the department could strengthen the magazine circulation levels

and have a greater command of advertising dollars to support the cost of the expansion,
while broadening their revenue streams.

CHAPTER 5 EXTERNAL CHALLENGES TO CIRCULATION GROWTH

5.1 Competition

Competition is inherent to the magazine industry if not for the plethora of titles available then due to the varied interests and topics they explore and the assorted interest groups they serve. Statistics Canada's 1998-99 overview of the industry identified 2072 Canadian published periodicals in five major categories: general consumer (229), specialty consumer (631), business or trade (525), farm (79), religious (196) and scholarly (367). Magazines Canada estimates that there are a further 2200+ US magazines sold in Canada. Regionally there is an estimated 350 magazines published in British Columbia alone according to the 2002 *Periodically Yours: Magazines of British Columbia* study by Rowland Lorimer. According to this study the dominant categories of the BC magazines are business and professional (58), leisure (41), lifestyle (25), education (38), scholarly and professional (22).

The Canada Wide magazines have representation in the first four of these categories. All the titles encounter competition at some level from local and other foreign (predominantly US) titles as well as from other forms of media such as television and the Internet.

The competition with the regional titles is primarily for subscriptions and advertising revenues as well as for newsstand sales. Securing and maintaining premium newsstand positioning characterizes the competition with the US titles. On all levels the

magazines compete for audiences whether they be advertisers, readers or any other significant group. Circulation's role is to secure as many targeted readers to increase magazines sales and strengthen each title's appeal to and command of advertising revenues. But the various types of competition within the industry and the growth of this competition make the circulation job an ever more daunting task.

5.1.1 Competition for Limited Newsstand Space

The competition for newsstand space results from the increasing numbers of magazines available in Canada and the limited space retailers allot to display these titles. Fern Bourque³⁹ who has been in charge of newsstand distribution for over fifteen years at Canada Wide says this competition has never been fiercer for the company and has been compounded by retailers tardiness in displaying the titles within the on and off dates. Bourque says unlike the independent retailers, the larger retailers' company policies prohibit the publishing company's staff from filling the display racks. He says that the magazines are often delayed in the stores' storage or rapidly rotated on the mainline to accommodate the plethora of incoming titles.

While the actual number of foreign magazines available at Canadian newsstands remains contentious, it is agreed in the industry that foreign titles (predominantly US) dominate the newsstand. The 2003 Abacus Circulation study on single-copy distribution in Canada, analyzed the Canadian and foreign market share of titles, from sales data of samples of retailers and wholesalers provided by Source Interlink, News Group and HDS. These samples all indicated that American and foreign titles account for 66 percent – 77

³⁹ Interview with Fern Bourque. 14 October 2004.

percent of newsstand sales. Supported by larger budgets (than most Canadian publishers), the US titles dominate prime newsstand or check-out positions and in-store promotions that give magazines extensive visibility to boost sales. This is especially concerning for Canadian periodical publishers as studies in Canada confirm that a high number of newsstand sales are spontaneous purchase and traditionally, on average, 40 percent of these purchasers convert to subscribers. Newsstands are essential to providing title exposure and for selling advertising and as the 2003 Abacus Circulation report notes, “reasonably high sales are necessary to ensure that each magazine remains visible at retail outlets”⁴⁰.

The limited space retailers (both mass and independent) make available for magazine display makes obtaining and maintaining this prime display position in stores an expensive premium that is unaffordable to most of the publishers in Canada who are small to medium-sized. Mass retailers also tend to base prime display of titles on sales performance. Consequently, slow selling titles are not given sufficient exposure to develop their newsstand presence, and when these sales decline, the retailers in turn withdraw the magazines. The 2000 Abacus study on single-copy distribution in Canada reports that Wal-Mart, Shopper’s Drug Mart and Loblaws led this trend in selecting mostly the top seller magazines.

The low margins from magazine sales compared to other commodity items also does not motivate profit-driven retailers to increase the space they allocate for magazine display, consequently the mainlines (where all the magazines are displayed) become overcrowded with the increase in new magazines. According to the same Abacus study,

⁴⁰ Sourced from *Taking Back The Rack: Amid New Challenges, Canadian Magazines Compete for Visibility on our Newsstands* by Abacus Circulation Inc 2003.

many big box retailers offer promotional display space or ‘space management programs’ at an additional cost to publishers. These programs are intended to increase the awareness of titles and hopefully build sales, but there are not guarantees of success. There are, however, not many other alternative or attractive options for publishers who desire to develop the newsstand presence of their magazines.

Canada Wide is among those publishers who pay retail display allowance, RDA for some of its titles. *TV Week*, for example, is available at checkout counters at a number of the larger stores, but from its own investigation the company has discovered that some of the stores do not display the magazines in a timely fashion⁴¹. *BC Business*, *Garden Wise*, and *Pacific Golf* also have a newsstand presence. These titles are available on the mainline at some or all of the following stores: London Drugs, Thrifty’s, Fairway Markets and Chapters as well as at airport and ferry newsstands.

The company has not invested in any additional in-store promotions due to lack of available funds and the department has turned to small specialty retail outlets that have more targeted consumers for increasing newsstand presence and sales of *Garden Wise* and *Pacific Golf*. Bourque the retail distribution co-coordinator says these retailers are more likely to adhere to the on/off dates printed on the magazines, as they often lack additional storage space for the magazines. The draw for these specialty stores in some cases is much smaller than the orders delivered to the mass-retail stores, but the sell-through rate is usually higher, which means that fewer numbers of the magazines are returned as well as a more targeted audiences is being reached.

⁴¹ Interview with Fern Bourque. 14 October 2004.

5.1.2 Regional Competition

The regional editorial focus of each of the Canada Wide magazines does promise competitive advantage among the plethora of national and/or foreign titles available in BC. However, this strength is threatened when there are competing regional titles providing similar content for the same audience in the same or a similar genre. Customer service manager Jackie Lee explains for example that there are instances in which a retailer may decline from selling *Garden Wise* because they are committed to selling *Garden's West* or they use their sales history and experience with *Garden's West* to decide whether or not retail the *Garden Wise* magazine. Similar experiences have been recorded for *Grocer Today* in which some trade organizations declined subscriptions to the magazine because of their loyalty to competing titles. In the business and commerce genre, *BC Business* competes with the weekly tabloid *Business in Vancouver* for readership but more significantly for advertising revenues.

TV Week has experienced declining sales at the newsstands as it competes with *TV Guide* and *People*. The TV listings in the (newspaper) also eat into the potential audience for this magazine. As stated earlier there are other factors contributing to the falloff in the magazine's newsstand sales. Demographic changes and the availability of similar content at much cheaper costs on the Internet have also been influential. The effect of the competition from the Internet is obvious, but hard to measure. Findings from Statistics Canada surveys of Internet usage in Canada indicate that the Internet is the first choice as a source of information for the younger population. This is particularly concerning for the magazines since the target audience is aging for *TV Week* and most of the Canada Wide magazines.

5.2 Changing Demographics

Demographic shifts are beginning to negatively impact at least one of the Canada Wide magazines. *TV Week* suffers from an aging population who form the bulk of its subscribers. Currently forty percent of the subscribers are over fifty. An additional twenty-seven percent are between 35-49. There are several cancellations each week among the sixty-five plus age group due to death or inability to use the magazine. Competition from the web, though difficult to measure, is also a challenge for the magazine among the younger audience who form 23 percent of its readership. Sixteen percent are aged 25-34 and another seven percent are 18-24. It is believed that these two groups do most of their reading on the Internet. As an increasing number of the target audience opts for satellite television with its electronic built-in program schedule, they also have less use for this magazine. As stated earlier while *TV Week* was re-launched with a new logo and increased editorial content targeted to appeal to these demographics

and provide more than simply TV information, it is too soon to determine the impact of the re-launch on this target audience.

5.3 Regulatory Framework

As detailed in the earlier chapters, compliance with changing regulations for Postal Assistance Program, and BPAI rules create additional challenges for the department in its efforts to develop the circulation levels for the Canada Wide magazines. But these challenges are only as extensive as they are because of the limited resources available to the department to ensure compliance. Compliance with both PAP and BPAI regulations is more likely to benefit rather than diminish the circulation of the affected magazines.

Changing criteria for the PAP subsidy have forced the organization to seek additional paid subscribers for *BC Business* and they have made *TV Week* more relevant to the needs of the target market. (These are aspirations the department had but would possibly not have implemented now had it not been for the immediacy of the regulatory changes). The latter change is an editorial adjustment rather than a circulation strategy, for the appropriateness of the content to readers' needs should help to insure reader's interest and spur sales (which leads to increased circulation). The push for *BC Business's* compliance will not only ensure that the magazine retains the postal subsidy (and contain postage costs) but will also ensure that the magazine strives to maintain a higher level of paid subscribers which also translates to increased income from subscription sales.

Although keeping up with BPAI regulatory changes is stressful on the department's limited human resources, compliance with these changes will benefit the

affected magazines because they ensure that the circulation levels are not artificial, that the subscribers are not duplicates and that the readers the magazines' targets are within the interest group or market that the magazines serves. For the trade magazines in particular, BPAI requires proof that subscribers requested the magazines and the subscriber record must also indicate their profession or professional involvement in the respective trade.

CHAPTER 6 CANADA WIDE'S CIRCULATION APPROACHES AND STRATEGIES

Despite its resource challenges, the Canada Wide circulation and marketing department has managed to sustain and even build the circulation levels for most of its in-house magazines and that's why this paper is about the development of magazine circulation in unfavourable circumstances. That the majority of their magazines continue to sustain and attract new readers, secure advertising support and remain strong contenders in the respective genres in the regional periodical market is testament that the department has found ways to rise above its challenges.

BC Business for example, has been on the BC magazine landscape for more than 30 years. Although its circulation has not grown exponentially in the last three years, it has registered incremental growth, has a readership of over 100,000 and is a known and respected brand within the local business and commerce community. *TV Week* has been around for close to 30 years and the recent revision of the magazine to appeal to a younger audience and boost newsstand sales is among the steps taken to ensure it remains relevant and adapt to changes in the market place. *Grocer Today* also has a long history and has been published consistently for 18 years. This title has suffered a temporary decline in its circulation, but the department regained the circulation it lost. As shown earlier, the circulation for *Garden Wise* has grown 400 percent in the three years since its

launch. *Pacific Golf* has morphed into two magazines with a split run for Alberta, dubbed *Alberta Golf*. The future for *BC Home* appears promising, based on the approaches the company has taken to develop a subscription base for this magazine, and *99 North* continues to be published and distributed without any major challenges.

The circulation department has not achieved these landmarks without challenges. As detailed in the chapters two and four, the team encounters numerous hurdles in its attempts to maintain and build the circulation levels for most of the magazines, but the attitude among the management and the department has been to persevere. There is great camaraderie among the staff and the team also has a strong work ethic and shares a firm belief in the work and worth of what they do. The department also tries to ensure that its strategies remain cost effective, targeted and build brand awareness. A concerted effort is also made to remain sensitive to shifts in the market and adapt to audience and market changes. To achieve these goals the department constantly employs a number of strategies that constitute the marketing, promotions and customer service side of circulation management.

6.1 Marketing and Promotions

The department's goal for its marketing and promotion initiatives is to increase the visibility of the magazines among the various target audiences and build brand awareness to ultimately build its circulation. Given the limited budget available to circulation and marketing, the department must first seek the route of least expense (yet highly targeted) for promoting the magazines. It achieves this goal through, contra exchanges, business/industry partnerships, various types of corporate sponsorships and

cross-marketing. For all these approaches the financial costs to the department is usually quite minimal but the results are often extensive and long lasting.

6.1.1 Contra Exchanges

Where there is no money exchanged for goods or services of equal value between trading partners, this exchange is classified as a contra or barter agreement. The circulation and marketing department engages in a number of these agreements with: i) other magazines to market to a section or all of their audience (e.g. *The Economist*, *Business In Vancouver*, *Martha Stewart Living*, *Chatelaine*) and ii) trade associations and business organizations to acquire their members' list or directories (e.g. Garden Works, BCLNA, golf clubs and various chambers of commerce).

When contra agreements are made with other magazines, the trade off for both parties engaged in this exchange is the opportunity afforded each to reach a targeted audience that otherwise could prove quite costly to access. Here only production costs (for the insert) are incurred as opposed to paying for a list of names, production, printing and mailing charges. The success of this particular approach for both magazines depends on the suitability of the other's target audience. Subscriptions (at highly discounted rates), free advertising space or media coverage is traded for names from organizations with members within a magazine's target audience. These approaches are more targeted and less costly than traditional forms of direct marketing. They deliver the target audience the magazines need to build their circulation levels and increase their clout with advertisers.

6.1.2 Partnerships & Corporate Sponsorships

Canada Wide magazines generate a number of subscriptions from the magazine's partnerships with industry associations, businesses, and through participation in industry-related events. By partnering with members in the trade, the company and the respective magazine gain exposure, which keeps the magazines visible among the target audience and builds brand awareness and goodwill. Karen Foss says these strategies also make a title seem larger than it is and partnering is a great way for new titles to build awareness and credibility.

Garden Wise, for example, is the official magazine sponsor of the Van Dusen garden show, which is the largest outdoor show in North America. The magazine trades advertising space for participating in the show and obtains in excess of 500 subscribers per year from this one event. *Garden Wise* also co-sponsors or participates in several other trade and consumer shows from which a combined 4,000 subscriptions (new and renewed) are obtained each year (Foss, SFU Lecture). *TV Week* also receives extensive exposure and subscriptions from its partnership with Welcome Wagon, Shaw Cable and other cable companies. *Grocer Today* benefits in prestige as well as obtains subscriptions from its partnerships with the Canadian Council of Grocery Distributors and the Canadian Federation of Independent Grocers (two of the largest food associations in Canada).

Brand awareness engenders goodwill, generate subscriptions, and increase loyalty to the magazines. The department also remains sensitive to the market and audiences. This is especially manifest in pricing the magazines and offering payment options to subscribers. Consideration is given to what the market will bear as well as how price

affects (enhance or limit) revenues when deciding the price point for magazines. Here again proper market research is paramount to yield any substantial results.

6.1.3 Cross-marketing

The large size of the Canada Wide subscriber database allows it to cross-market to subscribers of its various magazines. Not only is this approach cost effective, but also the department is able to readily segment each magazine's audience and test in smaller volumes than a regular direct marketing campaign permits, (given the fact that most purchased lists comprise a minimum of 500 – 1000 names). The accuracy of respondent's address sourced from the company's database tends to be higher compared to those obtained from most purchased list, and the department can also offer subscribers more bang for their buck by offering a package of several magazines referred to as a combo. The department used combo offers in the past to sample *TV Week*, *Garden Wise* and *BC Business* among each magazine's target audience. The subscription rates are competitive and are even more attractive to existing subscribers who are generally appreciative for the savings. Cross marketing is currently supporting the launch of *BC Home* as 90 percent of its initial print-run is marketed to existing *BC Business* and *Garden Wise* subscribers. Again the cost of cross marketing is essentially reduced since the entire operation is completed in-house.

6.1.4 Marketing Within Each Magazine

Marketing in the form of business reply cards and cover wraps within each magazine is applied to all the titles to encourage renewal and generate new subscribers especially from the newsstand. This approach incurs no additional postage if the pieces

are not personalized⁴². Canada Post accommodates unaddressed inserts packaged within the magazine under Publications Mail at no extra cost. Foss says *Garden Wise* obtains upwards of 50 subscriptions per issue (depending on the time of year) from business reply cards. *TV Week* and *BC Business* also generate a number of subscription each issue from promotions within its own magazine. The trade magazines do not traditionally include much self-promotion.

6.1.5 “Freemiums”

Freemiums have proven an effective means to acquire readers or at least capture information about potential subscribers. These free trial issues are offered for all the paid circulation magazines. Potential subscribers are offered three-free issues of one of the magazines at no obligation to continue. But they have to sign up to receive this offer and by completing the forms they are providing crucial contact/demographic information that the company can use to continue marketing to them (unless the respondent clearly indicates otherwise⁴³). The key objective for most of these initiatives is to develop the subscriber database.

6.1.6 Premiums

Premiums are gifts offered as an incentive or courtesy for paying up-front for a subscription. They are generally items of value to the subscriber such as books or handy tools and accessories. They are a memento of the magazine and usually have the logo of the magazine or some functionality that will remind the user of the magazine. *Garden Wise* magazine for example offer, calendars to every new subscriber, gardening tips

⁴² Canada Post charges 30 cents per piece for Ad mail.

⁴³ Privacy regulation requires magazines to provide this option to all potential subscribers.

books, binders for storing up to two years worth of issues, pruners, gardening aprons and back issues. *BC Business* offers a number of business books including some authored by Canada Wide publisher Peter Legge. To segment the market, some premium items are only offered at certain events. But there is an economics and sensibility involved in premium offers (i.e., product cost, durability, and mailing costs versus subscription costs) that have to remain in check to make the premium offer worthwhile. Moreover according to BPAI regulation, ‘no promotional incentive or inducement may be offered which has an advertised value or cost to the publisher, of more than 50 percent of the subscription price.’” Canada Wide has to maintain these rules as they are audited by BPAI. While premiums help to increase the number of especially new subscribers, they also help generate cash flow.

6.1.7 Gift Subscriptions

Encouraging subscribers to purchase gift subscriptions for others is a nifty tactic for building circulation numbers. It appeals to people’s goodwill and has the potential to amplify the response to a magazine. This is a key component in building circulation for the *BC Home* magazine. *TV Week*, *Garden Wise* and now *BC Business* also offer gift subscriptions to its existing subscribers.

6.2 Customer Service

Once new readers are acquired, the key to sustaining them and hence the circulation level is the quality of customer service provided by the department. Cognizant of this, the team creates another wide range of conveniences to keep subscribers happy and encourage them to retain their subscriptions to the magazine. These services include

a staggered payment plan, price differentiation, renewal series, grace issues and telemarketing.

6.2.1 Payment Plan

To ensure that it provides opportunity for as many subscribers as possible to afford the *TV Week* magazine, the department offers a preauthorized payment plan (PAP), which facilitates incremental payment for subscriptions. Subscribers who use this plan provide the department with a voided cheque and authorize the department to debit their account with a set amount every thirteen weeks. The customer service manager generally calls these customers to remind them of the withdrawal and to ensure that there are sufficient funds available for the payment. The PAP service is especially popular with senior citizens who have limited incomes. The company suffers no loss in subscription dollars, as the subscription cost is the same as the regular rate. Servicing these accounts on one hand takes time and patience but is outweighed by the contact with the customer and retaining the customer. The PAP helps with cash flow as funds are accessed frequently. For the subscribers' conveniences, they can also choose to be billed or pay by credit or debit card online or via the phone or at the office. Online banking is also encouraged.

6.2.2 Price Differentiation

One of the boosts to circulation is price differentiation. Subscriptions to all the magazines can be obtained for varying periods, from six months (*TV Week* only) to three years at different prices. The regular subscription rates ranges are as follows: *TV Week* six months at \$21.95, one-year at \$37.95, two years for \$69.95 and three years at \$99.95;

BC Business one-year \$25.95, two-years \$36.95 and three-years at \$47.95; *Garden Wise* offers one-year \$19.95, two-years \$37.95 and three years at \$55.95. Taxes are added to these prices.

There is also a range of special offer subscriptions that are calculated at reduced rates for all the magazines. Some subscriptions are also sold at the minimum \$1 rate required within the industry to be classified as paid. This rate is usually offered to companies or organizations for a directory of names. The objective of this minimal offer is primarily to build the paid circulation levels to attract more advertising. Again, this highly discounted subscription offer is a courtesy service to the potential subscriber that widens the scope of affordability and for the company it helps with cash flow and bumps up the circulation levels. The department also matches competitor's prices where these are lower by comparison to the Canada Wide subscription rate. In these instances the subscribers are asked to submit the competitor's coupons, which are kept by the circulation department for auditing purposes.

6.2.3 Renewal Series

The circulation department sends a series of renewal notices to expiring subscribers to maximize the possibility of receiving a renewal. For all the magazines with a paid subscription base, the department sends a maximum number of seven renewal notices to remind subscribers to renew. These renewal notices may commence as early as four or three months before the subscription expires and is extended to at least one or two issues after the subscription expires. Each successive notice connotes a greater sense of urgency, while emphasizing the value of the subscriber to the magazine. Sending multiple

renewal notices can be costly in paper, printing and postage if the subscriber fails to renew early.

This cost could be minimized if on-line subscriptions were available for all the magazines, though this option has its own challenges (which will not be explored here). To date however, this online service is only available for *BC Business* subscribers. The circulation department has started to request subscribers' e-mail address with the hope to eventually offer this service, but the infrastructure is not yet in place to move in this direction. In the interim, the renewal notices are coded to keep track of the sequence in which they are sent so as to evaluate any trends in renewal responses. Some readers may perceive receiving as many notices an annoyance, but once the subscriber renews the notices stop. The push for early renewal is designed to retain the subscriber, maintain the circulation level and build cash flow.

6.2.4 Grace Issues

Subscribers are cherished commodity and every effort is made to retain these readers, as they are a collateral for the magazines. Grace issues are among the extended arm of the circulation department's customer service. These grace issues are so termed, as they are copies of a magazine sent to the subscriber up to three issues subsequent to the expiration of a subscription. On the one hand, providing grace issues may be considered simply good customer service that the department hopes will impress the subscriber to renew, but on the other hand, it is also an indication of the excessive measures the department has to employ to ensure that it retains subscribers and maintains the magazines' circulation levels. Customers who wish to continue receiving the magazines are often appreciative of receiving grace issues and will renew their account,

but if a subscriber has no intention to renew, these free issues will rarely sway their decision. If the subscriber fails to renew after one or two grace issues his/her account is suspended and no subsequent issues of the magazine are sent until s/he renews. The department will, however, retain the subscriber's details in the database, but cannot include such subscribers in the respective magazine's total circulation.

6.2.5 Telemarketing

When all else fails, the department resorts to calling subscribers to renew. This service is primarily provided to *BC Business* subscribers, because of the current focus on building the magazine's paid subscriber base. The subscription price offered in telemarketing is often the same as the regular rate but the offer is packaged with a premium to encourage renewal. Telemarketing is more costly both in dollar and time currency for the department, especially with the current staff limitation. But it usually produces a ten percent response rate, and is at times higher depending on the time the calls are made (8:00 am to 12:00 noon on Friday's produce the highest response rate). The suaveness of the individual making the call can also positively influence the subscriber's response.

6.2.6 Other Miscellaneous

As mentioned earlier, re-qualifying subscribers every three years ensures that the database is current and valid. Failure to do this can adversely impact circulation figures. Canada Wide has learnt from its unfortunate audit experience and now a deliberate program for re-qualifying subscribers is in place. System Purges to eliminate duplicate

subscriptions are also taken very seriously as removing dupes reflects well on audit verification as well and reduces the cost on mailing.

Canada Wide Circulation has shown (with *Garden Wise* and now with *BC Business* and *BC Home* magazines) that there are creative and cost effective ways to build circulation even with limited financial investments for promotions. Partnering with business that can support its goals as well as marketing to its existing database of subscribers is not only cost effective but promises a better response rate than most other type of direct mailing. Contra exchanges with other magazines or organizations that can deliver the audiences targeted for the respective magazines are another cost effective option for building circulation. Aware that these approaches work what is obviously needed is the manpower to support the growth that these initiatives inspire.

CHAPTER 7 CONCLUSION

Circulation by its very nature is fragile, and the fluidity of an internal and external environment makes the task of maintaining and accessing potential readers and even more delicate dance. This report has described the many influences— internal and external as well as industry and audience related— including editorial focus, access to advertising dollars, competition, demographic shifts, readership needs and various types of government and auditing regulation among other trends, that influence the type of circulation approach a magazine may adopt at any given time to build and sustain circulation levels.

It has also shown that circulation growth and development is determined by circulator's ability to keep pace and adapt to these changes in their environment. Equally influential to a magazine's circulation success is the availability of adequate funds to support the continuous pursuit of promotional and marketing programs necessary to generate and maintain reader's interest and remain viable in the Canadian magazine industry.

Keeping up with the extensive and ongoing promotional and marketing campaigns keeps the circulation department in a constant buzz of creative and administrative activities and lends weight to the notion that circulation is the engine of

the magazine as it is these efforts that ensure that a magazine gets into the hands of the targeted reader.

The symbiotic relationship between advertising and circulation is also evident throughout this paper. Circulation provides the target audience that advertisers need to market their products to, and advertising revenues provide the finances to underwrite the production costs of the magazine.

In the final analysis, developing circulation is a costly venture and though circulation growth is an admirable goal because it provides a larger target audience to attract advertising revenues, and a steady stream of cash flow (where there is paid circulation), the challenges, approaches and strategies associated with such expansion as demonstrated by the Canada Wide experience, affirm that adequate resources are imperative to support this growth. For there are many costs –financial, time and human resources– associated with any increase in circulation levels and these not only have to be adequate, but properly evaluated and rightly appropriated.

APPENDIX A INTERSHIP JOB DESCRIPTION

Internship Report
PUB 899
Master of Publishing - Simon Fraser University
Submitted by Keisha Johnson - ID# 200129410
August 3, 2004

I interned in the Circulation department of Canada Wide Magazines in Burnaby, BC, from May 10, 2004 to August 6, 2004 co-ordinating and implementing various circulation expansion projects and assisting with customer service, audit preparations and day-to-day subscription queries and processing. My internship with the company was converted from free to paying when it was extended to another four months in the Administration department, commencing August 16, 2004.

As the Circulation Intern, I was responsible for assisting with circulation expansion initiatives for one trade magazine and two consumer magazines, namely *Grocer Today*, *Garden Wise* and *BC Business* magazines. This responsibility involved: re-qualifying subscribers through faxed and telephoned requests; sourcing new subscribers by obtaining qualified lists; telemarketing to expired BC Business subscribers; subscription sales at industry associated shows and events such as the Vandussen Garden show, BC Business Top 100 Awards function and the BC Business Breakfast Seminar Series.

I was also responsible for expanding the retail base of *GardenWise* magazine on the mainland and Vancouver Island by sourcing and signing new retailers to sell the

magazine. Additionally, I assisted with customer service and subscriptions requests and processing for most of the trade and consumer magazines produced and managed by Canada Wide magazines. In terms of audit preparations, I collated samples of the original subscription records requested by Canadian Circulations Audit Board (CCAB) for their audit of *Award*, *Grocer Today*, *TV Week* and *GardenWise* magazine.

I was trained by the CircWorks manager in the use of SB Client (the circulation software used by the company). The staff was always supportive. I attended general department meetings, audit meetings and other interdepartmental meetings. I reported directly to the Circulation manager and worked closely with the Customer Service manager and CircWorks manager on a daily basis. Infrequently I assisted the Marketing manager and Marketing co-ordinator with various promotions projects.

The extended internship into the Administration department is intended to expose me to the accounting, acquisition and general administrative aspects of Canada Wide magazines. In this new role I will assist the sales, editorial, circulation and administration departments with varied tasks.

APPENDIX B RESPONSIBILITIES OF THE CIRCULATION TEAM

DETAILED RESPONSIBILITIES OF THE CIRCULATION TEAM

Ultimate responsibility for the department's performance rests with the director who is also a member of the board of directors. She sets the goals for the department, coordinates and negotiates the budget as well as develops and implements marketing campaigns. The circulation manager works part-time and oversees the day-to-day activities and processes within the department and manages the personnel. She collaborates with the team to create circulation growth initiatives and monitors these programs, assists with composing promotional copy, source new readers and keeps the other management abreast of the magazines' circulation levels.

The customer service manager co-ordinates all *Garden Wise* trade shows, troubleshoots any and all subscription delivery problems, handles customer complaints, co-ordinates all auditing activities and oversees Canada Magazine Fund (CMF) application for the relevant magazines. She also coordinates, maintains and manages prepaid subscription (PAP) payments and prepares newsstand sales comparison reports.

The marketing manager for *BC Business* was hired to build brand extension, develop the paid circulation for the magazine and co-ordinate a series of revenue generating events including six breakfast seminars, one major revenue generating special

event and three to four customer appreciation events annually. She also supervises existing sponsorship initiatives and seeks new sponsorship opportunities.

The CircWorks Manager manages the circulation software system. She liaises with the software provider for technical support, system updates and upgrades. Internally, she coordinates all Media Services Group system training for current and new employees and is the liaison between the accounting department and circulation.

The subscriptions manager is responsible for all the data entry for subscriber based magazines, but she focuses mainly on fulfilment and handling for *TV Week* magazine. In addition to servicing subscribers she is responsible for the daily financial deposits for this magazine. The subscription assistant and one of the circulation assistants are each assigned responsibility for the other two magazines with the largest subscriber base (*Garden Wise* and *BC Business*). They share data entry and subscription support for the remaining subscriber based magazines (*Grocer* and *Award*). This contingent of the staff monitors all subscription telephone calls and enquiries for the in-house publications, prepare invoices and renewal notices, process credit/debit card payments, as well as process and package premiums.

The second circulation assistant is assigned to the bulk circulation magazines (*99 North*, *Pacific Golf/Alberta Golf*) and all the contract publications. She conducts similar tasks for the bulk circulation magazines (as performed by the other circulation assistant). Her responsibilities for the contract publications includes any or all of the following functions: maintain a private subscription database, coordinate print orders, create mailing labels, track cover returns, address accuracy checks, respond to subscriber phone calls, collate information for audit statements (BPAI or sworn statements of circulation)

and assist with the occasional direct marketing initiative. She also liaises with the printers and coordinates mailing and printing activities as well as maintains the Canada Post account.

Specialty retail distribution of the magazines is divided between one full-time and two part-time staff who service the small retailers on the mainland and Vancouver Island. They replenish each store's order of magazines and collect the unsold copies. They also collect and collate sales data for each outlet. These results help to determine the draw for each store for successive issues. They also monitor the newsstand placement of some of the titles in the chain stores. This is done to ensure that a) the magazines are given the display positioning that the company pays for b) are displayed until the respective off date printed on the magazine's cover and c) ensure the racks are full.

APPENDIX C REVENUE COMPARISONS

Table 13 National Average Revenues Per Category Per Statistics Canada Periodical Publishing Report 1998/99

AVERAGE REVENUES PER PERIODICAL (annual)						
	General Consumer		Special Interest Consumer		Business/Trade	
	\$	%	\$	%	\$	%
Advertising	1,052,986	51	333,159	54	555,502	89
Single-copy sales	285,560	14	29,827	9	3,826	1
Subscription sales	667,315	32	112,079	28	29,084	6
Other revenues	53,685	3	44,343	10	35,483	6
Total revenues	2,059,546	100	519,408	100	623,894	100

The revenue percentages recorded for the Canada Wide magazines in large measure reflect the trends for the corresponding genres across Canada, identified by Statistics Canada as represented in table 13 above, which shows the national average revenues per category. The revenue trends across Canada found by the 1998/1999 Periodical Publishing⁴⁴ data compiled by Statistics Canada indicates that 71.2 percent of the circulation for most trade magazines is non-paid, while advertising revenues typically account for 89 percent of total revenues. It is unlikely that the trend will change in the near future as the size of trade titles' audiences and the costs the market will bear for subscriptions or single copies will not likely be sufficient to cover the production costs to ensure their viability. The revenues percentage for *TV Week* and *Garden Wise* are also as diverse as the national trend for general consumer and specialty consumer titles, which are the respective corresponding categories, used in the Statistics Canada report, which

⁴⁴ Sources: Statistics Canada: Periodical Publishing Survey 1998/1999; *Periodical Publishing: data tables*, November 2003, catalogue no 87F0005XIE.

shows that revenues are shared among advertising sales, subscription and single-copy sales. But the allocations for *TV Week* and *Garden Wise* vary slightly by comparison from the national trend. The advertising revenue percentage for both magazines are lower than the national average but this is compensated for in single-copy and subscriptions sales, which are both higher.

A comparative look at the magazines' revenues and expenses indicate that the titles with the larger promotion budgets are also the ones with the more diverse revenue streams. These magazines are mainly paid circulation, are less dependent on advertising revenues and though they incur more expenses, their budgets indicate that they share a greater burden of the cost for running the circulation department. In essence what this suggests, is that it takes money to make money:

SOURCES CONSULTED

- Abacus Circulation Inc., "Back of The Rack: Canadian Magazines Struggle for Visibility on The Canadian Newsstand." Jan 2000.
- Abacus Circulation Inc., "Direct-To-Retail Single-copy Distribution for Specialty Canadian Magazines." Mar 2000.
- Abacus Circulation Inc., "Taking Back The Rack: Amid New Challenges, Canadian Magazines Compete for Visibility on our Newsstands. Feb 2003.
- British Columbia Association Of Magazine Publishers. "*In Print: Circulation Working Strategies for Magazine Publishers.*" 1997
- Canada. Department of Canadian Heritage. *Reaching Readers: A Report On The Circulation Roundtable For Small Magazines.* Prepared by Judith Parker. 2004.
- Canada. Department of Canadian Heritage. *Publications Assistance Program User Guide.* Periodical Publishing and Policy. 2004
- Canadian Magazine Publishers Association. Circulation: Privacy Regulation available at www.cmpa.ca. Retrieved from the Internet Sept 13, 2004.
- Canadian Magazine Publishers Association. Newsstand Glossary. Available at www.cmpa.ca. Retrieved from the Internet Sept 13, 2004
- Canadian Magazine Publishers Association. "Are You Covered?": Important Postal Delivery Information For CMPA Members Magazines." Nov 28, 2003. Available at www.cmpa.ca. Retrieved from the Internet Sept 13, 2004
- Canadian Magazine Publishers Association. "Update On Increase In Postal Rates?": Important Postal Delivery Information For CMPA Members Magazines. January 15, 2004. Available at www.cmpa.ca. Retrieved from the Internet Sept 13, 2004
- Circulation Management Association of Canada. *The Circulator* May 2004
- Cousineau, Sheila. "Avoiding The Blue Box." *Template 2002*: 32 Alberta Magazine Publishers Association.
- Dugan. William B. "Thanks for Ordering Our Magazine: Now Don't Expect to See It For Five Weeks." *Circulation Management*. May 2004: 24-29

- Foss, Karen. "The Circulation Cinderella Story of Garden Wise lecture." June 16, 2004. SFU.
- Gatowski, Eileen. Interview. 28 July 2004.
- Hancox, Ralph. The Economics of Magazine Publishing. Prepared for the Master of Publishing Program
- Holland, Jennifer. "Email: Publishers are Using E-Newsletters to Build Brand and Revenue." *Circulation Management*. July 2004: 24-27
- Ireland, Carole. "Why Fulfil In-House." *Circulation Management*. July 2004: 28-31
- Joukhadar, Kristina. "ROI Rules in B-To-B." *Circulation Management*. August 2004: 12
- Joukhadar, Kristina. "See You At The Newsstands: Driving Single-Copy Sales in a Tough Retail Environment." *Circulation Management*. Mar 2004: 20-22
- Legge- Stollery, Samantha. Interview. 23 July 2004.
- Lorimer, Rowland. 2002. *Periodically Yours: Magazines of British Columbia*. Vancouver: BC Association of Magazine Publishers.
- Magazines Canada: Fast Facts. Sept 2004
- Magazines Canada: "State of the Magazine Nation". 2004
- Magazine Retail Advisory Council. "Best Practices for Increasing Magazine Sales: A review of the MRAC's Progress 1998-1999."
- Masten, Stephen. Circulation Modelling: Powerful Publishing Tools You Need. Retrieved from the Internet Aug 25, 2004.
- McRitchie, Tracy. Interview. 4 & 21 October 2004.
- Monti, Ralph. *Career Opportunities In Magazine Publishing: The Ultimate Guide To Succeeding in The Business*. New Jersey: Special Interest Media, 1999. Retrieved from the Internet Aug 24, 2004.
- Print Measurement Bureau; PMB 2004 Readership Data.
- Statistics Canada. "Periodical Publishing Survey" 1998/1999
- Statistics Canada. "Household Internet Use Survey" 1999-2003
- Statistics Canada. "Canadian Population Figures" 2002.

Turtoro, Ken. "B-to-B Strategies for Tough Times." *Circulation Management*, Sept 2002: 34+.

Weisgerber, Leah. Interview. 16 July 2004.

Zarbati, Kamay. "Honing Your Circulation Strategy." Corner Stone Group of Companies. Mar 6, 2004.