



Ways to Win Special Report:

How to Launch your Publication on the Newsstand

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To paraphrase Will Rogers, launching a magazine on the newsstand is not as easy as it used to be, and it never was. But while it's always been a challenge to create a product for the market and deliver it, finding your target audience and minimizing waste, today we are faced with greater hurdles than we were years ago.

At one time, almost any publication could get a pretty good distribution for the first issue. Wholesalers and retailers liked to see a launch, and would give it a good distribution and display space just to see if it would catch on. Put "Premier issue" in a starburst on front and you could expect to see a nice wave of interest.

At that time, your first issue sales could be expected to be higher than those of the next couple of issues. That first wave of interest would indicate where you could expect to be another three or four issues down the road; the second issue would drop off and begin to build from there. "If you can sell 25%, the book's got legs," people used to say. "Less than that, close it now."

Today, a magazine's first issue is likely to have a more limited distribution than at any time in the past. No longer can you expect to get in the best retail stores or get premium display just because you're new. The climb up has become steeper, the barriers to entry higher. It is more important than ever before to plan a launch carefully and implement consistently.

Success is still possible, however, with a good magazine and a sound launch strategy. Take the time to plan your launch properly. While it is possible to do a hasty launch, you are exposing yourself to a greater chance of failure by rushing it. Why is that? A rushed launch might mean an imperfect distributor contract; it will mean that you don't have authorizations into the top chains; and a poor launch distribution will affect your publication for many issues to come.

Let me give you an example. A publisher came to me with a request to launch a publication. He had no national distributor contract, no authorizations, and he wanted to get the publication on the newsstand in a matter of a few months. I told him that there were certainly things we could do, steps we could take, and that we'd have to start right away, work hard and fast, and be prepared to buy some of the distribution. He said he would think about it.

The publisher then did something that turned out to be fatal: he found a consultant who told him what he wanted to hear. Full distribution in a few months? No problem. We'll get you out, we'll have you everywhere.

A year later, when the publisher came back to me, he had a disadvantageous distribution contract, a patchy set of chain authorizations, and a weak

distribution. I worked with him for a few months, building from a poor start as best I could, but before we had time to make enough of an impact, his funding ran out and the magazine folded.

A sad ending—sadder because it was unnecessary. If you have a decent product and go through the proper launch steps, it is still possible to create a strong newsstand publication.

Steps to Take

Start by setting up a launch timeline. Ideally this timeline will begin nine months to a year before your publication is due to go on the newsstand. The timeline can be shortened, in some cases considerably. Shorten it too much, however, and you run the risk of becoming the publisher referenced in the cautionary tale above. A launch timeline might look something like this:

Nine months before launch: Send a Request for Proposal to the major national distributors. Include in your RFP details about your company, the magazine, the market for it, your anticipated launch size, the size of your promotions and marketing budget, the PR support and media attention you expect to receive—anything, in short, that will establish your credibility as a magazine publisher. A national distributor will want to see that you have sufficient financial backing to ensure your survival; that you understand your market and can establish that this market is growing or thriving, and needs a new or additional publication; that you have the experience, knowledge, or authority to publish in this market; and that you intend to give your publication the support it needs to survive and prosper. If you are an established magazine publisher your work here will be easy; if you are new to the field, you have more to prove.

If you can make a good case, you will have the distributors' attention, and they will be ready to bid for your business. Here are the main negotiating points:

- 1) **Brokerage:** how many points will the distributor take as commission?
- 2) **Payment terms:** what percent of estimated net sale will you get up front, and when are your final payments due?
- 3) **Length of contract:** three years? Four? Five or more?
- 4) **Work commitment:** what is the commitment for your title's launch, and, after that, what can you expect in terms of marketing calls and distribution assignments?
- 5) **Direct (bookstore and specialty) sales:** will this be part of your national distribution contract? If so, you may have to negotiate those terms separately; if not, you should be going through this same process, separately, with a direct distributor.

- 6) **International:** does the national distributor you favor have an international sales department? If not, and your publication might have some overseas potential, you will want to be setting up an international distribution contract at this time.

For the purposes of negotiation, focus on these items. Of course there are additional things you will want to know about your distributor: for example, who at the distributor will be working on your account, what company executives you will have access to, what the field force comprises (marketing and distribution reps, working on how many titles in how big a region).

When you have compared the contracts and negotiated the most favorable terms possible for your product with the distributor of your choice, your contract is ready to go to your lawyer. Most of the changes your lawyer recommends are likely to be matters of wording, and in most cases your national distributor will be flexible on making those changes. Any changes of real substance to the agreement itself will likely have to be added as a negotiating point in the process.

This entire process will inevitably take longer than you anticipate. Allowing a full ninety days for the process will save you the headache of having to compromise on important points or getting a late start on your launch marketing.

Launch marketing should ideally start six months before your launch date.

Six months before launch: Before your publication goes out to the chain retailers for consideration, there are several steps you will have to take:

- 1) **Get your bipad number.** Your bipad, the five-digit unique identifying number for your product, can be obtained from Bipad Inc. Visit www.nscopy.com/bipad.htm.
- 2) **Obtain your UPC code.** This code, incorporating your bipad number, a five-digit manufacturing number, a two-digit issue code, a lead digit and a check digit may be obtained through your distributor. The distributor will also order the bar code derived from the UPC code for you, or you can obtain it yourself from Product Identification and Processing Systems, Inc, at www.pips.com.
- 3) **Establish your production schedule.** The key dates on this schedule, as far as the newsstand channel is concerned, are the print order due date, the ship date, and the on sale date. This schedule will go into the distributor's system and trigger orders for each issue of your magazine. Without the dates, you will be unable to get an order. Concerning these dates:

- a. **Print order due date.** This is the date that the order is due to you, not the date that you owe it to the printer. If you need a couple of days to review the newsstand print order and include it with the overall print order, build those days into the schedule. If you need an actual number of copies—as opposed to a rough estimate—a week or so before the printer gets the order so you can order paper or insert cards, better make that the print order due date. Until that date, it is impossible to know the exact number of copies that will be printed. A word of warning, however—if you establish your order too far in advance of actual printing, changes are likely to come in between the establishment of the order and the on sale date. Those changes could result in shortages or overages. While some of those changes can be made at the printer prior to shipping, it complicates matters and has costs associated with it; in short, it's best avoided.
- b. **Ship date.** You will work with your printer's pool ship department or a shipper you have contracted out to (for example, Clark Distribution) to determine what days the pools go out that will include your publication. Allow 21 days from ship date to on sale date. Those 21 days cover the time it takes to go from the printer to the consolidator, or breakup agent, who will truck your publication out to the wholesale agencies; it will cover the time it takes for the wholesaler to receive the publication, put it on the tie line, invoice it to the retail stores, and get it on the racks.
- c. **On sale date.** Traditionally magazines have been put on sale on Tuesday, and publishers are still often using Tuesday as their official on sale dates. However, wholesalers do put magazines on sale throughout the week, and your publication may actually go out on Friday (pre-weekend delivery), Monday, or another day, depending on the actual agency.
- 4) **Set your cover price.** Take into account your competitive set, your production values, the number of pages in your publication, and how targeted your publication is. (Typically a very targeted publication can command a higher cover price than a more general interest publication).
- 5) **Create your budgets.** For your strategic purposes, you need to look at your draw budget, your sale budget, and your promotions budget. We'll talk about revenue per copy elsewhere, but for a start it's probably safe to estimate that about 35%, thirty five cents on every dollar of cover price, will come back to you. Some guidelines for setting up your budget:
- a. **Draw:** about how many copies are your competitors putting out? How strong is their sale? Remember when estimating your initial

allotments that you are the newcomer to the market. Even if your product is significantly better than what's out there, it might take you some time to build to the level of your competitive set. If you have more targeted content, you will have to take that into account. By no means look at the number of people who are involved in your area of interest and estimate from there. It is probable that only a small percentage of those people will want to read a magazine on the topic. To determine what that percentage might be, it's best to look at the competitive set.

- b. **Sale:** How many returns can you afford to accept? If you need a strong efficiency to stay alive, you will want to cut back on your initial copy allocation. Just send your copies to the best accounts and, as sales start to take off, build from there. If you can afford to promote your launch with the product itself, put it everywhere feasible and then begin to adjust efficiencies from there, you can budget for a higher draw and a lower efficiency. Your sales budget, therefore, is inextricably intertwined with your draw budget, and the two must be built together.
 - c. **Promotion:** The level to which you promote will to some degree determine how many copies you can get out, and the quality of your launch outlets. I've covered this completely elsewhere. At this time there are a number of key retailers—Safeway/Albertsons, CVS, Target—in which it is difficult or impossible to get authorization without promoting. Be aware of those retailers in your planning process.
- 6) **Finalize your marketing piece.** This should include, at the very least, a one-page sell sheet with title, bipad, UPC, cover price, frequency, and a few points about why the retailer would want to carry the publication—the growing market, the new approach, the media support, that kind of thing. Retailers will form their opinions on the quality of your magazine based on the quality of your marketing piece. Some publishers create a whole media kit for this step, or print a newsstand version of their ad sales media kit; and this in particular will make sense if you are a new publisher entering the market with an ambitious launch. If you have a history of publications with consistent quality, you will be able to get away with the single page.
 - 7) **Begin marketing.** At this point you will be working with your national distributor to implement your launch strategy. Now is the time to identify the classes of trade you wish to approach, and the specific retailers within the class of trade which will be your top priorities. If you are a men's magazine, you might want to be sure to get distribution into convenience stores; for many other categories, this might not be a class of trade that will provide strong enough sales and efficiencies for your publication. A teen magazine might want to ensure a good

authorization base in drugstore; a technical computer programming magazine might not. You are likely to find some consistent principals, however:

- a. **Bookstores** likely to be an important class of trade for any title, and in particular any special interest title. Market direct to the bookstore buyers where possible. Get in front of them and get them excited about your publication. You will have to still go through the distribution channels to get your publication in the system and the distribution set up, but having the buyer excited about the product in advance will go a long way towards smoothing the entire process.
- b. **Supermarkets** still make up over 40% of magazine distribution, and this includes mainline titles, not only those at checkout. You will want to do what you can to get your publication, unless it is very high end, very specialized, into the top supermarket chains. This might include having a “dummy” issue showing what the product will look like; it might include buying a promotion to get into a key chain; it might include approving a “pass through” RDA; and it might include waiting until the first issue has been published to even present your publication.

A good portion of the time spent by your national distributor in marketing will be to the supermarkets. A good percentage of your retailer base, once your distribution is set up, will be the supermarkets.

Your national distributor needs time to schedule their marketing calls to be made on your behalf. They have other publications needing presentation; they can only present a few in any given meeting. Some retailers will only meet with each distributor once a quarter. If you miss one opportunity, you have to wait three months to present again.

These are some of the reasons you want to begin your marketing work six months in advance.

- c. **Airports** can provide your highest efficiency distribution, but be prepared to dig deep. You won't be able to do this cheaply, and unless you have a unique combination of high cover price and high sales it is unlikely you'll be able to do it profitably. Even at a loss, it might be worthwhile for you to be in airports—for one thing, your advertisers might want to see you there—but don't underestimate the barriers to entry.
- d. **Discount/mass merchant** boils down to, let's admit it, Walmart. You might find yourself building a frustratingly large part of your

publishing strategy around this giant. And I still do run into publishers that say their publication isn't a Walmart title. There are a few publications that seriously aren't...very few. Walmart represents almost 20% of the sales of magazines on the newsstand today. 'Nuff said.

If you do intend to make Walmart part of your publishing plan, have a powerful presentation, a powerful sales story, ready for the first marketing call made on your behalf. Marshall all the reasons why your publication might be a welcome addition to the chain's title mix. Size of market, market growth, growing buzz, advertised products carried in Walmart.

The reason? If you don't get in on the first try, you'll have to wait a half year before you're even allowed another chance at presenting.

- e. **Specialty** retailers might be an important part of your approach, and it's worth creating an entire separate strategy around them.
- f. **Wholesaler-controlled chains:** there are still a number of chains the wholesalers can help you with. Your national distributor includes solicitations for this kind of help in their marketing strategy, and it's another step that will be taken over these pre-launch months.

Four months before launch: Draw solicitations are sent to the wholesalers. Gone are the days when you could determine the number of copies each wholesaler would get. Now what must be done is each wholesaler must be sent a proposed draw, with the reasons that the publisher is looking for an allotment of this size, including authorizations gained indicating the size of the retailer base that will be in place, competitive draw and sale, and other evidence supporting the requested allotment size. Based on that, the agencies will submit their allotments—very likely smaller than the allotment size originally requested. It makes sense to build in some room in your budgets there—budgeting for draws a bit lower than you are requesting—but part of the process may also be to go back to the wholesalers to negotiate an increased allotment size. This is something your national distributor will spearhead for you.

Solicitations must also be sent to all directs and specialty distributors, along with production schedules and draw goals.

This is also a good time to start to pull weekly reports tracking the new chain authorizations coming in, and follow up on the open spots that seem not to be closing.

If you plan to include international in your distribution, those solicitations also need to go out now.

Three months before launch: This is a period for follow up on the progress of chain solicitations and to meet with your national distributor to review your progress.

Two months before launch: You are continuing with the follow up, and also working with your own team to collect information important to the launch. Is the cover final? Do the words “Premier Issue” appear boldly on it? Have you gotten your UPC film, and triple-checked all the numbers?

Do you have the PR schedule and know the dates and locations of any media appearances? This information can be used to tie in with wholesaler and retailer promotions, it can be included in supplemental sell sheets, and it might be used to help get an authorization from a difficult retailer.

Six weeks before launch: Final calls are made to close orders; wholesaler orders should all be in (last minute calls to wholesalers who have not submitted their orders). Draws are finalized by agency.

Your national distributor will send out a launch assignment to their field people, giving them the task of setting the actual distribution for your title on a retailer-by-retailer basis, using as tools the list of authorized chains by wholesaler and the sales by store of your competitive titles.

If there is anything extra that is needed at the bindery—stickers or “dot whacks” for the cover, for example—they will be ordered now.

Print order due: Send a flyer announcing the launch to your PR list.

About the Author

Linda Ruth, President of PSCS Consulting, has been teaching publishers how to maximize their marketing and sales efforts for over 20 years. She has led seminars, panels, and workshops at industry conferences throughout the nation, including Folio: the Show, the Folio Entrepreneur Summit, Circulation Management, Publishers and Book Association of America (PBAA), City and Regional Magazine Association (CRMA), Lighthouse, Blue Dolphin, and Catalyst. She often tailors her seminar presentations to the needs of individual publishers, and in this capacity has taught publishers large and small throughout the country, including American Wildlife, Aspire Media, Future Network, Harris Publishing, IDG, McGraw Hill, and many others.

Articles she has authored have appeared in leading magazines and newsletters in the industry, including *Folio*, *Circulation Management*, *Subscription Marketing*, *Magazine Week*, and others. Her books include the three installments of the *Ways to Win* series: *Internet Marketing for Magazine Publishers*, *Secrets of SEO for Publishers*, and *How to Market Your Newsstand Magazine: Tactics, Tips and Case Histories*.

She is a founder of Exceptional Women in Publishing (EWIP) and a member of the Folio Advisory Board.

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