Surprise knockout

Are circulators to blame for Weekly Scoop*'s demise?*

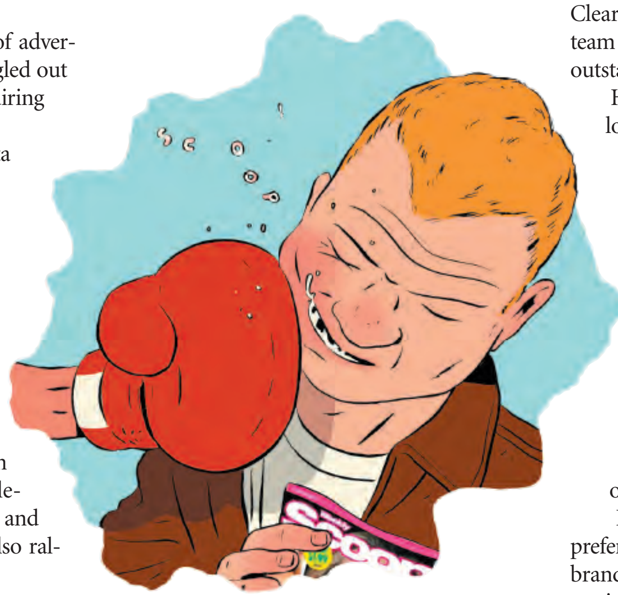
BY SCOTT BULLOCK

At the Canadian Newsstand Awards on June 6, *Weekly Scoop* won the prize for Best New Magazine. Not a week later, parent company Toronto Star Newspaper Ltd. announced it would cease publishing *Weekly Scoop* effective with the June 9 edition–a mere eight months after launch. According to the press release, despite the fact that the staff was putting out a first-class publication, "the ramp up in newsstand sales has been slower than we had projected."

Magazines often fold due to a lack of advertising support. Circulation is rarely singled out as the reason for shutting down. Enquiring circulators want to know more.

So what do we do? We turn to the data of course. Here's a fact: *Scoop* sold over 1.1 million copies in just eight months. That's more than most Canadian magazines sell in a lifetime.

The evidence is also clear that *Scoop* was getting tremendous support from the single copy channel. *Scoop*'s distributor, DSI, was extremely successful at securing great front-end checkout positions, solid dealer coverage and generous copy distribution across the country. Canadian wholesalers–whose administrative, handling and shipping costs for a weekly are high–also rallied around the project.



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Circulation is a cost centre for almost every start-up until it finds its core audience and high subscription renewal rates kick in. But *Scoop* wasn't offering subscriptions.

Nor did it use Torstar's advantageous newspaper distribution network to try rotating controlled circulation copies in an effort to lower CPMs for advertisers in the short-term. This strategy might have bought *Scoop* some more time to land bigger advertising contracts and win over consumers from the mass-market big boys like *People Weekly* and *US Weekly*.

In what appears to be a defensive tactic, *People* trimmed its newsstand draw to 216,000 copies from 236,000 just prior to *Scoop*'s debut. Sales dropped a bit as a result, but sell-through rates in the 56% range were maintained. *US Weekly*'s sales were averaging 74,100 units on an average draw of 163,000 copies (45% efficiency) prior to *Scoop*'s launch. However, *US Weekly* increased its draw to 175,000 once *Scoop* arrived and ratcheted it up to 185,000 by the end of 2005. The strategy appears counterintuitive. Sales fell as it lost some share to *Scoop*, while sell-through rates for the next 12 issues averaged only 32%.

However, to the credit of both *People* and *US Weekly*, they refused to blink on cover price, holding their premium position of $4.79 throughout the battle. This refusal to discount was no doubt positively received by the wholesale and retail communities.

Weekly Scoop priced its first four issues at $1.99. Monthly sales for those issues were 159,000 units on a draw of 421,000 for a 37.7% sell-through–very nice indeed!

The fifth issue introduced the regular price of $3.79. It was a full dollar less than *People* or *US Weekly*, but sales of the following four issues were 61,000 on a draw of 437,000 for a 14% sell-through. That wasn't so nice.

Canadian consumers were sending a powerful message: without the massive discounted cover price incentive, Canadian readers were going to play hard to get.

By February of 2006, *Scoop* had lowered its price to $2.99 and upped weekly draws to 125,000 copies in an effort to win readership. It was a step in the right direction. Both sales and sell-through increased.

By the end of the first quarter of 2006, the score care read like this:

- *People* was maintaining cover price and a sell-through efficiency of 54% with weekly unit sales of 120,000 on a draw of 220,000.
- *US Weekly* was averaging 67,300 copies sold, with efficiency creeping up to 36% on a draw of 184,400.
- *Scoop* was averaging 25,200 units sold per week on a draw of 121,000 copies, for a disappointing 21% sell-through.

As a test, *Weekly Scoop* tried a gimmick price of 25 cents per copy with the May 1, 2006 issue. "Sales" skyrocketed, but crashed again when the following issue brought back the $2.99 price. Wholesalers and retailers took a beating handling the magazine.

Just before closing shop, *Scoop*'s dealer coverage was nearly 12,000 retail outlets, equal to what *People Weekly* enjoyed at the time of Scoop's birth. By contrast, the dealer coverage for *OK Weekly* was hovering around 8,000. Clearly, Scoop's circulation and distribution team had succeeded in getting the magazine outstanding exposure.

However, without the cost benefits of the longer press runs enjoyed by the top U.S. titles, and being unable to compete at the premium retail prices those brands enjoyed, much would have depended on *Weekly Scoop*'s advertising sales to sustain it. And while selling 30,000 copies a week would be amazing for any Canadian magazine, paying the printing and shipping bills would not have been cheap given the weekly press runs required to sustain those levels. Perhaps *Scoop* would have held on longer if it could have competed at $4.79, or even $3.79.

It appears that Canadian readers simply prefer to pay more at newsstands for American brands, the real McCoys of mass-market celebrity titles, rather than lower-priced alternatives that feature both U.S and Canadian celebrities. On a positive note, *OK* (which adheres to this editorial model more than *Scoop* did) has seen its sales trending up steadily and consistently, despite the fact that it has been trimming draws.

Now the question on everyone's lips is 'How does this bode for the launch of Rogers' *Hello!* on August 24th?' The launch price is $4.95. Will it fare better than *Scoop*, or at least make it past the one-year mark? Time will tell. **M**

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