



NEWSSTAND DEMAND

DETERMINE IF YOUR MAGAZINE IS RIGHT FOR
THE EVER-COMPETITIVE NEWSSTAND

Story by Scott Bullock

Some might call the newsstand Darwinian—it's a place where people come to get to know magazines, but not every title lives to tell the tale. Only those that convince enough browsers to buy make it in the long run. And yet, the newsstand is where audience development often begins: it's a tangible, tactile, measurable, cost-effective and sexy place to browse, interact with and buy magazines.

How do you decide if your title will make it on the newsstand? Here's a quick checklist:

- Is your title consumer driven?
- Is your title based primarily on a paid-circulation model?
- Do you have a marketing budget to help launch or promote your title?
- Does your magazine have at least a 64-page count and a quality paper stock?

If you answered yes to all of these questions, the newsstand might be the place for your title. If you didn't, but still want to be on the newsstand, consider why you feel that way.

Some publishers, sadly, view the newsstand as a “dumping ground” for magazines—a way to simply fatten their rate card. This strategy (used as a way to gain visibility and thus credibility) has a long tradition in the business.

However, with retail shelf space at a premium, distributors have less patience with this practice and are more discriminating than in the past. Retailers may now require significant promotional dollars to gain access to their shelves, and the system will quickly remove your title if it fails to perform.

Each newsstand route has its benefits, depending on your magazine's editorial niche, distribution goals and budget.

If you are really serious about selling single copies on the newsstand and gaining valuable subscriptions from insert cards, then it comes down to doing the math and figuring out if the newsstand is a good circulation source for you.

So where do you start? Before contacting distributors in the marketplace,

- Know your costs, specifically the cost to print each marginal copy at the end of your press run;
- Know your weight per page so you can calculate shipping costs as book sizes change from issue to issue; and
- Plan your debut on newsstands to occur three months from the time you sign a contract with a distributor.

PUBLISHERS

Have Two Primary Paths of Consignment

Direct to Retail (DTR)

DTR Distributors:
LMPi, Disticor Direct,
Magazines Canada

Retailers

Customers

Wholesale Network

National Distributors:
Coast to Coast, Disticor,
Transmedia

Wholesalers

Retailers

Customers

- When you are ready to contact distributors,
- Have your production schedule and media kit handy;
 - Be prepared to send samples of the magazine or mock-ups if it's a new launch;
 - Know your primary competitors in your category;
 - Be clear that you understand the value of marketing and that you are prepared to invest in audience development by purchasing retail promotion space; and
 - Know that a 35 percent sell-through rate is considered successful, even for established brands and market leaders.

The two primary routes to get your magazine on traditional newsstands are

- Direct to Retail (DTR) network or
- Wholesale network.

Each route has its benefits, depending on your magazine's editorial niche, distribution goals and budget.

If your title has a very narrow target audience or a very limited budget, your best bet will be to start off in the DTR network. Think of this network as a way to test the newsstand source to find out if your magazine has what it takes to realistically compete in the mass market. What most newsstand experts will tell you is that if you can't sell at Chapters, you'll never sell at Loblaws, Walmart or Shoppers Drug Mart.

The DTR route gives publishers access to high quality newsstands, primarily in bookstores such as Chapters/Indigo and a smattering of independents, and to specialty newsstands such as Presse Commerce and the highly desirable outlets such as HDS retail locations in airports and hotels.

The DTR network consists of 500 to 1,000 dealers. What this means is that even if each location is willing to distribute 10 copies, your total national newsstand exposure is no larger than 10,000 copies and is more likely to start off at 5,000 copies, assuming some modest promotional support. So if you're looking for extensive national exposure, DTR isn't it.

On the other hand, if your magazine has a broad editorial mission statement and the budget to print roughly 15,000 copies each issue for newsstand distribution alone, then the wholesale network is where you need to be.

This network has the potential of over 15,000 retail outlets where publishers can market their titles. For example, *People* magazine, North America's top retail seller, is sold through 14,459 retail outlets in Canada. This mass market network includes grocery stores, drug stores, big box retailers, convenience stores and gas stations as well as all the bookstores and specialty newsstands in the DTR network.

The primary difference is in the costs to access the networks. Expect to give up 41 to 45 percent of the cover price to the wholesale network, plus another 8 to 10 percent to your national distributor. In addition, a 10 percent retail display allowance (RDA) is required by most retailers to access the wholesale supply channel. The RDA is typically payable on 90 percent of all copies you sell. And there are often additional "re-ship" fees to get your product to more remote locations in the wholesale network.

In the DTR network, there is no RDA. And the total discount you may be required to offer a distributor is 50 to 55 percent. These lower fees give publishers the opportunity to test the newsstand, to see if a title can indeed be viable in the mass market retail ecosystem where more than 9,000 titles vie for limited rack exposure.

If, after reading all of this, you still think your magazine should be on newsstands, you now have the basics to get started. Go out and sell, sell, sell! 📰

YOUR MAGAZINE

Sample Newsstand Sales Plan

Projection	DTR
Annual Draw	30,000 copies
Annual Sales	10,800 copies
% Sale	36%
Cover price	\$6.95
Gross revenue	\$75,060
Remit rate (what publisher receives after distributor fees)	50%
Revenue after discounts	\$37,530
Cost to print one copy	\$0.55
Frequency	6
Annual copies	30,000
Annualized print cost	\$16,500
Cost to ship one copy to distributor	\$0.12
Annualized ship cost	\$3,600
Gross profit before promotional costs	\$17,430
Promotional expenses	\$10,000
Net profit after promo	\$7,430
Bonus revenue (revenue acquired through subscriptions via insert cards in newsstand copies):	
Insert card response	2% or 216 subs
Profit per sub order	\$12.00
Insert card revenue	\$2,592
Year 1 renewal rate on insert cards	55%
# of renewals	119
Profit per order on renewal	\$20
Renewal revenue Year 1	\$2,380
Renewal rate Year 2	75%
# of renewals Year 2	89
Profit per order on renewal	\$25
Renewal revenue Year 2	\$2,225
Renewal rate Year 3	80%
# of renewals Year 3	71
Profit per order on renewal	\$28
Renewal revenue Year 3	\$1,998

Note: The profit per order increases with each renewal year because people tend to respond earlier in the process the longer they are subscribed. This reduces the mailing costs, and you often get more two- and three-year subscriptions than single-year renewals.