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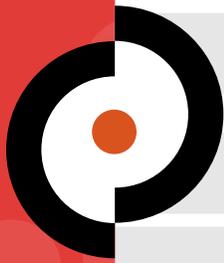
Confronting Challenges When Reducing Circulation

While researching a subject for this month's Link and Learn, I received an e-mail from my good friend and Leadership Institute colleague, Tom Cuskey. Tom, who works for the Free Community Papers of New York, passed along the following question from a sales manager at one of the FCPNY member's papers: *"To cut costs, our publisher has been forced to reduce our circulation in areas where we have few advertisers. While I understand why we need to do this, the smaller circulation, and readership, has impacted our efforts to retain our current customers and attract new ones. What can our sales people do to stop the bleeding?"* Tom felt that this was a good Link and Learn subject and I agree.

Papers all over the country have been forced to reduce their footprints in the last few years. While no publisher wants to cut their circulation, many have been forced to do so in response to economic and competitive pressures. While reducing circulation in underperforming areas can put a paper on a better financial footing, doing so creates new challenges for its advertising sales people. In our industry, the value of a publication is directly related to the number of consumers who read it. It is an undeniable fact that when we reduce the coverage of a publication we also reduce the value it provides to its advertisers. Unfortunately, a reduction in coverage is often accompanied with a loss in sales revenue. Some advertisers see a paper's shrinking footprint as "proof" that "print is dead," and move their dollars to other media. Our competitors from other media see a paper's reduction in coverage as a golden opportunity to lure our advertisers away. Like us, many of our advertisers are looking to reduce their costs. They seize upon the issue of a paper's reduced circulation to negotiate better rates for themselves. Cutting back on coverage can also impact a paper's ability to attract new business. Most business owners want to "go with a winner," and may see the change as evidence, often irked on by the competition, that your paper is failing, making them reluctant to commit to advertising with it.

The economic and competitive environment we face today is unlikely to change in the foreseeable future, so we must learn to adapt and cope with it. While some loss of revenue is inevitable when a paper is forced to reduce its coverage, there are some steps publishers and sales people can take to mitigate the damage done to their bottom line. The two keys to weathering the downsizing of your publication are:

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- Communication (Controlling the optics)
- Focus on current value

Like any of life's many problems, the best way to meet the challenges created by a circulation cut is head on.

Getting the Story Right

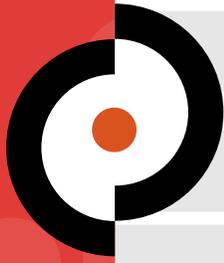
It is human nature to want to know what is going on. This is the impulse that led the Egyptians to decide that the sun moving across the sky was Ra's golden chariot and why people are interested in what's trending on Facebook.

This innate need to know what's going on, means that, in the absence of facts, people will "fill in the blanks" with whatever seems plausible. Usually the fabricated version of events paints a much darker picture than the reality of the situation would dictate. There is a great educational film on this subject you may want to watch, "Ferris Bueller's Day Off." In this film, Matthew Broderick's character calls in sick to get a day off from high school. Since they really don't know what is wrong with Ferris, his fellow students decide that Ferris is dying. When I was a sales manager, I found the best way to counter a rumor was to call my reps together and give them the plain, unadulterated facts about the matter in question. It is very tempting to "maintain radio silence" about a decrease in circulation, no one likes to give bad news or, even worse, admit failure.

The problem is that in a business where your product is distributed to a large number of people on a regular basis, people are going to notice that suddenly your paper is no longer showing up on their porch on Wednesdays. As business people, we are ethically bound to tell our advertisers about all but the most minor changes in our coverage. We should not only offer the when and where the changes will be made but also the why.

When people hear that you are cutting coverage, the first thought is that this is "the beginning of the end," and that your business is failing. Though the most successful businesses are always changing their business model to adapt to changes in the business environment, this is not how most changes are perceived. How you position the changes in your coverage will have a big impact on how people see your paper. Publishers should craft a clear explanatory statement of the changes they will be making and a strategy for disseminating the information. The statement should be short, simple and direct. Avoid any "weasel wording" in your message. People become very suspicious when they read that a change is being made to "serve them better." We live in a capitalist society;

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people will accept that you have to make decisions to ensure the profitability of your enterprise. It is also important to reassure them that you are committed to serving them in the future. Here is an example of this type of statement:

The Your Town Shopper will no longer be delivered to homes in the XYZ area. This was a difficult decision but it reflects our desire to focus on our core areas and to maintain our profitability so that we can serve our readers and advertisers far into the future. The management team of the Your Town Shopper regrets any inconvenience this decision will create for our readers and advertisers.

Spreading the news

Obviously, the first people that need to know about the circulation cuts are the paper's employees. It is important to make sure everyone is on board with what is happening and why. Employees' futures are tied to the success or failure of the paper and any doubts will negatively affect their performance. Also, the paper's employees are part of the community, their friends and neighbors are sure to ask them, "What's going on at the Shopper; are you guys going out of business?" You want every employee to have a positive answer for this question. Since the salespeople are on the "front lines," they need to be trained to discuss the changes. It is important to discuss the changes in detail, and address all questions that the sales people may have about them. Roleplay how to inform advertisers about the changes until the reps are comfortable presenting them. The more confident the reps are presenting the changes; the more confident customers will be about continuing to advertise. Sales managers should sit down with their reps individually to review their accounts and discuss the best strategy for maintaining their revenue base. The manager should work with any reps who are likely to be disproportionately impacted by the changes to work out a plan to maintain their income.

Once the reps are prepared to present the changes, a launch date should be set to roll out the changes. If possible, the reps should visit all advertisers within a day or two of the announcement. This should be done before an announcement is published in the company's publications. They should deliver a letter from management explaining the changes and answer their customers' questions. They can offer their regrets about the changes, but should not disparage the company's motives. Reps should reinforce the idea that these changes will make the company stronger. Be careful not to blow the situation out of proportion, some accounts may not be overly concerned about the areas eliminated from your circulation. Reps should position the changes as what they are, a business

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decision intended to make the paper stronger. (A good example to use is Wal-Mart's recent decision to close stores. Does the advertiser believe that this means that the mega-retailer is going out of business?)

Going forward

Reducing a paper's circulation presents a challenge to the sales people. Like all sales challenges, it requires going back to the basics of sales. It is important for reps to focus on the value offered by their paper's current coverage. They should be armed with circulation numbers, market research and audit info for the new footprint. They need to talk about what advertisers are getting and not what has been lost. Approaching the customer with new ideas and ad layouts will set a positive tone and tell the advertiser that the rep is still there to help them grow their business.

There are several things that publishers can do to soften the blow to their bottom line when they have to cut circulation. If revenues no longer justify the expense of delivering or mailing papers in outlying areas, they may want to consider going to a racked delivery in those zones. This would reduce costs while still offering the paper and advertisers a presence in the market.

This strategy provides a vehicle for upselling advertisers in the core area and allows the paper to maintain a relationship in the areas dropped from delivery. This leaves the door open to go back into these areas if the situation changes. You can change the frequency of the paper by making it monthly rather than weekly and eliminating or reducing editorial content to cut costs as necessary to make the product profitable. Another option is to offer a digital edition in the dropped areas.

It is wise to couple circulation changes with other changes in your publications. By making a change in the design of the paper or adding new features or promotions to your product mix, the circulation change is more likely to be perceived as part of a general program of improvement. This also gives the sales people something positive to present to their advertisers and prospects. Coupling cuts with product improvements sends a clear message that the company is strong and intends to persevere in the market.

It's a tough job, but somebody has to do it

No publisher ever wants to cut their circulation and no sales rep wants to tell their customers they're reducing their coverage, but sometimes this is what we need to do to keep our company's financially viable. The keys to minimizing

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the loss of revenue in tough economic times are clear communication and value focused selling. It is vital that you control the message about what your paper is doing and position it in the best possible light. Keeping focused on the value your paper still offers and presenting that value to advertisers and prospects will keep your current publications profitable and sets the stage for future growth when things improve. When dealing with this problem, as with most challenges in life, it is how we handle the situation that separates the winners from the losers.

This article was written by Jim Busch of the Pittsburgh Pennysaver.

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