

Attracting and retaining newspaper readers

API's third annual J. Montgomery Curtis Memorial Seminar

returning national m, the and the t said, ad go to conomic In my standard line that century 1

they said that several of them Post Staff Writer ident's propos probably wo included i fresh waves of buy- have vo constitutional invest- comb exce B

"When we have developed a newspaper that is essential to more people . . . and have promoted and sold its value . . . and consistently shown we can deliver it when customers want it, we will attract and retain more readers."

Prudential-Bac said, are predict will rise to 2400 pausing occasion some of its upwar Robert O'Too over-the-counter on Lehman Bro essed heavy buy investors. "Every et in," he said. O'Toole said he buying by reta ave been net sell past several years "The little fell market," said O'T to find new stocks seen in the flurry

verage

w much market." ts, she he Dow or May, retrace nt. ger of t Shear- he wit- titutional ying to upsurge ers who ck in the k in the e hunger could be

that the Lehman "They Although up again, concern ab on Friday th points, before point loss. Harry Villec San Francisco International: was just a harbinger come. But for now climbing in a more and the Dow looks at reach 2200 again. I is such that even Fr didn't seem to scare ay The rally yesterday

Hill said B type of business eyessore. They Citizens Assoc Hill, president ness from the the son has b people have Mrs. Ves petition againt trucks at his idents object home several ing and plow Bainbridge, 2 Some source of bridge said, but I'm not 85

at Wei EC It Pl at, which in, N.C. Southe ds any said it iter and longstand sec- we takeover time," and said it c try to take over P Norfolk South clined further com Piedmont said i

American Press Institute
Reston, Virginia
November 1986



J. Montgomery Curtis
1905-1982

Preface

API's series of annual Monty Curtis Seminars began in 1984 as a tribute to the Institute's former executive director (1951-67). Curtis was city editor of the Buffalo Evening News when he joined API in 1947 as an associate director. API was then housed at Columbia University in New York City. Later, as a corporate executive with Knight-Ridder newspapers, Curtis would serve on the API Board of Directors while a permanent conference center was constructed at Reston, Virginia, and dedicated in 1974.

Curtis died in 1982. In his memory, the Knight Foundation contributed a \$75,000 challenge grant. This amount was matched by donations from newspaper friends of the Institute and by long-time Curtis admirers. Income from the fund supports an annual J. Montgomery Curtis Memorial Seminar on a subject of interest or concern to the newspaper industry. The income also covers printing and distribution of a booklet summarizing the Seminar discussion and conclusions.

The first Curtis program, in 1984, dealt with "The Public Perception of Newspapers: Examining Credibility." Questions were raised about fairness, completeness, accuracy and balance that contribute to the public attitude about newspapers. In 1985, API focused on "New Strategies for Newspaper Advertising Growth." The invited newspaper advertising and marketing executives discussed methods for reversing the newspaper industry's declining share of total advertising revenue.

For the third Curtis Memorial Seminar, in September 1986, API chose another vital topic: "Attracting and Retaining Newspaper Readers." The program addressed many facets of readership: the importance of news-editorial quality and character; circulation marketing strategies; the new segmented audience; effective research and promotion; the ways of improving circulation department operating procedures and service.

The invited membership, appropriately, was a mix of 21 executives representing circulation, news, advertising, promotion, marketing, research and the publisher/CEO level.

This summary booklet was written by Woody Wardlow, an API Associate Director and the Seminar moderator. Other API staff members contributed editing and note-taking assistance. The booklet is being given wide distribution throughout the newspaper industry. We think it contains valuable advice and guidelines for newspapers as they seek to achieve circulation growth.

Frank Quine
Director
November 1986

Guest Discussion Leaders

Burl Osborne, President and Editor, The Dallas Morning News.

Donald A. Nizen, Vice President/Circulation, Knight-Ridder, Inc., Miami.

Candace Medd, Promotion Director, The Washington Post.

Suzanne L. Bush, Director of Promotion, Gannett Co., Inc., Washington, D.C.

Mark Capaldini, Account Executive, Claritas, Alexandria, Virginia.

API staff members

Frank Quine, Director

John Finneman, Senior Associate Director

Mal Mallette, Director of Development

Larry Hale, Associate Director

Woody Wardlow, Associate Director (Seminar Moderator)

Don Lippincott, Associate Director

Carol Ann Riordan, Associate Director

The Seminar members

- N. Christian Anderson, Editor, The Orange County Register, Santa Ana, California.
- R. Bruce Bradley, Vice President and Advertising Director, Roanoke Times & World-News, Virginia.
- James T. Elsberry, Associate Publisher and Director of Marketing, The Natchez Democrat, Mississippi.
- Michael R. Fancher, Executive Editor, The Seattle Times.
- Virginia Dodge Fielder, Vice President, News and Circulation Research, Knight-Ridder, Inc., Miami.
- John C. Ginn, President, Century Group/Harte-Hanks Communications, Inc., and Publisher, Anderson Independent/Mail, South Carolina.
- Philip K. Hanna, Vice President/Group Circulation, The New York Times Regional Group, Atlanta.
- Ralph Harrington, Manager, North Home Delivery, Houston Chronicle.
- Gerald P. Haslam, Vice President and Publisher, Pacific Press Ltd., Vancouver, British Columbia.
- Howard Hay, Vice President, Circulation, Chicago Tribune.
- Bennie L. Ivory, Managing Editor, Jackson Daily News, Mississippi.
- Thomas W. Jobson, Vice President/News and Managing Editor, Asbury Park Press, New Jersey.
- Mary Junck, General Manager and Senior Vice President, St. Paul Pioneer Press and Dispatch.
- Ralph Langer, Vice President and Executive Editor, The Dallas Morning News.
- Larry Lindquist, Vice President/Circulation, USA TODAY, Washington, D.C.
- Stephen M. Miller, Director of Circulation Marketing and Services, Lee Enterprises, Davenport, Iowa.
- Ron Myatt, Circulation Director, Rocky Mountain News, Denver.
- Abigail J. Nash, Vice President/Promotion Director, The Milwaukee Journal and The Milwaukee Sentinel.
- Jose L. Perez, Vice President/Operations, El Mundo, San Juan, Puerto Rico.
- Daniel Warner, Editor, Lawrence Eagle-Tribune, Massachusetts.
- Harold F. Woldt, Circulation Director, Newsday, Long Island.

The Seminar purpose

In its invitation to the 21 members, API spelled out the aims and focus of the third annual Curtis Memorial Seminar in this manner:

One thing is imperative: That those who accept this invitation come to API prepared to participate, to play an active role, and to contribute specific approaches and possible solutions to building newspaper readership and circulation sales. During two intensive work days (and evenings), we intend to focus on:

- Meeting the needs of a changing newspaper audience.
- Increasing household penetration.
- Reader retention.
- Fresh methods for marketing and promoting the newspaper.

Since those are broad themes, affecting all areas of the newspaper, API invited a diverse group: publishers; general managers; editors; circulation directors; and executives from marketing, promotion and research. That mix served the discussions well; the emphasis was on larger purposes, with few departmental fixations.

At the end, the group made a series of recommendations. It also settled upon this challenge, which emerged from a second-day task force report, as a suitable mission statement for the Seminar:

"When we have developed a newspaper that is essential to more people, and when we have promoted and sold the value in that product, and when we have consistently shown that we can deliver that product when our potential customers want it, we will attract and retain more readers."

During the 16 hours of scheduled discussion, five guest Discussion Leaders and nine Seminar members made presentations at the head of the API conference table — followed in each case by general discussion. Members then formed four task forces to refine their conclusions, and to draft recommendations.

Members set the stage

After dinner on opening night, each Seminar member was asked to give brief remarks on "my thoughts about attracting and retaining newspaper readers." These were the main patterns of comment — the Big Six that obviously are at the root of the readership equation:

□ **Circulation service.** Despite technological advances, particularly in Circulation Information Systems, service problems cause great anguish. Among the members' post-dinner comments: "Terrible turnover in both staff and carriers" . . . "Sometimes people can't even reach the circulation department by phone; these don't figure in the complaints-per-thousand" . . . "We need to professionalize our staffs." Late press runs and deliveries, the members felt, are the newspaper equivalent of terminal illness.

□ **Product quality and news-editorial responsiveness.** Members voiced such thoughts as: "The non-reader can become a reader if we fulfill needs." . . . "Our news is often cold, foreign, not a part of us" . . . "Part of the problem is ivory-tower editors who have little communication with the reader."

□ **Promoting.** One member said, "When you don't promote, a terrible thing happens — nothing." Others remarked: "As an industry we haven't done well in promoting the *value* of our product" . . . "The promotion effort is underfinanced" . . . "We are spending money, but not in the right ways."

□ **Marketing.** There is still room for improvement on defining the market and setting corporate goals, and in developing internal teamwork: "We have to do more solid research" . . . "We need a total team effort in all departments" . . . "We should work hard at zoned editions and developing new products." Others mentioned the need for creative pricing and packaging.

□ **Retention.** The ratio of circulation "stops" to "starts" is bad and growing worse. Among the comments: "We are attracting readers, but not strongly enough to bring them back all the time." . . . "We need to retain readers as well as subscribers" . . . "We conducted nine focus groups on the churn problem, and are beginning to have a different point of view on the way we edit the paper relative to churn."

□ **The bottom line.** Sometimes there is a conflict between long-term investments in product and service on one hand, and short-term profit expectations on the other. Said one member, "I see a lot of cutting back. We can't do the job the way we set out to do it."

With that, the problems were on the table. The agenda was set. The next morning, the search for answers began.

Gaining and retaining readers

Burl Osborne, president and editor of The Dallas Morning News, wrote most of the text for a 64-page booklet, "Readers: How to Gain and Retain Them." The booklet, published just prior to the Curtis Seminar, was prepared by a nationwide task force on readership and circulation that is part of the newspaper industry's Future of Advertising project, coordinated by the Newspaper Advertising Bureau and the American Newspaper Publishers Association. Osborne accepted the keynote role for the Curtis Seminar in a session titled "A Task Force's Findings on Circulation and Readership." He offered these thoughts:

- The Future of Advertising project is broader than just advertising. It really is about the future of newspapers.

Newspapers have two intertwined problems — declining circulation penetration and declining share of advertising revenue. That puts great pressure on advertising rates and rate increases (and advertising is the source of nearly four-fifths of newspaper revenues).

- Our competitors are beset with their own severe problems, however. While they are thus distracted, newspapers must find ways to make both circulation and readership grow. To be truly successful, such growth should be faster than the growth rates for both the population and the number of households; that would assure future competitiveness as an attractive medium for advertising.

- One way to develop readership is through the concept of value. Is the newspaper a good deal for the reader in money, time and effort? Is it essential in the reader's life? Are we properly communicating our value to the readers? To answer those questions adequately, we must understand our communities thoroughly: the people, the history, the habits, the ways of thinking and living.

- A reader should be able to count on getting a satisfactory news report from the newspaper. There should be particular attention to the special "franchises" (groupings of interest) that exist in every community. (In Dallas, for example, there is especially strong interest in sports, business news and fashion). A newspaper can capitalize on those "franchises."

- Newspapers can also build value by making themselves easy to read and to use. Good ways to do that are through careful organizing and packaging; good writing and editing, and strong visual appeal.

- Still other ways of building value: (a) The quality and variety of advertising; (b) through good service and responsiveness (in news-editorial as well as circulation).

- Just as important as the concept of value is "the same-boat idea."

Newspapers should inculcate the thought that *every* employee is involved in marketing the paper, and that every department contributes toward making the paper more marketable. They should stress that all departments are interdependent — and that intelligent communication and mutual appreciation are paramount.

To wind up the discussion, Osborne gave the members a six-question quiz to emphasize the value of a marketing plan:

1. Do you have a written description of your market in your newspaper's sales and marketing plan?
2. Have you established specific objectives on paid circulation?
3. Have you written down objectives for circulation penetration?
4. Have you a written action plan for achieving those objectives?
5. Have you written plans for measuring progress?
6. Do you know where the newspaper is, where you want it to go, and how to get there?

In the general discussion that followed, members asked about the optimum length of a written marketing plan. Osborne recommended three to five years. The Dallas Morning News uses a five-year projection, but keeps it flexible enough to make revisions.

Member Jim Elsberry of Natchez commented: "So many executives have a one-year memory in planning. We at least should be able to take a step backward and project less profit for a year if necessary." Osborne responded: "Circulation growth comes only at a cost. A newspaper won't get penetration growth without lowering its profit margin — but in the long run it will make money."

Asked about primary objectives in the News' marketing plan, Osborne listed four: (1) to publish a superior newspaper, providing quality news and service; (2) to provide leadership in the community; (3) to be profitable, providing a fair return to stockholders; and (4) to set itself for success over the long haul, through long-range planning and goals.

The most useful procedures in Dallas, he said, are:

- The "all-in-the-same-boat" process that extends to bringing executives and officers of the company together each morning. ("They can't fight each other day after day; it becomes easier to cooperate than to fight.")
- Creating a news product "essential to the people we want to serve."
- Developing a determination to get out on time and to deliver on time. ("When we're late, we don't blame one person or department. We're all to blame. The *newspaper* did it.")

Circulation marketing strategies

Four Seminar members took part in this two-hour session: John Ginn, publisher at Anderson, S.C.; Gerry Haslam, publisher at Vancouver, B.C.; Larry Lindquist, circulation chief of USA TODAY; and Ralph Harrington, North home delivery manager of the Houston Chronicle. They spoke on marketing strategies their newspapers have devised, and how those strategies are being carried out.

GINN told of the need to relate each newspaper to its community, and emphasized the role of careful research in doing so. He described a series of focus-group sessions he conducted personally with people from the Anderson market — subscribers who had quit the paper at some point during the past couple of years. He wanted to “find out more than their names and addresses.” From those conversations he devised a grid for four types of people:

	READERS	NON-READERS
FIRMLY COMMITTED	A	D
FRAGILE	B	C

Most papers, Ginn said, aim their news content at Group A, the “firmly committed reader.” But from his work with the focus groups, he thinks more attention should be given to publishing news that would attract B and C — the “fragile reader,” who reads sometimes but not always (“their hunger for information is less”); and the “fragile non-reader,” who isn’t inclined to read but might be persuaded to do so.

Too often, Ginn said, newspapers have a preconceived notion of what the reader wants. He found that many readers weren’t interested in broad consumption of the newspaper. Some just wanted “a satisfactory experience,” and could draw that from as little as one item in the paper.

Those in Group B, he said, are the ones we are most likely to enlist;

C might join the fold "with some nudging." Group D doesn't want us, for whatever reason.

What kind of nudge does Ginn suggest to lure B and C readers? Here are suggestions:

Some "readers" don't read stories; they satisfy most of their need for news from the headlines. For them, the headline writers should try to pack in lots of straightforward information. Editors might want to break long, complex stories into several parts, each with its own high-information headline. Jump heads should be full, rather than a label or a single word or two. Captions and cutlines should contain enough information so that the reader won't have to scan the accompanying story to understand the picture.

Ginn added: "We ought to have a product with things that are interesting. That sounds simple, but we don't edit that way. We give prominence to dull stories about interesting topics. Our front pages are often consumed by those stories."

HASLAM described how, as publisher at Vancouver, he repositioned a sluggish No. 2 paper in the market, giving it new life. The morning Province had only 20% penetration of households, and research showed that 68% of non-readers "wouldn't take it even if it cost only \$1 a month." It was especially weak among women aged 18 to 34; working women; renters, and singles.

Through more research a new version of the Province was designed, tabloid in form and lighter in content (appealing more to Ginn's Types B and C, rather than to the traditional Group A). Circulation has increased 30% and advertising revenues are up 69% — without harm to the Province's broadsheet sister paper, the afternoon Sun.

Haslam said: "It was segmentation philosophy, divide and conquer. We do not want these two papers to be the same."

What if you don't have the luxury of selling two distinct products? "Then," said Haslam, "you have to define the edges of your targets, and be willing to accept slightly smaller targets to penetrate. You'll never have a product that satisfies everyone; we don't live in that kind of world. You need to determine who, in terms of readership, you want the most."

LINDQUIST described the Gannett Company's circulation pricing strategy, which he called "aggressive." The methodology of price increases has changed in recent years, he said. While increases used to be put into effect within a month of the decision, the preparation period now is usually a year. That gives the newspaper time for effective planning and preparation. Action plans are developed in every department (including news-editorial enhancement) and then

coordinated. The primary objective is to go through the increase without permanent — or even lengthy — circulation loss.

Announcement is made to the public 60 to 90 days ahead of time, with no apology. There is heavy promotional emphasis on benefits — new features and improved service, in particular. And there is also a consumer escape hatch — a way to beat the price increase by paying the old rate in advance (and about 15% usually take advantage of this).

HARRINGTON described a series of programs the Houston Chronicle developed to boost circulation and readership. Starting two years ago, this was the sequence:

1. A strong television image campaign, to establish an upscale position in the market.

2. Starting in April of 1986, a three-goal promotional campaign (again based heavily on the use of television, with two-minute commercials):

- Reinforcing current subscriptions, to improve the retention rate.
- Establishing full price for new subscriptions (but discounting via premiums that reinforced the upscale image of the paper; one such was a laminated front page of the Chronicle for any date, which in practice was usually a birthday or anniversary.)
- Reinforcing the value of the paper by showing its tremendous amount of information (“something for everybody”).

In a six-week campaign, the Chronicle blitzed the market, using cable TV as well as network and independent stations. The news-editorial product was the consistent focus. The six weeks netted 6,182 full-price orders: 69% by phone, 85% new customers, 10% on credit cards.

A follow-up promotion after the six-week campaign offered a laminated front page to anyone who clipped 12 daily coupons and sent \$2.50. The Chronicle received 11,340 orders, involving the clipping of 136,000 papers; 25% were from non-subscribers, who then were approached, and 75% from existing subscribers, who presumably were reinforced.

The Chronicle periodically returns to the two-minute TV commercials. It also runs 140 radio spots each week, promoting the top stories in that day's paper. Most are a minute in length, spread over 20 stations.

Another promotion was the U.S. Olympic Festival in Houston, which the Chronicle joined as a sponsor. Various tie-ins brought 3,000 new subscriptions, 58% of which were 24-week orders.

Improving penetration, retention

To explore this increasingly important facet of newspaper readership, Discussion Leader Donald A. Nizen of Knight-Ridder, Inc., Miami, joined Seminar member Virginia Dodge Fielder of Knight-Ridder at the head of the API conference table. Nizen, KRI vice president/circulation, and Fielder, KRI vice president/news and circulation research, often work together in Knight-Ridder research and projects. They took turns explaining material they have developed on the subject of retention.

Nizen illustrated the scope of the problem: Knight-Ridder newspapers will generate 1,200,000 circulation starts during 1986, and will have almost as many stops. Total cost of the starting and stopping will be approximately \$20 million.

It's imperative, he said, to understand why this "churn" is taking place, and who is involved in it. "Churn has been around a long time in the newspaper business," said Nizen. "We're finally recognizing that it's a serious problem."

Fielder reported on a five-market study she conducted in 1984 at five KRI newspapers: Charlotte, Duluth, Long Beach, St. Paul and Columbus, Ga. It had six objectives:

- To determine the main reason subscribers cancel or do not renew.
- To investigate how demographics, circulation history and other characteristics relate to reasons for stopping.
- To examine the impact of content, delivery and billing procedures on cancellations.
- To identify how the kind of circulation start and other elements of the subscription process influence cancellations.
- To determine whether former subscribers are buying newspapers single-copy.
- To investigate the capabilities of Circulation Information Systems for researching former subscribers and their reasons for stopping.

Some of the findings, based on a total of 2,900 telephone interviews:

- Nearly half of those who stopped subscriptions were well-educated, middle to high-income. More than half were home owners and had lived in the area for more than five years. KRI concluded that it was losing people it should not be losing, and that it could no longer assume that most stops were from lower-income households.

- Many of the former subscribers had fairly heavy reading habits; nearly 75% said someone in the household typically read the newspaper four or five times a week while subscribing. About one-third had been regular subscribers, one-third were occasional subscribers, and one-third were first-timers.

In each of the five markets, the former subscribers were shown a list of 13 reasons for stopping the paper. Which, they were asked, were important in the decision to stop? These were the responses:

1. Had no time to read, 35%. These tended to be younger people, those with graduate degrees, first-time or occasionally subscribers, and those whose subscriptions included a special gift offer.

2. Had problems with delivery, 27%. Not being delivered, late delivery, wet or torn, and problems with carriers were the main themes. Of those who complained, 58% said they were not satisfied with the newspaper's response when they called to report a missing or unusable paper.

3. Got enough news from television and radio, 22%. This was mentioned more often by less-frequent readers.

4. The paper was too expensive, 22%. Mentioned more often by people with lower incomes and those 55 or older.

5. Had a payment or billing problem, 16%. Mentioned more often by non-whites and people with lower incomes. Twenty percent said they didn't understand the bills.

6. Preferred buying at a vending machine or store, 13%. Mentioned more often by first-time and occasional subscribers.

7. Preferred a paper delivered in the morning/afternoon, 13%.

8. Preferred another daily newspaper, 12%.

9. Not enough local news in the paper, 10%.

10. Did not like the news and feature content, 10%. More likely to be mentioned by the highly educated and higher-income.

11. Not enough advertising of interest, 6%.

12. Did not like the newspaper's editorial position, 6%.

13. Did not like the arrangement or appearance of the newspaper, 4%.

Of those who had stopped subscribing, 28% were buying single copies three or more times weekly, and 12% had turned to another newspaper.

Felder reported that from the five-market study Knight-Ridder settled on these circulation/readership goals:

1. Develop more cost-effective programs for eliminating and recapturing cancelled subscriptions as a way to achieve net circulation increases.

2. Provide subscribers with good service and timely delivery of the most up-to-date newspaper possible.

3. Initiate improvements so that billing and collection procedures are more flexible, easily understood by the subscriber and capable of meeting a variety of customer needs.

4. Identify and implement procedures that will allow electronic Circulation Information Systems to be used more effectively in reducing stops and providing circulation information for management.

5. Convince occasional and infrequent readers that newspapers can become an important ingredient in their daily lives.

Nizen described a procedure Knight-Ridder has developed for measuring subscriber retention. The method evaluates retention by types of starts — voluntary or solicited variously by telephone, door



Virginia Dodge Fielder, Knight-Ridder

crews, carrier or mail — and determines the cost per unit of circulation (CPU). CPU is the cost of maintaining a yearly (12-month) unit of circulation by a particular kind of sales effort, taking into account that the majority of new starts are short-lived.

Nizen spoke of the sales pressure ratio (SPR), the number of orders it takes to maintain one unit of circulation for 12 months. With SPR costs spiraling upward, the calculations offer a way of determining the most cost-effective method of sales.

Under the Knight-Ridder procedure, all labor and operating costs associated with subscription sales are calculated for various types of starts such as daily, daily-and-Sunday, etc. Nizen demonstrated that although newspaper executives generally speak of sales costs per order, which usually range by markets from \$5 to \$20, the cost per unit of circulation — again the cost of maintaining one subscriber for a year — is much higher. In the example Nizen used, the cost per unit of circulation was \$44, and he showed figures from other markets that exceeded that amount.

Nizen also described a new 30-day Executive Stop plan being tested at Knight-Ridder newspapers. Circulation cancellations, other than those for non-payment of bill or a death, are directed to a top executive of the paper (publisher, editor, general manager). The executive writes or calls the customer, apologizing for the problems or dissatisfaction and offering to continue the subscription at no charge for up to 30 days while the problem is resolved. It is hoped that the customer will reconsider at the end of the 30 days and continue the subscription. Nizen cited the strong public relations value of such a program and said that early tracking shows that between 20 and 50 percent of the stops are saved.

His final advice:

- Make your retention surveys “perpetual.”
- Recognize your old customers as well as the new ones.
- Pay incentives to your staff for holding customers, not just for replacing them.
- Check your customer communications. Are they polite and readable?
- Develop a sense of newspaper value for the customers. Get them to remove the rubber band and start reading the paper.

Relating to readers

This session was conducted by three Seminar members. Editors Mike Fancher of the Seattle Times and Chris Anderson of California's Orange County Register spoke on the role of the newsroom and the news-editorial product in attracting and retaining readers. Circulation executive Howard Hay of the Chicago Tribune responded on "What Circulation Needs From the Newsroom."

FANCHER emphasized that editorial content ought to have high value for readers in three ways: What they want to know, what they need to know and what they ought to know.

Readers seem to put the highest value, he said, on fairness, a sense of place, an outreach to special audiences, approachability and friendliness, and a newspaper's "margin of excellence." That excellence, he said, is summed up in this question: "What can we do to improve the product for readers so the newspaper can be financially strong?"

Newsrooms, he said, should be encouraged to develop a deeper understanding and appreciation of the work of other departments. Those other departments, in turn, should develop a better sense of why "marketing" is not at the heart of a reporter's sense of professionalism.

ANDERSON showed slides to illustrate what various newspapers are doing to upgrade the quality of content. He emphasized: "Quality sells newspapers. But it doesn't come easily, and it doesn't come free." It is increasingly apparent, he said, that newspapers must make long-term investments in editorial content that are not immediately cost-justifiable — but will have long-term benefit.

He listed these as primary ingredients in a newspaper's quality:

1. We are specific to our own set of readers. We "belong" to them.
2. There are things for lots of different readers. Our readership is a coalition of special-interest groups.
3. We make things easy to find and to read. Consistency and packaging are especially important.
4. A good newspaper is compelling and personal. "Readers have no obligation to take the rubber band off. It's easier to watch TV."
5. We involve our readers, and help them tell their stories.
6. Professionalism is painstaking attention to detail.

HAY said that all circulation departments welcome "understanding, receptivity, support and teamwork" from the newsroom. He had several suggestions:

1. The newsroom should have a keen understanding of the implications that newsroom decisions have on circulation.
2. The newsroom should put copy-flow schedules and on-time editions among its highest priorities.
3. The entire newsroom staff, especially key editors, should receive first-hand orientation on how the newspaper is produced and distributed — from copy close, all the way through to the mailroom, the trucks, the carrier and the delivery point.
4. The newsroom should understand that the only thing circulation can sell is a good newspaper — one that gives readers a payback for their money and their time, that fits into their lives, respects their attitudes and doesn't preach.
5. Circulation welcomes a receptive newsroom. Circulators have widespread contact with the public every day, and develop a strong sense of what the consuming public wants — or doesn't want — in a newspaper. Such perspective should be welcomed in the newsroom.
6. There should be full partnership and communication in special-event planning, and advance notice on major news developments and special sections.
7. Circulation should get special understanding on deadlines during weather, production and other emergencies.
8. Circulation should find an open ear in the newsroom on complaints about the news product.
9. Circulation should expect cooperation from the newsroom on sales programs — such things as extra attention to an area being canvassed.
10. The newsroom should make special efforts in editorial enhancement when a circulation price increase is in the offing.
11. Circulation welcomes newsroom participation in circulation awards programs — especially as speakers for carrier recognition days.
12. Circulation welcomes occasional briefings from editors on the directions the newspaper is taking.

Circulation operations, standards

Convinced that circulation penetration cannot be improved without sound circulation department operating procedures, API factored a list of performance standards into the Seminar program. The standards were presented by member Ron Myatt, circulation director of Scripps Howard's Rocky Mountain News in Denver. The minimum standards were originally established by Scripps Howard group circulation director Tony Delmonico and circulation executives of various papers throughout the group.

Myatt cited 10 operational areas where minimal circulation standards have been established.

1. Circulation Information Systems, with at least a subscriber data base, are to be in place at each Scripps Howard daily. They are to be updated quarterly. Subscriber data base accuracy should be 98 percent; non-subscriber base should be 90 percent accurate.

2. Minimum circulation penetration in the newspapers' Metropolitan Statistical Area should be 60 percent daily.

3. Fifty percent of all circulation stops should be saved. New-order selling costs should not exceed \$6 daily, \$4 Sunday or \$10 for both, all direct and indirect costs included. In obtaining new orders, carriers are expected to account for 20 percent; telephone program 40 percent; canvassing crews 25 percent; miscellaneous marketing/sales techniques the remaining 15 percent. The goal for converting new orders to full-rate subscribers at the end of the discount period is 25 to 30 percent.

4. Price adjustments should be implemented at 18-month intervals. Home delivery should currently be priced at \$1.50 for six daily issues and \$1 for Sunday delivery. Single-copy prices should be 35 cents daily and \$1 Sunday. Carrier profit should equal minimum wage or better.

5. The circulation department should be operated on 80 percent of departmental revenue in a competitive market and 60 percent in a non-competitive market.

6. Samples used for free distribution in a promotion campaign should not exceed 1 percent of the newspaper's gross press run. Single-copy returns should be limited to 15 percent daily and 12 percent Sunday.

7. On collection procedures, the goal is to collect 90 percent of a vending machine's retail revenue, and 99.5 percent of home delivery billing.

8. Annual staff turnover should not exceed 10 percent for full-time, 20 percent for part-time, 10 percent for management, 60 percent for youth carriers and 40 percent for adult carriers.

9. Service errors should not exceed 1.5 per thousand weekday and 2.5 Sunday. For new starts, the contact and verification rate (by phone) should be 95 percent, and 95 percent should receive the paper promptly. There should be no more than 3 percent second requests for a new start, or no more than 2 percent that do not start.

10. To minimize theft, the mix of single-copy outlets should be 55 percent dealers, 40 percent newspaper rack sales and 5 percent street hawkers. Sellouts at single-copy outlets should not exceed 20 percent weekday and 15 percent Sunday.

Myatt's presentation elicited fervent discussion from the members. Several doubted whether any newspaper could come close to many of the minimum standards cited. Others praised Scripps Howard for doing what most newspapers have not done: establish tough circulation standards and at least try to meet them. Said Myatt: "Whether you agree with these performance standards or not isn't really important. What I've heard so far at this Seminar is that we apparently do agree that news, advertising, production and circulation departments must set and meet compatible performance standards if we are to attract and retain newspaper readers."

Some members expressed surprise at Myatt's "no-start" figures and asked for an explanation of why a newspaper is not delivered once a new order is generated. Reasons are varied: a faulty Circulation Information System that fails to track new orders; uncaring clerical help; excessive paperwork; late press starts that cause carriers to ignore new-start notices in their haste to deliver the route on time. Member Ralph Harrington of the Houston Chronicle noted that it takes 45 separate steps to get a paper started at his company, and slipups are easy in such a complicated process. The Chronicle is studying its system to streamline procedures.

Other reasons:

Some carriers recognize new-start orders from former non-paying customers, and are not eager to start delivery anew to a non-payer. In phone sales, a teenager will sometimes accept the paper, but later it is vetoed by the parent. It's recorded as a new order, but it doesn't start. Member circulation executives estimated that nationally as many as 10 to 15 percent of new orders are not started.

Members felt that newspapers must pay special attention to the non-start issue and commended Myatt (and Scripps Howard) for setting such an ambitious target (2 percent) in this performance category. They agreed that double-digit non-start figures clearly are not acceptable.

What promotion can do

The promotion directors of The Washington Post (Candace Medd) and the Gannett Company (Suzanne Bush) led a promotion segment of the Curtis Seminar that was a combination of discussion and show-and-tell.

MEDD said many newspapers still undervalue the potential of promotion. A good program, she said, will:

1. Establish presence in the marketplace.
2. Support sales efforts in advertising and circulation.
3. Bear much of the burden of establishing a strong community affiliation.

Promotion, Medd said, should be accurate and reflect the product. It should be as good as the product (and vice versa). It should emphasize the elements of the product that are valuable or unique. It should be compatible with the nature and history of the community. It should promote the total newspaper.

To be effective, she added, the promotion department must be closely involved with top management and all departments. It must be a part of the strategic planning process, and of research. It should have written priorities and objectives.

BUSH evaluated circulation sales promotion material submitted by Seminar members. She showed Newsday TV spots, promotion in its use of color in a New York City market where daily newspapers are largely black-and-white . . . The Natchez (Miss.) Democrat has started a promotion around the theme "See what's in it for you" . . . The Roanoke (Va.) Times & World-News is offering 20-week subscriptions for \$1 a week. She showed other examples of the trend toward longer-term subscription campaigns. The Houston Chronicle offers 24 weeks for the price of 16. USA TODAY has a 26-week mail subscription plan . . . The Seattle Times, as part of its companywide "margin of excellence" program, promotes the theme "news you can't get anywhere else" . . . The Orange County Register has an arrangement with real estate firms to start free, three-week subscriptions on closing day of a home sale . . . Newsday provides a major real estate firm in its Long Island market with homeowners kits (maps, Newsday features, community service information, etc.) that are distributed at home sale closings (30,000 annually).

"The new-home buyer spends a lot of money," said Bush. "We need to show our advertisers high circulation penetration with this consumer."

Can the computer help?

Mark Capaldini recently shifted jobs: from circulation operations manager of The Washington Post to account executive for Claritas, an Alexandria, Va., firm specializing in consumer target market systems. He told members that while most newspapers have placed the computer at the heart of circulation operations, they have not yet fully tapped its potential to help increase sales and retention. Computerized Circulation Information Systems (CIS) can be used effectively in market definition, in market segmentation, in setting goals, in developing action plans and in measuring results.

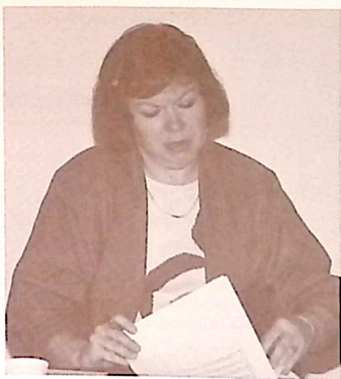
Capaldini quoted from the Future of Advertising booklet on Readers: How to Gain and Retain Them: "... It is possible to group potential readers within narrow, tightly identified groups to better predict how they will receive the newspaper and how likely they will become loyal subscribers and readers." Census data, lifestyle research and demographic information according to "geo-units" — or neighborhoods — can be analyzed by the computer. Geo-units are block-by-block clusters of as few as 200 households, whereas Zip Code clusters average about 2,500 households and census tracts about 1,400. Using geo-unit profiles, the computer can identify neighborhoods within the market that contain the greatest sales potential, and even suggest which sales approach will work best on certain customers.

Capaldini described the concept as one that links lifestyle and demographics with neighborhoods or tightly focused geographic units. ("You are where you live," he remarked.) This produces many cluster profiles, scattered throughout the newspaper's circulation data base. Areas of highest sales potential are then identified by assigning lifestyle traits and key patterns of buying behavior to each geo-unit.

Capaldini said this kind of cluster mapping can also show high readership potential in some non-affluent areas, and newspapers should not ignore the potential of those areas. These same cluster targets can be translated into product-user profiles for the newspaper's advertisers.



Gerald Haslam, Vancouver, B.C.

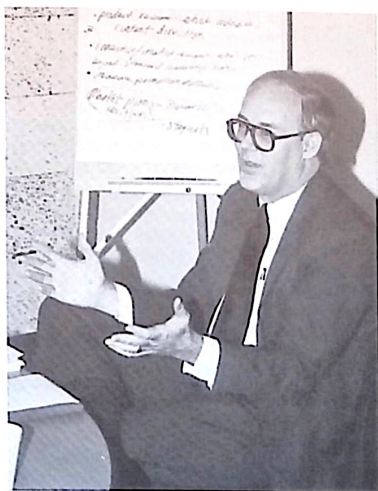


Abigail Nash, Milwaukee

Seminar members, divided into task forces, discuss points leading toward conclusion of third Curtis Memorial Seminar.



Howard Hay, Chicago



Phil Hanna, Atlanta (N.Y. Times)

Member recommendations

With formal discussion sessions completed, Seminar members split into four task forces to consider what had been said and to develop agreement on what newspapers might do to boost circulation and readership levels. The four groups — marketing and research, promotion and sales, content and readership, and circulation operations — drafted recommendations in each of their areas. Reports were presented to the entire membership when the Seminar reconvened. In the closing session, members reviewed the task force drafts and forged a number of conclusions and suggestions.

- In promotion, sales and circulation retention, newspapers must work harder to identify their markets according to customer segments. Specific audience target groups (sports-minded, fashionable, travelers, gourmets, fitness enthusiasts, history buffs) need to be profiled. Promotion should match product benefits with the appropriate customer segment. Newspapers must recognize the increasing importance of minority and ethnic groups, and see that the newspaper is made available to them. When possible, those doing research should get face-to-face with the public in focus groups, to interpret such statements as “I don’t have time to read,” or “it costs too much” as reasons for not reading the newspaper.
- The quality of in-paper promotion should be equivalent to the highest quality advertising in the paper. The *value* of newspaper reading must be stressed to both regular and infrequent customers. There should be *daily* promotion of what’s in the paper, and what readers can expect tomorrow and later in the week.
- Market research needs to be used regularly and more effectively, especially to monitor changing readership patterns and to learn why people start and stop reading newspapers. The “occasional” reader is of particular interest. Newspaper researchers should devote special efforts to uncovering the information needs of potential newspaper subscribers.
- Newspapers — and especially editors — should recognize that there is no single kind of reader, or majority audience. Newspapers must find ways of serving the needs of a tremendously varied population of readers and potential readers. We are into the era of the segmented audience. Some people read a newspaper for “a satisfactory experience,” as Seminar member John Ginn discovered in focus-group interviews. Time, imagination and money must be devoted to publishing a single daily product that provides such satisfactory experiences for many different types of readers.

- Ease of reading should be the uppermost concern of editors in packaging and designing the newspaper. Columns and features should be anchored in the same positions each day. Story jumps should be minimized, and should rarely go from one section to another. Jump heads should consist of more than a one-word label. Copy desks should strive to add more information to headlines (perhaps through deck heads that accompany the main head), for readers on the run. Expanded indexes and summaries are recommended.
- Newspaper management should consider buying into the "all-in-the-same-boat" concept, discussed early in the Seminar. Blame for circulation retention problems should not focus on individuals or certain departments, but should center on the newspaper as a single, cooperative effort every day.
- Publishers should resist short-term profit plans that produce high revenue now but cause long-term damage to circulation and readership. There should be a clear and ongoing commitment to product quality and service.
- The marketing goals of the newspaper need to be communicated better to *all* departments. Compensation should be tied to the achievement of certain marketing objectives.
- The kinds of training, new technology, systems advances and compensation levels applied to other departments of the newspaper in recent years must also be applied to circulation. Antiquated circulation systems or equipment must be replaced. The circulation department should become a central ingredient in the newspaper's strategic planning. Distribution procedures and operations need to be better understood by workers through the newspaper.
- Non-starts — those papers that are not delivered after a new order is obtained — appear to be a major contributor to newspaper retention problems. Although computerized Circulation Information Systems are not an instant cure-all for circulation ills, they can provide the necessary follow-through on sales to greatly reduce non-starts. New orders should be carefully monitored by phone or carrier contact, and strict minimum standards should be set to get non-starts well below the estimated national average of 10 percent.
- Newspapers should offer subscribers a choice among payment methods (mail, charge card, monthly/quarterly/year in advance, carrier at the door, etc.) instead of insisting on just one approach. Careful review should be given to circulation invoices and subscription bills for clarity and professionalism. Too many are confusing or difficult to comprehend. There should be regular evaluation of billing cycles and subscriber cancellation policies which, while advantageous to the newspaper, might seem restrictive or harsh to the "fragile" reader.

- Newspapers need to strengthen their procedures for holding existing customers, by upgrading circulation customer service departments and responding in a sincere way to reader complaints. Readers should be encouraged to let the newspaper know whenever a problem exists. This treatment of current subscribers could be as important as sales efforts to gain new readers.
- Seminar members expressed special concern about the problem of on-time press starts and felt this should be given highest attention by top management. Key editors should be required to follow the production and circulation process from copy close to delivery to the customer, to underscore the importance of meeting deadlines. On-time delivery must be the driving force when setting production schedules and news/advertising copy deadlines, and could be a key ingredient in reducing high circulation churn.
- Newspapers should consider special retention efforts, such as the Knight-Ridder 30-day Executive Stop program described early in the Seminar by Don Nizen. Subscriptions of those who cancel a Knight-Ridder paper (other than move-outs, deaths or non-payment) are kept active for up to 30 days while a top executive (editor, publisher, general manager) seeks to resolve the customer's dissatisfaction and salvage the subscription.
- Member sentiment was strong for endorsing a U.S./Canadian circulation sales promotion campaign that would encourage regular purchase and reading of newspapers. The recommendation was similar to that of members of the 1985 Curtis Memorial Seminar on advertising growth, who urged creation of an industry-wide media campaign to improve advertisers' perception of newspapers as an effective sales medium. Members of the "Attracting and Retaining Readers" Seminar agreed that such a large circulation sales undertaking would require heavy funding and industry-wide coordination, but could prove to be an effective investment in the future of newspapers.

About the Institute

The American Press Institute is a non-profit organization dedicated to the continuing education and career development of newspaper men and women. The Institute conducts more than 40 programs annually, including Seminars, regional workshops and occasional special conferences such as this Curtis Memorial program. Most API Seminars are for five or nine days, and are designed for experienced executives and staff members from all departments of newspapers.

Approximately 1,200 members from U.S. and Canadian newspapers attend API Seminars each year. The objectives for all are the same: To exchange information and techniques, to increase knowledge and professional skills, and to improve the quality of newspapers.

The Institute occupies a permanent training center in Reston, Virginia. Seminars are limited to 36 members. To guide discussion, API invites more than 400 guest Discussion Leaders each year.

The Institute was founded in 1946. At the urging of Sevellon Brown, then editor and publisher of the Providence (R.I) Journal and Evening Bulletin, 38 newspapers formed a founding fund to cover an initial series of Seminars. Columbia University provided space in its Graduate School of Journalism building, and each API group was housed and fed on campus.

The idea flourished. Over the years, API's Seminar offerings tripled. In need of additional space that could not be obtained at Columbia, the Institute built its own conference center in Reston and moved there in 1974. As the demand for Seminars continued, API's Board of Directors decided in 1978 to expand the Reston facility. Construction of a second conference room was completed in October 1980, enabling API to broaden its schedule by conducting two Seminars at once.

November 1986

Additional copies of this booklet may be obtained for \$1 each, to cover handling and postage, by writing to:

**American Press Institute
(Curtis Memorial Seminar III)
11690 Sunrise Valley Drive
Reston, VA 22091**



American Press Institute

11690 Sunrise Valley Drive
Reston, Virginia 22091
703/620-3611