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Meyers Connection

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The Meyers Connection

MARKETING DOTH A PUBLISHER MAKE?

by **Barbara Meyers,**
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I left off several issues ago describing the cost of peer review as just one major component in the total cost of publishing. To continue now, let us look at the area of marketing. This particular cost area is probably the one with the greatest fluctuation among publishers. Those publishers who are commercial and/or have a more competitive posture in the marketplace will spend more on marketing activities than not-for-profit (NFP) or less competitive publishers.

In addition, marketing costs will vary depending on the type of publishing. Trade publishers have been known to "advertise" from the time of their establishment. However, in the areas of scholarly as well as scientific, technical, and medical (STM) publishing, marketing is a relatively recent phenomena. In the 1950s, little marketing (and no market research or planning) was undertaken by most scholarly and STM publishers. The community of researchers was small and most major publishers were well known.

In fact, this was pretty much the case for those types of publishers until the 1970s when commercial publishers became more sophisticated in their marketing efforts in comparison to their counterparts in NFP publishing (i.e., the professional societies and university presses). Some societies and university presses began developing their expertise in the area of marketing in the 1980s. This trend continues today, but there are still many medium and small scholarly and STM publishing pro-

grams that only have minimal marketing of their books and journals. Given current economic conditions, such publishers' financial viability is often in question.

To begin our examination of marketing costs, let us look at the basic techniques of market research. One can not begin to design effective promotional activities (such as direct mail, space ads, and the like),

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unless there is some knowledge of the customer base. Not all publishers engage in consistent and coordinated market research. Large publishers (commercial and NFP) may spend many thousands of dollars researching their customer base where small publishers may only conduct a single readership survey every few years.

The most common of market research activities is the mail survey. From design through final report, a mail survey using a standard four-page questionnaire with a sample size of roughly 1,000 will cost anywhere from \$10-15,000, depending upon the sophistication of the questionnaire and data analysis. Thus, a publisher with but a few journals might only conduct one or two surveys each year, at best. Whereas, some large publishers (with one publication having a very large circulation or with several hundred

titles) conduct many surveys each year.

Telephone surveys are conducted on a less frequent basis as they do not provide the same type of quantitative, statistically valid data as a mail survey. Still, publishers are conducting more telephone surveys when there is a need for information immediately

or of a more in-depth nature than can be gathered through the mails. A telephone survey of 100-250 respondents will cost approximately \$5-10,000, again depending on the length of the interview and the difficulty in reaching the appropriate respondent by phone.

In-person interviews are used very sparingly by publishers as each interview costs several hundreds of dollars in terms of professional time and travel expense. To conduct just a handful of in-person interviews, a total cost of several thousands of dollars is not unusual.

Finally, the most recent addition to publishers' market research efforts is the focus group session. Taking into account all costs ranging from script development to session summaries, a typical focus session will run between \$2,500-5,000. Not inconsequential are logistic charges and participant compensation (to gather physicians in a room, it is not unusual to pay \$100 or more *per participant*). Several sessions (from two to six) are conducted for a single project. Once again, differences such as audiotap-

ing versus the use of studios with one-way mirrors and videotaping impact the cost of the research project.

So, if a publisher does only minimal market research each year using each of the four basic research techniques, the investment in market research alone could easily total over \$50,000. And there is a number of publishers who spend in excess of \$100,000 annually in the area of market research.

Now, once the market research has been completed, a marketing staff will incorporate the findings from such research in the portion of their marketing plan concerned with the selection of appropriate marketing activities. We have all had experience with most of the traditional promotions — direct mail, space advertisements, telemarketing, exhibits — but I'm sure that not too many customers consider the cost of such marketing efforts to the publisher.

Direct mail promotions range from self-mailers to very elaborate envelope packages. The basic costs for a direct mail campaign encompass list rental fees, copywriting, design, printing, postage, and mailing charges. A typical direct mail piece will be mailed to thousands of potential customers at a cost of only 30 cents per customer to perhaps several dollars. Multiply that by thousands (and many publishers mail in excess of *one million direct mail pieces a year*) and you have some idea of the capital needed for direct mail promotion in the 1990s. [Add to this the cost of publishers' catalogs and this portion of the marketing budget usually eats up the lion's share of the available dollars.]

Beyond direct mail, publishers expend a reasonable amount of money on space advertisements in general trade and technical magazines as well as specialty journals and agents' catalogs. The cost of a single space ad

includes charges for concept/copywriting, design, mechanicals/camera-ready copy, and space charges. Just the space charge to run a full-page advertisement can now exceed \$1,000 for a single ad in a single issue of a publication. A "modest" expenditure for a single space advertisement can easily exceed \$3,000. Even with a publisher engaging in multiple insertions (running an ad more than once in order to gain a lower rate) and free exchanges with other publishers, large publishers can spend tens of thousands of dollars annually in space advertising alone.

Telemarketing is being used more frequently with high-price and electronic information products. Such marketing efforts run into hundreds of dollars per customer, but are considered appropriate because of the product's complexity and/or price. A new journal launch, for example, will tie telemarketing to direct mail and space advertising exceeding \$50,000 in just the marketing costs for the new title's first year of publication.

Not to be forgotten is the publisher's presence at trade and professional meetings through their exhibits. Exhibits are an important part of a publisher's overall marketing program. They maintain visibility in the marketplace and allow for direct contact with the customer. Costs include the design and production of the exhibit itself (which is prorated across several meetings and several products), space charges, on-site charges, staff travel expenses, and the cost and shipping of materials pertinent to that particular meeting's attendees. To exhibit at just one meeting a publisher can spend anywhere from several hundred to many thousands of dollars. I know that one medium-sized commercial STM publisher exhibits (ranging from tabletops to large booths) at roughly 200 meetings each year!

In addition to these highly visible promotional activities, there are the

costs associated with review copies for books; sample issues of journals; publicity; and distributor discounts. All of which fall into the marketing budget.

When preparing their marketing plans and budgets, many publishers use a general rule-of-thumb that anywhere from 10-15% of their annual sales revenues will be devoted to promotional activities in order to maintain their current customer base and attract new customers. Thus, depending on the size and philosophy of the publisher (as well as the experience of the marketing staff), marketing expenditures can range from just \$10,000 to well over six-figures. Marketing costs in the hundreds of thousands of dollars occur especially if a publisher's market is large enough to make use of sales representatives or a publisher is engaged in electronic publishing which necessitates on-site demonstrations involving a significant amount of equipment charges.

In closing, I realize that my figures could not be as precise as they have been in previous columns because marketing activities vary so much from publisher to publisher. However, I do hope that the reader will come away with a better understanding of how much goes into a publisher's retention and promotion of a solid customer base. Successful products must also cover the costs of those books and journals which do not break even. Therefore every marketing dollar spent on research and promotion must bring back so many more in order for a publisher to remain financially viable. After all, it is sales revenue that pays for editorial quality. ✍