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Meyers Connection/Fulfillment Costs

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The Meyers Connection

Costs of Periodical Fulfillment

by Barbara Meyers, President, Meyers Consulting Services

This time it looks like I've taken on a mission impossible. In past columns, I have discussed and explained publishing costs in the areas of peer review, research, marketing, composition, and printing. This column looks at the costs associated with the fulfillment operations for periodicals. The "impossible" part of the mission is that fulfillment can mean several different things depending on the publishing operation. Looking at fulfillment from just one publisher's perspective would be misleading... looking at fulfillment from more than one publisher's perspective is overwhelming.

In order to give you a sense of the real cost of fulfillment, I contacted my colleagues in four different publishing operations; those being:

- 1) a professional society from whom I gained information on the fulfillment costs for a technical magazine and a scientific research journal;
- 2) a commercial publisher provided the figures for a technical magazine;
- 3) another commercial publisher cited costs for a scientific research journal; and,
- 4) a non-profit publisher gave the numbers on a social science journal.

Thus, we have a good cross-section of the major types of periodical publications found in most U.S. libraries. What I had when the numbers came back to me was a fruit salad of figures that defies definition.

However, for our purposes, let us say that fulfillment is the "traffic control center" of publishing which functions to maintain subscriber records and handles a multitude of tasks which are categorized by my colleagues from the commercial publisher of a technical magazine as falling into four major areas of activity. These areas are:

Basic Services

1. Active cost per name per year by type of publication. [This includes data entry, updating of files, correspondence (not phone communication) with a customer, generation of Cheshire (not pressure sensitive) labels, renewals, and invoices.]
2. Additional charges are incurred for demographic fields.
3. Higher charges are levied on international addresses.
4. Lower charges are incurred for complimentary names and for inactive names kept on file (prospect list).
5. Additional charges are set for any special activity, such as unplanned promotions.

Management Support

1. Account Manager's activities on behalf of the publication.
2. Audit statement.
3. Price tables.
4. Arrears and discounts.
5. Special programming requests for that specific title.

Caging/Customer Service

1. Credit card payments
2. MICR encoding of checks (scanning)
3. Account number look-ups
4. Telephone customer service
5. Write-in codings (demographics)

Output Distribution

1. Charge for pressure-sensitive labels or carrier-route sorting

Before I provide any figures, allow me to make a few more comments to place them in context. Like many other parts of publishing, fulfillment is part art and part science. The application of the computer has assisted publishers in achieving far greater control over their subscriber lists and thus, in the servicing of their customers. Much of the success of any fulfillment operation still

rests, however, on the information provided from subscribers and the ability of the publisher to find the right people to work in a fulfillment center — not just to mind the details, but to interact with customers competently and with courtesy.

Let us quickly run through a list of major components that could be applied as direct and indirect costs (provided by the colleague I contacted at a professional society). Those are:

- order entry (includes entry of all new orders)
- application of and tracking of all payment receipts
- production, mailing preparation, materials and postage associated with new subscription invoices, renewal invoices, and balance due invoices
- all CPU time associated with running the fulfillment system
- all fulfillment system development time and maintenance
- all office and billing supplies
- costs associated with refund generation, but not including costs associated with cutting refund check or mailing refunds
- all labor and phone expenses for providing an 800-number customer service operation
- all costs associated with gathering, recording and updating demographic data, including data for ABC audit requirements
- processing of all mailing list requests for promotion mailings, market research, and other mailings, not including list rental services.

The two lists of activities and costs are not universal. No two publishers I interviewed for this article approach fulfillment in the same way, nor do they capture and report their cost figures in any standard manner. Again, like much of publishing, each publisher has designed the operation to suit the unique needs of their pub-

lications and operations and ultimately their customer base. I attempted to set up some framework to report fulfillment costs from the individual publishers, but to no avail—it still remains a fruit salad in terms of comparison at the detail level. To attempt to share that with you would not only be a “mission impossible” but incomprehensible. What is the most important figure is the bottom-line cost per subscriber in each operation: (see Table)

The numbers quoted seem nominal, even minuscule, to what subscribers pay for a periodical. But multiply them by the circulations of the titles for which the publishers provided these figures and you come up with some very large numbers indeed.

Additional caveats (as you might imagine) about the above request that you keep in mind that variables such as:

- average renewal rate,
- percent of subscribers renewing on the first notice,

- anniversary versus calendar year renewal,
- ratio of individual to institutional sub

a great part in the costs of fulfillment, and thus they fluctuate greatly from one publishing operation to another.

Fulfillment Cost Per Subscription Per Year

Professional Society Scientific Research \$3.28	Professional Society Journal Technical Magazine \$3.28
Commercial Publisher Scientific Research Journal \$10.60*	Commercial Publisher Technical Magazine \$3.61
Non-Profit Publisher Social Science Journal \$4.91	

*Includes all accounting costs connected with subscription fulfillment.

Total Fulfillment Cost By Periodical Cited Per Year

Professional Society Scientific Research \$11,542	Professional Society Journal Technical Magazine \$477,955
Commercial Publisher Scientific Research \$39,115	Commercial Publisher Journal Technical Magazine \$112,800
Non-Profit Publisher Social Science Journal \$31,915	

Also, please note that none of the figures reported include the actual cost of packaging, labeling, and mailing (postage, etc.) individual issues.

While this has been more of a fruit salad column than others reporting on publishing costs, I do hope that it has been of some help to those readers trying to understand more about publishing economics. Eventually we will cover all the areas of publishing and will try to determine a “total cost for publishing,” so please keep reading.

AUTHOR'S NOTE:

Due to the proprietary nature of the figures provided by the individual publishers, my colleagues requested that no means of identification be used in this article, including any public thank you. But, you know who you are and I do THANK YOU! ☺

Rumors continued from page 2

and Jacqueline L. Cochran, Vice Chairman.

Bob Mastejulia has left Baker & Taylor and is looking to continue making a valuable contribution to our industry. All of us know Bob as one of the best speakers and competitors in the business. Any takers out there? His phone number in Chicago is 312-404-0537.

Dana Alessi has been given the responsibility for all academic library sales for Baker & Taylor. Congratulations, Dana, you deserve it.

Barbara Woodford and Sherry Sullivan are no longer representing Yankee Book Peddler. Both have attended the Charleston Conference and would be a valuable addition to any company.

Just heard from **Judy Luther** who has been spending a few days caring for a friend's 10 lb. 7 oz. new baby. Maybe this is good practice for dealing with the rising price of serials.

And **Charles** (the Wild Man) **Germain** has just returned from quite a trip to Borneo. Besides having the experiences of no running water and little food, an orangutan guarded their

door step, they were bitten by snakes, and got intimate with all kinds of exotic insects. However, the trip to Borneo was a once in a lifetime experience. Congratulations on making it, Charles! You're a better adventurer than most of us!

According to informed sources, **Christian** (the Hulk) **Boissonnas** had a birthday recently. There were innumerable festivities and a lot of fun was apparently had by all — even the master of the pack himself. Happy Birthday, Christian! (And if y'all think we're going to tell you how old Christian is, guess again! Do you think Christian told us?) ☺