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Renewals

A Guide for Small Publishers

Written by Jon Spencer



Canada

About this series

Renewals: A Guide for Small Publishers, is one of a series of practical guides for small publishers produced by the Department of Canadian Heritage. The guides are intended to provide small publishers with guidance from industry experts on key aspects of their business.

Other titles in this series include:

Advertising Sales Tools: A Guide for Small Publishers by Gwen Dunant
Selling on the Newsstand: A Guide for Small Publishers by Pierre Proulx
New Subscribers: A Guide for Small Publishers by Greg Keilty

About the author

Jon Spencer, a partner in Abacus Circulation (with Eithne McCredie and Sarah Watt), is Circulation Manager of *Opera Canada* and *Ski Canada* magazines. He was also Circulation Manager of *Azure* from 2000-2004.

Jon provides circulation marketing services and data analysis for several other publishers on an ongoing or occasional basis, including *New Internationalist*, *This Magazine*, *Canadian HR Reporter*, *Descant*, St. Joseph Media, *OWL*, *Chickadee*, and *Chirp*.

Jon has consulted for many other Canadian publishers and industry organizations, sometimes through Magazines Canada's Travelling Consultants Program. He started his circulation career at *Mother Jones* magazine, and was Circulation Director of *OWL & Chickadee*, Circulation Manager of *Canadian Art*, and founding Publisher of *Peace Magazine*.

Contact us

Periodical Publishing Policy and Programs Directorate
Cultural Industries Branch
Department of Canadian Heritage
15 Eddy Street, 15-4-F
Gatineau, Quebec K1A 0M5

Phone: 819-994-3118
Fax: 819-953-7782
E-mail: pep-ppp@pch.gc.ca

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Part 1: Why all the hype about renewals?

RENEWALS ARE JUST ANOTHER SOURCE OF SUBSCRIPTIONS, RIGHT?

That's correct. But for most magazines, they're by far the **most profitable** source. Renewals may also account for **50 to 75%** of a magazine's circulation revenues. They have the **highest response rate** of any source. Renewals are very receptive to multiple-year offers. Renewals usually have **very high cash-with-order** and **invoice payup rates**.

All publishers need to regularly analyse their renewal results – and test various methods of improving them – if they want to stay in business for the long-term.

If you've been taking your renewals for granted, spend a little time – and money – where it will be most effective. Let's renew those readers!

WHAT DO WE MEAN BY “RENEWAL”?

Although anyone renewing their subscription voluntarily could be called a “renewal”, when we talk about renewals we're really concerned with the process of notifying subscribers that their subscription is running out, and soliciting their renewal order. The sequence of promotions you send your expiring subscribers is your “renewal series”, and each reminder is called an “effort”.

Most magazines have at least two renewal series – a regular renewal series with many efforts mailed to non-gift subscribers, and a separate series for gift subscriptions (with some efforts going to the

gift donor and some to the gift recipient, if the donor doesn't renew the gift).

Some sources of subscriptions may not even receive renewal notices. Libraries will rarely respond to renewal notices, but they will subscribe year after year through a catalogue agency.

And sometimes “voluntary” renewals cannot be tracked as responses to specific renewal efforts – for instance, some readers may renew by phone (and not mention the effort to which they are responding). The more you can establish links between “cause” and “effect”, the more value you'll get from your renewal analysis. It's important to track renewals as closely as possible.

WHAT ARE YOU DOING NOW?

As you read through this guide, you will want to take some time to assess your current renewal series. How many efforts do you send out? Do you mail all your efforts, or do you sometimes phone or email expiring subscribers? Do you send some renewal notices out with the expire issue? How many people respond to each effort? How easy is it for you to send out your renewal efforts each month? Each section in this guide will provide you with more questions to ask, and tools to evaluate your current renewal series. Keep a list of questions. By learning from your current renewal series, you will build a better new one.

STEPS IN DEVELOPING A NEW RENEWAL SERIES

Whether you're planning to improve your existing renewal series, or create one from scratch, the steps are the same:

- > Establish (or refine) your renewal marketing strategy,
- > Establish a manageable and routine notification procedure,
- > Create (or revise) your renewal notification schedule,

- > Develop copy for any new renewal efforts,
- > Get renewal notices designed,
- > Develop instructions for addressing/programming,
- > Test and implement the new series, and
- > Assess how your new renewal series performs.

The following sections will take you through each of these steps.



Part 2: Developing a Renewal Marketing Strategy

The first step is developing a plan or strategy. You need to determine:

- > Your own objectives for the new renewal series,
- > What your readers want from your magazine,
- > Your renewal prices and offers,
- > How many renewal efforts to send out,
- > Whether some sources of subscriptions require more efforts than other sources, and
- > What form your efforts will take (mail, wrapper, fax, email, phone).

You may already have many aspects of your renewal marketing strategy in mind, but write up an outline of the entire strategy – so you can see how it all holds together, and to help you create a document called a “creative brief” to convey your directions to your copywriter and designer.

ESTABLISH YOUR OBJECTIVES

If you already have a renewal series in place, look at it closely. Start imagining all the ways in which it could be more effective. If you don’t have an existing series, begin by visualizing the most effective ways of convincing your subscribers to renew. At this stage, don’t plunge into writing and designing – instead, establish what your objectives are, and outline what form your new renewal series might take in order to reach those goals.

Should we try to coordinate a new renewal series ourselves? Setting up a new renewal series is complicated. You’ll be working with a copywriter and a designer, a lettershop or your own mailing staff, your magazine’s fulfillment operation (in-house or service bureau), Canada Post, probably at least a couple of different printers, and maybe an email or telemarketing service bureau.

Depending on your own familiarity with the whole process (and on how successful this Guide is in explaining it all!), you may want to coordinate all the details yourself, or you may be more comfortable getting some outside assistance. You can ask your peers at other magazines for suggestions as you go along, or you can involve a circulation marketing consultant to help ensure it goes as smoothly as possible. Either way, make sure that there is one person in charge of overall coordination, because all aspects of the process are inter-related, and decisions made at any one point are likely to necessitate other changes elsewhere.

Your renewal reports can tell you if there are problem areas in your existing renewal series that you should be addressing:

- > If your overall renewal rate (or the renewal rate for a certain source) seems lower than you’d

expect, and you believe there's room for improvement.

- > If the response rate to a particular effort is lower than that of the subsequent effort, then perhaps that under-performing effort isn't sufficiently compelling, and response rates could be improved. (Exception: If your series includes both wrapper and separately mailed efforts, the wrapper may be helping to boost response to your mailed efforts, while not generating many renewals on its own.)
- > If your renewal notification procedure is too cumbersome, or too costly, to manage efficiently every month, what alternatives should you consider?
- > Look at the timing of renewal responses – are too many customers waiting until the very last minute to renew, and missing an issue as a result?
- > Consider whether you are getting enough multiple-year renewal orders, and whether it's reasonable to expect improvement on that front.

WHAT DO YOUR READERS LIKE ABOUT YOUR MAGAZINE?

Dig out the results of your most recent reader survey (or perhaps conduct a new one). Read through the letters you received from your readers. Look at your newsstand sales by issue and figure out what so many readers found intriguing about your November issue. It may even be a good time to arrange a focus group to elicit your readers' first-hand comments. Look carefully at competing magazines and figure out what makes your magazine unique. What are your main selling points, and how do you stack up against your competition?

You may even want to put aside some particularly tasty comments to use as testimonials in your renewal copy (e.g. "I picked up some great tips in my first two issues of *Lawn Bowling*, and my game improved enormously!" – L.L.B., Saskatoon).

While you remind yourself of what your readers like, write it down. Create a document entitled "editorial selling points" so you can refer to it throughout the creative process and ensure that your new renewal series accomplishes what you originally intended.

Also think about the reasons why some subscribers **don't** renew (inertia, not enough time to read, too expensive, magazine's contents don't appeal to them, etc.). These barriers should be addressed somewhere in your new renewal series.

TERMS AND PRICES: DETERMINING YOUR RENEWAL OFFERS

Look closely at your pricing, and find as many ways as possible to draw attention to how cheap it is to subscribe. Look at your one-year and multiple-year subscription prices. Compare them to one another, and to your annual newsstand price. Consider percentage savings, dollar savings, and the subscription price per copy.

There is no "best" way to express a price or a savings – "Save \$10!" may sound better or worse than "Save 25%!", depending on the circumstances. But consider every possible way of expressing the savings, including "35% off the newsstand price!" and "Only \$2.50 a copy!". In different renewal efforts, you'll want to express the savings in a variety of ways.

You may even want to test slight adjustments to aspects of your pricing, to make certain choices even more attractive. (For instance, if your annual newsstand price is \$34, your regular one-year subscription rate is \$20, and your regular two-year rate is \$36, perhaps you should offer a lower "early renewal" two-year rate of \$34 – so you can express it as "half the price you'd pay at the bookstore".)

DETERMINE HOW MANY EFFORTS TO MAIL, AND TO WHOM

While the layperson finds it inexplicable that many magazines send their subscribers a series of six, eight or ten increasingly frantic renewal notices, publishers have good reasons for doing so. Why? It's usually more profitable to send more renewal efforts, rather than fewer. Publishers need to combat their customers' inertia, and offer them a variety of different approaches – if one tactic doesn't convince them to renew, another pitch very well might.

Each magazine's economics and response patterns will determine how many efforts should be sent out, but most magazines will find a renewal series consisting of between 5 and 10 efforts to be the most cost-effective. [See Appendix B for a hypothetical case study.]

Examine closely, or update, your "renewal profitability by effort by source" reports. [If you're unfamiliar with these, in Part 9 you'll find some examples.] Here are some ways to determine how many efforts to be sending out:

- > If the final effort of your current series is profitable, you should consider testing the addition of another effort to your series.
- > Another rule of thumb is that if your final renewal effort is already generating a response rate of 5% or better, then another effort would probably be cost-effective.
- > If you're losing a little money on your final effort, but you'd lose more money acquiring a new subscriber to replace the ones who are responding to that final effort, then you're probably mailing about the right number of efforts.
- > Publishers often find it's worth sending more efforts to those sources with the highest renewal rates (such as those customers who have renewed once or twice in the past). Agency subscriptions and free trial subs won't renew very well even if several efforts are sent their way. All the other sources (such as direct mail respondents or web orders) are usually somewhere in between these two extremes, and therefore get several efforts, but perhaps not as many as long-time customers.
- > If you're uncertain, start out with "too many" efforts, and once you've determined that almost nobody is responding to the last effort, drop it.

If you decide to add more efforts to your renewal series, squeeze them in toward the start of the renewal series, to get as many efforts as possible sent out before expiry – subscribers are more likely to renew while they're still receiving the magazine. Adjust the timing of other early efforts as necessary, and start your renewal series earlier.

WHAT FORM SHOULD OUR RENEWAL NOTICES TAKE?

A renewal effort can take many forms, depending on how they are delivered:

- > mailed separately from the magazine (the most common method),
- > mailed with the magazine (an "expire wrapper", "overcover" or "renewal outsert"),
- > emailed,
- > faxed, or
- > a phone call.

Your new series will likely use a combination of these methods. Here are several factors you need to consider:

Making each effort look different: Variety between efforts is important in order to get renewal notices opened by subscribers. You can create variety by:

- > Using different sizes for different efforts (perhaps a standard business envelope one month, followed by a smaller one the next),
- > Using different teaser copy on each effort's outer envelope,
- > Varying the method (several mailed efforts, an expire wrapper, and an email follow-up), or
- > Using different colours for the design of different efforts.

If you plan to qualify for Canada Post's Admail rates, remember that all the envelopes in any one mailing must be the same size.

The number of inventory items for you to cope with: Ideally, each effort would be totally unique. But if you have a six-effort renewal series, and each mailed effort has its own pre-printed outer envelope, letter, and renewal form, plus one reply envelope that is used on all efforts, and a premium buckslip used on Effort 1, you could find yourself struggling with 20 different items of stationery. Printed in small quantities, and using different colours on each piece, your printing costs will be high, especially since you will run out of different materials at different times. To keep your costs down, you'll be tempted to make your renewal stationery as generic as possible, so it can be used in multiple efforts.



Personalization: In general, the more personalization, the higher the response rate. An example of a non-personal mailing might be a pre-printed generic renewal form, with no name, address or subscription information on it – so the subscriber must fill in that information. A highly personalized mailing might consist of a letter lasered on (almost blank) letterhead with a personal salutation (“Dear Mary Smith” instead of “Dear Subscriber”), and with their address, subscription number, and expiry date lasered onto an attached tear-off renewal form.

The more you rely on personalization, the less you will need to pre-print on your stationery – but the

more programming will be necessary in order to use the information from your subscription file in determining what is shown on your renewal notices.

For many small magazines, perhaps the best compromise between variety and simplicity (or cost reduction) is a renewal series that uses fairly generic stationery (with some graphics pre-printed in colour), and uses lasering to change the substance of each effort. If the pre-printed colours or graphics aren't specific to any particular effort, you can alternate between them from month to month, and thereby develop a series that is both cost-effective and manageable for you.





Separately Mailed Efforts: This is the most common delivery method, because this approach strikes the right balance between cost and responsiveness. Two of the most common formats consist of:

#10 PACKAGE	
Outer envelope	#10 window (4 ¹ / ₈ " x 9 ¹ / ₂ ")
Letter	Letter (8 ¹ / ₂ " x 11") or legal-size letter/form (8 ¹ / ₂ " x 14")
Renewal form	8 ¹ / ₂ " x 3 ¹ / ₂ "
Reply envelope	#9 Business Reply (9" x 4")

SMALLER PACKAGE	
Outer envelope	4" x 7 ¹ / ₂ "
Letter	6 ¹ / ₂ " x 10 ¹ / ₂ "
Renewal form	6 ¹ / ₂ " x 3 ¹ / ₂ "
Reply envelope	Smaller Business Reply (6 ³ / ₄ " x 3 ³ / ₄ ")

In either case, the form could be attached to the letter, and either perforated for the customer to tear off, or sliced off as part of a roll-fold slit and nest (RFSN) mailing.

Wrappers or outserts sent out with magazines. Publishers are already sending magazines to their subscribers anyway, so why not simply enclose a renewal notice with that issue? Wrappers or outserts are very economical, because there is no separate postage cost. Generally speaking, the response rate on wrappers is not as high as on separately mailed renewal efforts, so although

wrappers should be part of your renewal series, you should **also** be mailing renewal efforts separately.

Wrappers for saddle-stitched magazines usually cover up the front cover, with a tear-off reply card (which is where the mailing label gets applied), with Business Reply Mail artwork on the back. Wrappers “wrap” around the spine of the magazine with a roughly 3-inch “lip”, or the back may entirely cover up the back cover, in which case you have more room for promotional copy. Because there is no reply envelope, it’s usually a good idea to leave the cheque and credit card payment options off the tear-off card (or at least downplay them), and to offer “bill-me”.

Friendly email, fax, and phone efforts

These “extra” renewal efforts can be portrayed as helpful customer service interventions, rather than as aggressive sales pitches. This gives your customers additional opportunities to respond, but doesn’t sound like you’re nagging.

For instance, a faxed or emailed effort could be worded as “We haven’t yet received a response to the renewal notices we’ve been sending you, and we just wanted to check that your mailing address is still correct. Are you receiving the magazine? (Our most recent issue was the one with the feature on dragonflies.) If so, please be sure to renew – you can either send in the renewal notice, or simply respond to this email [or fax], or call us at _____. And if you’ve moved, please let us know immediately so we can get your magazines coming to your new address.”

The same friendly approach can be used for telemarketing.

Loose renewal outserts can be any type of enclosure – from a simple form to an enclosed renewal notice with envelope, letter, form, and reply envelope.

Emailed renewal efforts. Over the past few years, many magazines have tested emailing one or two renewal efforts, and some are finding this to be effective.

The easiest method is to send out an email with copy such as the following: “We haven’t yet received your renewal instructions. To continue receiving our magazine, reply to this email and I will ensure you don’t miss a single issue – it’s only \$14.95 for a full year of 6 issues. Simply check your address as shown below, and reply to this email – we’ll send you an invoice. Do not send your credit card information via email. Thank you.”

However, some publishers have reported greater response rates with a link to an online renewal form. (“Renewing online is simple, convenient and secure. Just click [here](#) to update your current subscription information and choose your renewal savings options”). When your customer clicks, their Internet browser should bring up their current mailing address for review, give them an opportunity to make any corrections, tell them when their subscription expires, and give them a credit card payment option. This is more expensive to set up, but it may be worth considering, since a secure server can provide you with pre-paid renewals (thereby reducing your billing costs and bad-pay potential), and enables you to provide the customer with a choice of term and price. Service bureaus may also be able to help you avoid overly zealous spam-detection software on your outgoing emails, and provide you with meaningful breakdowns of email bouncebacks.

Emailed notices should be brief, and easily distinguishable from spam. A few tips:

- > The subject line (“re: _____”) should make it clear that you are corresponding with your existing customer about a matter of importance to them. Not unlike envelope “teaser copy”, it should entice, while conveying the benefit of renewing – the central thrust of the email text. All that in very few words!

- > The “from:” line should establish a recognizable identity – your magazine’s name, as well as its subscription department email address – not your personal name.
- > Use the “bcc:” (blind carbon copy) field instead of the “to:” field, so each customer cannot see all of your other customers’ email addresses.
- > The text of the email (urgency, sell copy, the benefits of renewing, your offer, and how to respond) should be fairly short, and get right to the point. Leave blank lines between paragraphs so your readers can skim it quickly.
- > Always give customers one or more convenient ways to opt out of receiving future subscription correspondence by email.

If you intend to send out renewal notices by email, of course you will first need to obtain your subscribers’ email addresses. This should be added to your new subscription order forms and renewal forms and then entered in your subscriber database. You may want to also include a tick-off box, such as:

- You may contact me by email for subscription-related matters.

or you may want to add it next to the email address line, thusly:

My email address (for subscription correspondence only):

Some magazines offer special incentives in order to solicit email addresses from their customers, such as signing up for an e-newsletter – would this tactic would work for your magazine?

Faxed renewal efforts. These might be worth testing if your customers often have fax machines. Faxed efforts are in some ways similar to emailed efforts – for instance, your effort should be brief (one page), it should not look like unsolicited “fax spam”, and you must offer your customers a way to stop receiving correspondence by fax. Fax-broadcast service bureaus can be helpful in designing and conducting a faxed renewal campaign.

After a faxed renewal campaign, a service bureau should be able to provide you with detailed reports on how many customers were contacted, how many

attempts were made on no-answer and line-busy calls, and how many fax numbers were out of service (along with a list of these, for cleaning up your subscription database). You should provide separate contact info for fax removal requests (phone/fax/email), and ensure that each one is operational. Don't tie up your order-taking phone/fax lines with removal request calls, or vice versa.

Outbound telemarketing. Calling your customers to inquire about their renewal can also be quite effective, as subscriptions approach expire, after the customers have been sent several mailed efforts but haven't responded. This is usually costly, although response rates can sometimes be higher than mailed efforts sent out at around the same time.

Some magazine publishers conduct their own renewal telemarketing campaigns, while others hire specialized telemarketing firms. The publisher should maintain control over the manner in which their customers are contacted – by helping to develop the “script” and reviewing telemarketing campaign reports. It's a good idea to monitor some randomly selected telephone calls, to ensure that you're comfortable with the way your telemarketing staff are speaking with these, your best customers.

Telemarketing can be viewed as a way of assisting customers who simply haven't yet gotten around to renewing, rather than a way of nagging your dissatisfied customers until they change their minds – but you should be ready to cheerfully respond to any comments your customers make. If they tell you they're not renewing because they've had a subscription delivery problem, solve the problem and do something to make it up to them (extend their subscription to compensate). If they tell you they were let down by one of your recent issues, tell them you'll pass along their comments to your editors. Be sure to leave your customers with a favourable impression of your magazine, and they may come back as readers someday (or at least they won't slam your magazine to all their friends).

Automatic renewal, or “continuous service”. If daily newspapers and cable companies can send out bills without always asking their customers whether they want to remain customers, why can't magazine

publishers? Why not simply tell them that the magazine will keep coming until they tell you to stop?

There are two primary ways of handling automatic renewal:

- > Customer provides you with a credit card number, and each year you simply tell them that you'll soon be processing their renewal as requested, and then do so, or
- > Customer asks to receive a bill for their renewal each year, rather than a blizzard of renewal notices long before expire.

Auto-renewal has been discussed for many years, and many publishers have experimented with it, and with some success, but this has not turned out to be the panacea that publishers were hoping for.

There are challenges:

- > Publishers can't just auto-renew people without their express approval – publishers have to convince readers to request continuous service, either through special mailings, or as an option on subscription forms. There was some initial consumer resistance (so adding this option often reduced response rates), but consumers are becoming more receptive in recent years.
- > Automatic billing upon expire still does not result in a 100% renewal rate – magazine customers still sometimes let their bills remain unpaid (more so than with their telephone bills).
- > Automatic credit card charges require occasional verification, such as when the card's expiration date is passed, although the credit card companies are working on facilitating this, so publishers may soon be using credit card auto-renewal more widely.
- > You do need to provide your customers with clear disclosure about how their renewal orders will be processed, and it's a good idea to remind them of their upcoming annual automatic renewal (and give them an opportunity to opt out) shortly before processing that order.

You have to decide whether auto-renewal is worth testing, given your magazine's own circumstances. If you do, don't re-invent the wheel. This is a complicated subject, so ask your peers for tips (if they have tested auto-renewal), and read the trade

magazines (such as Circulation Management), who cover this subject frequently.

To grace or not to grace? Some magazine publishers allow customers to receive extra issues after a paid subscription has expired, even though the customer has not renewed (these are known as “grace” copies or “arrears”). This is done for the purpose of maintaining the number of paid subscribers, particularly for advertising-driven magazines whose circulations are audited by ABC or CCAB/BPA, whose rules allow these customers to be counted as paid for a period of three months after the last issue is served. Some magazines find that customers who are graced are more likely to renew. But this is far from universal, and each publisher should consider this question in their own context, or test it on their own readership. Most often, magazines who are not dependent on high circulation numbers for advertising sales will find that the cost of serving those extra copies is not offset by additional renewal revenue.

It never ends: Expired subscribers are usually your best prospects. Once your renewal series has run its course, and another few months have gone by, include your expired subscribers as a “post-expire” list in any upcoming direct mail campaigns you’re conducting. (If your direct mail includes an introductory subscription offer that is cheaper than your regular renewal rate, be sure to wait at least 4-6 months after your final renewal notice.) Mail to them occasionally for the next three or four years, until response no longer justifies the cost. Post-expire mailings are usually not considered part of the renewal series itself, but they are part of your renewal marketing strategy.

After going through this process, you should now have a fairly helpful list of objectives and possible creative approaches – including your main selling points, the extent to which you want to encourage cash-with-order or multiple-year subscriptions, the number of efforts you plan to send out, and which efforts should concentrate on which of your many great reasons to renew. In short, something like this:

EFFORT	TIMING OFFER	SAVING	BENEFITS	EMPHASIZE WHICH BENEFIT(S)	OUTER ENVELOPE COPY	PACKAGE/ COLOR
1	4 months (before expire)	2 years - \$30	Just \$3.75 per issue!	Saving (vs. \$6.95 cover price)	Special Early Renewal Saving	Blue & Green
		1 year - \$18	Just \$4.50 per issue!			8 1/2 x 14
2	2 months (before expire)	2 years - \$32	Save 20%!	2-yr savings (\$32 vs. \$20/year)	It's time to renew	Yellow & Orange
		1 year - \$20		Editorial benefits		8 1/2 x 14
3	1 month (before expire)	2 years - \$35	Save over 37%!	Last chance for 2-yr savings	Last chance to save!	Blue & Green
		1 year - \$20	Save over 28%!	(vs. annual newstd rate of \$27.80)		8 1/2 x 14
4	At expire	1 year - \$20	Just \$5 per issues!	Hurry! You risk missing issues!	Urgent!	Yellow & Orange
				Uninterrupted service		8 1/2 x 14
5	At expire	1 year - \$20	Almost 30% off!	Don't let this be your last issue!	(wrapper on magazine)	Red & Yellow
6	1 month (after expire)	1 year - \$20	Save 28%!	Reader survey	A short note from the editor	Yellow & Orange
				Savings off newsstand price		(reader survey inside)

That's an overview of your renewal strategy. You'll also want to put together a creative brief, for your copywriter and designer to refer to, and for your ongoing reference. It will look something like this:

CREATIVE BRIEF

Publication Name: _____

Magazine Byline: _____

Editorial Mandate: _____

Editorial Benefits: _____

Annual Issues: _____

Current Audience & Demographics: _____

Cover Price: _____ Frequency: _____ per year

Subscription Prices: Basic \$ _____ Intro \$ _____ Renewal \$ _____ Institutional \$ _____

Subscription Savings/Benefits: _____

Competitors: _____

Differences between your magazine & competition: _____

Best newsstand issues over the past 2 years: _____

Worst newsstand issues over the past 2 years: _____

Best newsstand insert card response over the past 2 years: _____

Worst newsstand insert card response over the past 2 years: _____

How many renewal efforts in current renewal series: _____

SOME OTHER CONSIDERATIONS WHEN DEVELOPING A RENEWAL STRATEGY:

Look at other renewal series for ideas. Pay for subscriptions to other magazines and keep all the renewal efforts you receive (hint: if you don't renew, they'll keep coming!) – and write the date on each one as you receive it, so you can figure out their timing. Ask your peers at other magazines for samples of their renewal series, and for any tips on what they've found to be most effective, or problems to watch out for. Consider any tips you get from experienced renewal copywriters and designers.

Consider starting before the beginning. It's never too early. There are two primary ways of pre-renewing your customers: "Renewal At Birth" (or RAB) and "Advance Renewal" promotions. Both approaches are discount-oriented. RABs are when you add a renewal option to your invoice or new order acknowledgement forms (e.g. "Please pay the amount due, or add just \$15 to extend your subscription for another full year") – it costs you almost nothing, and even if very few people accept your offer, you won't have to send them renewal notices for the rest of that year. (An RAB could be included in a "welcome package" sent out shortly after your readers initially subscribe, perhaps telling them how to contact you about subscription questions, drawing their attention to your website, and thanking them for subscribing.) Advance renewal is the term for a special one-time mailing to a portion of your subscriber file that is not yet receiving renewal notices – perhaps giving them all a chance to renew just before a price increase. Not all magazines do RABs or advance renewals, but they can be quite effective.

Consider cramming in "last-minute" efforts. Although you may usually time your efforts so they're sent out 4-6 weeks apart, you can send out wrapped issues, fax-outs, and email efforts at about the same time as a "regular" mailed effort (especially as the subscription approaches expire) – enabling you to cram in more last-minute renewal reminders without starting your series 10 months before expire. This also gives you enough time

to allow some extra time to receive responses in between your earlier efforts: since the first two efforts are likely to generate most of the renewal orders that you'll ultimately receive, consider allowing more time between Efforts 1 and 2, to reduce the number of people who receive renewal reminders shortly after sending in their renewal order. Then pile on the efforts as the customer's expiration date gets closer.

Hold your ground. No matter how good your renewal series, be forewarned that some customers **will** complain about receiving renewal notices so early, or about the number of notices you're sending them. Of course, reply courteously to these customers, and if you get lots of these complaints, consider whether some changes are necessary to your renewal timing or creative – but don't panic and make drastic changes just because you receive seven complaints every year. (Some publishers have a separate renewal series in place, consisting of only a couple of efforts immediately before expire, specifically used for the handful of subscribers who complain about your renewal timing that has resulted in such great renewal rates.)

There is no one "correct" renewal series. Your magazine may not be in a position to offer long-term renewal discount incentives for early renewals – in which case you need to develop an alternative approach to justify sending early renewal notices (such as "You can help us keep our costs down and save paper by renewing now, rather than waiting until we've inundated you with last-minute expiration reminders"). Or if your magazine is published quarterly, it may be inappropriate to sound panicky about missing the next issue in a renewal effort sent out at the time of the expire issue, since the "next issue" is still 3 months in the future. Some trade publications have achieved success with renewal notices that look more like invoices than renewal promotions (although you can't actually use the word "invoice" or "bill" if the customer hasn't yet ordered). Use whatever is appropriate for your magazine and your readers, and discard the rest.



Part 3: Planning Ahead for a Manageable Renewal Procedure

PRODUCTION SCHEDULING

Establish a schedule for the development and testing of the new renewal series. Each step of the process depends on every other step, so you may need to revise the schedule if it turns out your copywriter can't begin work when you want them to. And your renewal notification procedure will have an impact on how long some steps will require. Allow at least 2-3 weeks for the copywriting phase, 1-2 weeks for design, another 1-2 weeks for printing, another 1-2 weeks for programming and testing, and another 2 weeks for good measure. (You may be able to pull it all together a lot quicker, but if you're one of those superhumans, you probably already know that – and don't need this guide in the first place.)

IMPLEMENTATION SCHEDULING

You'll also need to consider how your new renewal series will be tested or implemented, on the various expire pools that will be under promotion at that time, and that may depend on how confident you are that the new renewal series will represent an improvement over whatever you have got in place now.

If at all possible, you want to conduct a reliable test against a control panel, by randomly splitting at least one expire pool in half. We'll cover testing in greater detail in Part 8, but for now you should be thinking ahead to how and when the new renewal series can be tested.

When you're testing a new renewal series, it is very important to avoid making any other major changes at the same time. Subscription prices, editorial direction, magazine design, and other such changes can make it difficult to know whether your new renewal series is effective. It can be particularly problematic if you need to change fulfillment systems or renewal reporting methodologies while a major renewal test is imminent or in process. And because it takes quite a few months for a renewal test to wrap up (there may be 6-8 months between Efforts 1 and 7), it may be hard to postpone a change that will interfere. However, there are usually ways in which the results of a renewal test can be examined in isolation, if things are set up correctly in the first place (such as by using control and test groups).

ADDRESSING OF RENEWAL FORMS OR LETTER/FORMS

Whether you are lasering personalized forms or using pre-printed ones, you need to figure out how to get the information from your subscriber database onto each renewal form in the right place. You can do the programming yourself (perhaps as a mail-merge using word processing software) or give instructions to your fulfillment service bureau or lettershop. We'll cover this in more detail in Part 7, but such matters should be considered before you get to the copy and design stages of creating your new renewal series.

WHO WILL BE PREPARING THE MONTHLY MAILINGS?

Similarly, it's not a bad idea to determine ahead of time whether you will be preparing each monthly mailing in-house, or using an outside lettershop. Renewal mailings should be as routine as humanly possible – you will want to set up systems and procedures, data files, pre-printed stationery, renewal copy and any necessary programming.

Here are some considerations for determining who's going to be preparing the monthly mailings:

Admail vs. Lettermail. If you have only a few hundred active subscribers, your renewal notices cannot be mailed at Admail rates to take advantage of postal savings, and therefore you may not require the services of a lettershop. Magazines with larger subscription circulations will probably find it worthwhile to send out notices via Admail, and the extra mail-preparation work involved may make it more realistic to outsource this function.

Which magazines will usually have most of their monthly mailings reaching Admail's 1,000-piece minimum? If you don't already know your monthly mailing quantities, here's a quick tip: Assuming an approximate average of 2.5 mailed renewal efforts per expiring subscriber, AdMail would be possible on most monthly mailings for a quarterly magazine with at least 1,600 active subscribers (or for a bimonthly magazine with at least 2,400, or a monthly magazine with over 4,800 subscribers), because the monthly renewal mailing would usually exceed 1,000 (unless their expires are highly concentrated in one or two large expire pools).

Staffing resources. If you're considering doing your mailings in-house, consider whether you can routinely send out renewal notices every 4 to 6 weeks, as cost-effectively as possible, and with as little disruption as necessary to your staff's other priorities.

Fulfillment system capabilities and lettershop requirements. Ensure that your fulfillment system can produce lists of expiring customers in a consistent and reliable fashion each month, and that your lettershop (or in-house procedures) can work with the output from your fulfillment system. Don't rush to get your new renewal series printed only to discover that it takes a week of your time each month because the resulting procedure is too cumbersome, or that your lettershop will have to add extra charges because your materials weren't designed to their specifications. For instance, some high-speed laser printers have fairly exacting paper-stock requirements.



Part 4: How to Create and Work with a Renewal Schedule

Let's face it – renewals are complicated. At any one time, you may be sending different renewal efforts to several different expire pools, often with different stationery, and perhaps including some groups who are to receive different offers, and you may use several different suppliers (fulfillment houses, lettershops, etc.) for each monthly mailing. It's important to be very organized in order to prevent renewals from seeming like the most harrowing part of publishing a magazine.

The renewal schedule is your friend. Keep it simple, and always up to date. It should be a grid, showing which efforts are being mailed each month, to which expire groups.

To create a schedule, start out with a renewal timing grid for each renewal series (for example, if you have one series for your non-gift subscribers and one for your gift donors and recipients, prepare one timing grid for each series). Some magazines may have half a dozen different renewal series – perhaps one for recent direct mail respondents, one for people who subscribed at last year's consumer show, one for long-time renewers, one for people who entered last year's "free sub" contest, and one for gift subs – each receiving different offers or letters with different timing, with various numbers of efforts.

If your magazine is published quarterly or bimonthly, you'll need to mail renewal notices even in months when it's not published.

SAMPLE RENEWAL TIMING GRID (BASED ON A QUARTERLY MAGAZINE)

EFFORT	TIMING	PACKAGE
1	6 months before expire issue	"Special early renewal savings offer"
2	4 months before expire issue	"Last chance for early renewal savings!"
3	With second-last issue (3 months)	Wrapper: "Your subscription is running out"
4	2 months before expire issue	"Keep the excitement coming!"
5	1 month before expire issue	"Expiration Notice"
6	With expire issue (0 months)	Wrapper: "This is your last issue!"
7	1 month after expire issue	"It's not too late!"

Then you plot it out onto actual calendar months, for each expire pool, working backward and forward from the date when each expire issue will be mailed, and you wind up with something like this:

SAMPLE RENEWAL SCHEDULE (BASED ON A QUARTERLY MAGAZINE)

Selection Date		12-Jan.	9-Feb	9-Mar	13-Apr	11-May	8-Jun	6-Jul	10-Aug	7-Sep	5-Oct
Mail Date		19-Jan	16-Feb	16-Mar	20-Apr	18-May	15-Jun	13-Jul	17-Aug	14-Sep	9-Oct
Exp Pool	Subgroup										
Jan 05	Agency-sold	3: Wrap B									
Jan 05	Regular	6: Wrap B	7: It's								
Jan 05	Gift donors										
Jan 05	Gift recipients	2: Wrap B	3: It's								
Apr 05	Agency-sold	2: Wrap A			3: Wrap B						
Apr 05	Regular	3: Wrap A	4: Keep	5: Exp	6: Wrap B	7: It's					
Apr 05	Gift donors	3: D3	4: D4								
Apr 05	Gift recipients			1: Exp	2: Wrap B	3: It's					
Jul 05	Agency-sold	1: ER			2: Wrap A			3: Wrap B			
Jul 05	Regular	1: ER		2: LC	3: Wrap A	4: Keep	5: Exp	6: Wrap B	7: It's		
Jul 05	Gift donors	1: D1		2: D2	3: D3	4: D4					
Jul 05	Gift recipients						1: Exp	2: Wrap B	3: It's		
Oct 05	Agency-sold				1: ER			2: Wrap A			3: Wrap B
Oct 05	Regular				1: ER		2: LC	3: Wrap A	4: Keep	5: Exp	6: Wrap B
Oct 05	Gift donors				1: D1		2: D2	3: D3	4: D4		
Oct 05	Gift recipients									1: Exp	2: Wrap B
Jan 06	Agency-sold							1: ER			2: Wrap A
Jan 06	Regular							1: ER		2: LC	3: Wrap A
Jan 06	Gift donors							1: D1		2: D2	3: D3
Jan 06	Gift recipients										
Apr 06	Agency-sold										1: ER
Apr 06	Regular										1: ER
Apr 06	Gift donors										1: D1
Apr 06	Gift recipients										

In a renewal schedule, you want to easily see: (A) the timing of each effort to each expire pool, so you don't inadvertently skip an effort, and (B) which efforts are to be mailed to which expires in any given month. By listing expire pools down the side, and monthly mailings across the top, you can see both at a glance, by reading across or down. You can easily set up such a schedule in Excel or Lotus 1-2-3.

In the example schedule above, you'll see a short note after each effort number, indicating which renewal package they're to receive, so you don't mistakenly send a regular renewal package to gift donors, for instance. You can also see when gift

recipients can be sent the same renewal package as regular subscribers (even if they're coded as different effort numbers). Use your renewal schedule to keep any such notes that you'll find helpful when running renewals each month. Just keep it simple so the "big picture" isn't obscured.

It can also be helpful to keep track of your mailing quantities by effort on your renewal schedule, so you can see the numbers in some sort of context. If your Effort 2 mailing quantity has barely decreased at all from the Effort 1 quantity to that same group of subscribers two months ago, maybe there has been a slowdown in the outgoing or incoming mail, or maybe data entry has fallen behind, and there

is a pile of renewal orders that hasn't been entered yet. This also helps you to estimate your stationery requirements ahead of time, so you can re-order if you're running low on letters, forms or envelopes.

Don't let your renewal mailings fall too far behind schedule. It's almost impossible to catch up again if that happens. For instance, if your first effort promotes an "early renewal" offer, and you don't send out renewals for four months, your "early renewal" offer might be sent out a few weeks before expire. More importantly, your renewal rates will suffer, and once you've lost a large chunk of your subscribers, it's very costly to return to your original circulation level.



Part 5: Developing Effective Renewal Copy

Should we hire a copywriter, or write our own renewal copy? If possible, hire a professional copywriter. Although your magazine's editor knows how to create a magazine that interests its readers, writing direct marketing copy is a specialized skill. Ask your peers for recommendations. If possible, request quotes from two or three different copywriters. Consider whether they seem to understand your magazine and its audience, and whether they have experience in creating magazines' renewal series. Ask for samples of their work.

WORKING WITH A COPYWRITER

Once you've selected a copywriter, you'll need to provide more background on your magazine. Arrange a meeting, and go through your creative brief together, along with the renewal marketing strategy you prepared earlier. Your creative brief should outline:

- > Which terms and prices are to be offered at what points in the renewal series, whether those include or exclude GST/HST, whether you charge QST or not, and what the corresponding US, Foreign and Institutional prices are, as appropriate,
- > Your annual newsstand price and any other subscription prices you offer to new subscribers, etc.,
- > Who your primary competitors are, and your competitive strengths,

- > Your specifications (e.g. "a 6-effort renewal series consisting of 5 mailed efforts plus an expire wrapper, with each effort consisting of a lasered letter/form and a unique outer envelope ..."), and
- > Whether there are any separate groups of subscribers that will need to receive different sets of renewal letters (such as controlled subs that you wish to convert to paid, gift donors plus recipients, etc.), and whether they are expected to do separate versions for those situations.

As part of your creative brief, you may want to tell the copywriter up-front what selling point to emphasize in each effort (savings, editorial angle, urgency, etc.). Or you may want to ask for their recommendations and leave that up to the copywriter to determine.

Give your copywriter a few copies of your recent issues, and any recent reader survey data or market research. Tell them about any deadlines they need to work within.

Discuss what the draft/approval process will be. You will want to see one or two drafts of the copy (and perhaps a rough layout) before approving the final copy and letting the designer have a go at it. Run at least one draft by your editors for their review. Work with the copywriter to make sure the copy reflects your magazine in both content

and “tone”, and that you’re comfortable with all aspects of the renewal pitch.

Hopefully you’ll be pleased with their copy. But if you find you’re tempted to rewrite the first draft extensively, consider having a discussion with the copywriter to clear up any misunderstandings. Remember that copywriters should be better at this than you are – that’s why you hired them. Your role should be to ensure the copy is factually correct, and to make sure the copywriter understands your requirements and objectives.

RENEWAL COPY TIPS

Whether you’re writing your own renewal copy, or working with a professional copywriter, here are some things you should expect in your new renewal series.

In many ways, a renewal series should follow the same guidelines as any new subscription promotion:

Renewal notices are promotional. Your renewal efforts should “re-sell” the magazine. Renewal notices shouldn’t be perfunctory:

- > outer envelopes should entice the customer to open the packages,
- > letters should point out the benefits of subscribing,
- > some efforts should extend a special offer to encourage renewal,
- > each effort should explicitly ask for their renewal order (be direct), and
- > each effort should provide one or more convenient ways of ordering.

Make renewing “effortless”. Make it as easy as possible to respond. For instance, enclosing a pre-addressed reply envelope (preferably Business Reply Mail) will take care of those customers who don’t have an envelope and/or postage stamp handy – and the letter should therefore point out that reply postage is pre-paid. Offer to take care of their renewal order by telephone (toll-free number if

possible), fax, or email – or even encourage them to renew on your website. Offering “bill-me” or credit card payment will be helpful for those without a chequebook handy.

Although providing too many options can reduce response rates, ease of ordering can boost response rates, so make sure you offer those conveniences in a simple and uncomplicated manner. Boldface or otherwise highlight your most favoured mode of response.

Renewals are reader-oriented. Renewal copy must reflect your magazine’s content and “tone”. If your magazine appeals to its readers because it’s sophisticated, erudite, plain-speaking, or playfully irreverent, your renewal series should reflect that.

You simply can’t over-use the word “you” in renewal copy – it’s all about your readers, and your magazine’s place in their lives (not the other way round). Minimize the number of references to “we” and “us” – orient the text so it focuses on “you” (the reader).

Don’t plead with subscribers to renew – your letters should convey that you’re offering to do them a favour, with each and every renewal effort (savings, uninterrupted service, etc.).

Focus on editorial benefits. Don’t merely describe your magazine’s editorial content, but remind the reader why the magazine is enjoyable or valuable to **them**, and about the benefits of subscribing. Highlight your service pieces. Customers subscribe to investment magazines in the hope of retiring comfortably, or to news magazines so they can maintain intelligent conversation at dinner parties, or to classical music magazines because they used to buy too many unsatisfying Bartok recordings and they now depend on your reliable CD reviews. Address those unspoken motivations. Instead of stressing that you publish photos of great-looking gardens, remind them you provide your readers with expert tips “so you too can grow an outstanding garden, just like the ones in our pages”.

Stress other benefits. Your renewal copy could draw attention to:

- > the savings off the annual newsstand price (or even mention that it's hard to find on newsstands),
- > the savings off the regular subscription price (e.g. "this early renewal long-term savings rate is available to current subscribers only"),
- > the convenience of subscribing (home delivery),
- > the assurance that they'll never miss an issue,
- > a guarantee of satisfaction (refund is available if they're ever dissatisfied), and
- > how easy it is to renew.

However, renewal notices are different from new subscription promotions in several important ways:

Your customers already know the magazine.

Although on some efforts you should talk about the magazine itself, you can presume some familiarity with the product, and instead focus those efforts on savings, urgency, or other great reasons to renew.

You already have a relationship with the reader.

Tell them how much you value having them as a subscriber. Consider offering them a "thank you" rate available only to loyal readers – perhaps a discounted 2- or 3-year rate. Later on in the series, express your concern at the prospect of losing them as readers, and ask them for feedback on why you have lost their support.

Variety between efforts is essential. Don't send out a series of six identical renewal notices that say "it's time to renew". Each effort should have a unique message and a new visual approach. Some efforts can have lengthy letters, others can be almost point-form. Some efforts might provide several options (such as prepayment vs. bill-me, or 1-, 2- and 3-year offers) while others might emphasize simply sending in the form immediately, with no term or payment options. Some letters should be signed by the Publisher or Circulation Manager, while others are signed by the Editor. Orient each letter around one or two essential points, and don't distract the reader.

Start early. Renewal notices usually generate better response rates if they're sent before the subscription expires, so send most of your efforts before that happens. Your first renewal effort should probably be sent out 4-6 months before expiry. But you'll need a jolly good reason for contacting them that early. Offer them an attractive "long-term renewal rate only for loyal readers", or a bonus issue, or a premium (free gift) for early renewal.



Make your best offers on your earliest efforts. Never encourage your customers to wait until you get desperate and offer them a better deal. Offer them incentives for responding early (perhaps discounted multi-year offers), make it clear that this is the lowest price they'll get, and never reduce the price on later efforts.

The renewal series should have a "flow" to it. Early renewal efforts should provide a reason for why you're contacting your readers so early – perhaps with a reply-by date. Mid-series efforts might instead talk about the magazine and the benefits of subscribing. Efforts sent near expiration should emphasize the danger of missing the upcoming issue. And final efforts should make it clear that it's not too late to keep the magazine coming. On every effort, there should be a new, fresh, compelling

reason to renew now (today, right away, tout de suite, don't delay) – the urgency should always be there, even if each effort offers a different reason why your subscriber must act NOW.

“No thanks” replies are OK: You can solicit feedback. Perhaps on a later effort, renewals can benefit from a “reader survey” approach, where you

ask subscribers to tell you (whether or not they're renewing) a few things they've liked and disliked in recent issues – which will encourage them to reply in either case, but also perhaps yield some valuable feedback.



Part 6: Renewal Notice Design

You may wish to emphasize some of these points in your creative brief, but the copywriter will know most of this already. We have outlined it here to assist you in evaluating or commenting on the first-draft copy.

Should we design our renewal notices ourselves?

Not if it can be avoided. Magazine design is one thing, renewal efforts are quite another. An experienced direct marketing designer will create a “look” for your renewal series that reflects your magazine, while also emphasizing the most important aspect of each effort, and making them easy for customers to understand and respond to. Choose a promotional designer as carefully as you chose your copywriter.

WORKING WITH A DESIGNER

The designer should be provided with your draft printing specs. (You should obtain printing quotes before going to final art, so that your designer knows which print formats you can afford, and she doesn’t create a four-colour design if you already know you can only afford to print two Pantone colours.)

Give your designer the same creative brief that you gave to your copywriter, along with any design notes or rough layouts supplied by the copywriter. You can give the designer an effort-by-effort grid of the print specs you anticipate using for each effort, for each component – outer envelope and

letter/form (or separate letter and form), wrapper, or outsert, etc.

You’ll need to supply your designer with your magazine’s logo (hi-resolution, perhaps in both Pantone and process colour versions) and the mailing address you use for subscription-related correspondence. Also, your GST business number, since that should be included on your renewal form (in tiny type). You may also need to contact Canada Post for some Business Reply Mail artwork, or download customized artwork in the required dimensions from Canada Post’s Online Business Centre at www.canadapost.ca (enter the dimensions of your reply envelope, and the size of your tear-off cards [excluding bindery trim] if you’re designing a wrapper, and you’ll have the artwork almost immediately).

Discuss with your designer what the draft/approval process will be. It’s always a good idea to show a preliminary draft to the printer who’ll be producing the job, and to the lettershop who’ll be working with the printed stationery from month to month – particularly if they’ll be lasering some copy and/or graphics onto the renewal form (or letter/form combo). Best to be alerted to any potential problems before it’s final!

SOME RENEWAL DESIGN TIPS

Variety: An important objective of each effort’s design is to attract your customer’s attention once more, by making it look different from what has come before. The design should complement the



copywriter’s approach to each effort – when the copy emphasis is on savings, the design should emphasize that, and when the copy stresses urgency, the design should be particularly simple.

Renewal letters: The font on your renewal letters should be clear and highly legible. Paragraphs should usually be extremely short (only one or two short sentences). It should be easy to glance at the letter for a couple of seconds and have **some** benefit immediately jump out. There are many ways of doing this, including:

- > “johnson boxes” (a short bit of text at the top of the letter surrounded by a box),
- > one important paragraph set in from the margins so it appears particularly readable,
- > bullet-point lists,
- > yellow highlighting,
- > extra punctuation (commas, dashes, ellipses) to make sentence fragments jump out,
- > boldfaced text and underlined words to emphasize benefits, and/or
- > handwritten bits in the margins.

Renewal forms: Forms should be very easy to understand and fill out, and special offers should be prominently displayed. The customer should be able to quickly see what their choices are, how much they will be paying, and how much they’re saving. If there’s any confusion (such as to whom the cheque should be payable, or if you require

the customer to calculate 7% GST themselves), response rates may suffer.

As with all subscription order forms, it’s a good idea to review the renewal form layout with your fulfillment service bureau or in-house fulfillment staff (if that’s not you!). You’ll need to ensure that there is enough room to include all the information they’ll need in order to process the orders correctly – such as:

- > the customer’s address,
- > a subscription number (or customer number),
- > expire issue,
- > renewal keycode or effort number,
- > maybe a line for customers to fill in their phone numbers or email addresses, and
- > hopefully enough blank space for customers to write in address corrections.

If you’re not pre-printing the renewal offers on the form, then you’ll want to ensure that there’s enough room to do that when the forms are being personalized. Renewal designers will usually “dummy up” how the renewal form will look to the customer, **including** all of the text that will usually be added as the forms are addressed each month. (Once the artwork is finalized, the designer will remove those personalized elements before sending a sample of the final art both with and without the personalization mock-up, so you can show these to the laser programmer.)



Outer envelopes: These should entice your subscribers to open them. Revealing too much information can make opening the envelope unnecessary. Remember to consider whether a pre-printed postal indicia is necessary, or whether to leave enough room for a stamp or postage-meter impression. If possible, avoid printing anything below the level of the bottom of the window, since Canada Post uses that area for barcoding Lettermail. Your magazine’s return address should be provided, since you want to receive returns of any undeliverable addresses so you can update your subscriber database.

Also, remember to think carefully about window positions – there are several places for windows, so when you get printing quotes, choose the right window position based on where the address will be appearing on your renewal form, so it shows through correctly.

Ugly or beautiful? To be brutally honest, sometimes ugly and garish renewal packages outperform gorgeous packages. Don’t necessarily freak out if your designer develops a renewal series that you think is unbecoming of your magazine’s understated design. It’s all about grabbing the reader’s attention and not letting go until they renew.

PRE-PRESS AND PRINTING

Make sure your designer knows what desktop publishing or image format is required by your

printer (or film house) for the final art, and whether you’re having all film created at the same place, or if the art for different package components should be on different CDs or other media so they can be delivered to different printers or film suppliers. Typically, you won’t be using your regular magazine printer for these kinds of jobs.

If you’re having film created by anyone other than the printer, you’ll need to find out the printer’s film specifications and give those to the film house. Be sure to specify what kind of pre-press proof is required for the printer’s reference (and your own). Check the proof carefully before sending it to the printer with the film. [Also note that some printers will be able to print direct-to-plate, which eliminates the need for film – but the printer should still provide you with a digital pre-press proof, to ensure that there were no missing fonts or other problems with the desktop files sent by your designer.]

You’ll have to tell your printer(s) where to ship your new renewal notice materials, which may be several different locations (for instance, your wrappers probably get shipped to your magazine printer). Also have them send a dozen samples of each piece to you, for your future reference. (You can’t imagine how often those will come in handy!)



Part 7: Addressing and Mailing

ADDRESSING

If you are using forms with most of the effort-specific information already pre-printed, the customer-specific information you need to put onto the renewal notices should be fairly straightforward: name, address, subscription number, and expire issue. That's the good part of using such a rigid renewal series. You just need to indicate which groups of customers are to be printed on which forms, and which letters and envelopes are to be used in each case.

PERSONALIZATION

If you are using personalized generic laser forms, you need to use fields in each subscriber's database record to "trigger" the right information to include on the form. In each situation, you need to make it clear exactly which values are possible in each of the fields in the data coming from your fulfillment system, and what to do in each case. If you're doing your own programming, you have to do all the dirty work, but even if you're outsourcing this function, you have to provide clear instructions so the programming is done correctly. For instance, to trigger prices for your 1-year offer, you might write out your programming criteria thusly:

The field 'Region' has values of CAN, USA or FGN – so if it's FGN print "\$30 incl postage"... if it's USA print "\$25 incl postage" ... or if it's CAN and the first character of the 'PostalCode' field is A, B or E, print "\$21.50 with HST" ... and for any other records with a region of CAN print "\$20".

You'll also need to provide the programmer with a mock-up of which text is to appear in which positions on your renewal forms or letter/forms, and let them know if certain fonts are to be used, and which elements are to be more prominent than others.

All this programming should be set up ahead of time, and tested using some dummy data from your fulfillment system, until the laser output works as intended and everything lines up in the right positions. After approving the programming, no further changes should be made (to either the programming or the structure of the source data from your fulfillment system) without re-testing – from now on, you must be able to depend on the laser output to remain exactly as it was on the samples you have approved.

HOW DOES IT ALL FIT TOGETHER?

As a rule, the magazine's circulation staff maintains the renewal schedule, and ensures that adequate inventory is available to satisfy stationery requirements.

Based on your renewal schedule, you will select from your fulfillment system (or from your service bureau), those customers who are due to be sent each renewal effort. This will produce electronic files (of names, addresses, account numbers, etc.) – one file for each of the renewal packages you're using.

These files can be used for addressing renewal forms or laser personalizing your letter/forms, and the forms will then be inserted with the remaining

materials (reply envelope, letter, etc.) in the appropriate outer envelope. (If you're outsourcing your lettershop operation, you will need to provide stationery usage instructions for each package). Packages are then metered with postage, and prepared for mailing.

After each mailing, you should review your inventory with an eye on your expected usage requirements for the next few months, and reprint any stationery items that are running out.

If some of your "packages" actually consist of email, fax, or phone efforts, those customer lists may be sent out to a service bureau for them to take care of. And customers due for wrapper/outsert efforts will be selected as part of your issue label run and sent to your magazine mailer.

Sounds simple, doesn't it? If you've set everything up ahead of time, it should be quick and painless. Something you might actually enjoy coordinating every month!

SEED YOURSELF!

Always remember to "seed" your own address with each renewal effort you send out, so you know when your customers receive their renewal notices, and so you can see exactly what they're receiving. Read through the "seed" renewal notices you receive (it only takes a few minutes a month) to ensure that everything is still going as planned. Quickly resolve any problems that arise, before next month's mailing is upon you.

If you already have a renewal series in place, and you're developing a new renewal series, it's important to test the new series against the old, and to compare the two response rates against one another. This is true even if you're adding an additional effort to an existing renewal series, such as a wrapper. After implementing a new renewal series, you'll need to know what kind of impact it had – and if that impact was unfavourable, consider reverting to the old series!



Part 8: Testing and Implementing a New Renewal Series

Larger magazines, who usually use more sophisticated fulfillment software, will be able to accomplish such a test quite easily. Smaller magazines, or those who are using more basic fulfillment systems, will have to carefully consider their options. However you go about it, the objective is fairly simple: You want to treat two reasonably large groups of expiry customers – who are in every other respect comparable to one another – differently. One group should get the old series, another should get the new.

The best way to go about this is to select one or more expiry pools for the test, and evenly split each one into two randomly selected panels. The “control” panel will continue to receive the old renewal series from Effort 1 through to the end, and the “test” panel will get the new renewal series from Effort 1 through to the end.

Size and composition of test and control panels:

You should try to have at least 50-100 renewal orders from each of these panels for them to be compared fairly reliably – and many more if at all possible. To do this, if your renewal rate is around 50%, you'd need to have control and test panel sizes of at least 100-200 each. If you have an expire pool with at least 400 subscribers to be split in half, that'll do the trick. If not, perhaps you can test your new renewal series on two consecutive expire pools (splitting each pool in half). The bigger the sample size, the more reliable your test results will be.

The control and test panels should be as comparable to one another as possible – if you were to send the control renewal series to all your new subscribers, and the test series to all your long-time loyal readers, results couldn't be reliably compared! Split the two randomly, not meaningfully.

For many small magazines, renewal testing will be difficult or even impossible – not only because their small circulation levels prohibit statistically valid panel sizes, but because they are using fulfillment systems that do not enable them to conduct such a test, or do not provide adequate renewal reports to evaluate the results afterward. It is important to know the objective, and to strive for it, even if it means tracking some data manually. Do what you can!

If you choose to simply implement it as of a certain month, no matter what Effort each expire pool should be sent (according to the timing of your old series), some nasty complications can arise (your new Effort 3 may be scheduled earlier than your old Effort 2, or may offer a lower price). On the other hand, if you start the renewal series effective with Effort 1 to a brand new expire pool, then for the next few months you'll be continuing to mail the old renewal series to previous expire pools, while you're also sending the new renewal series to a new expire pool. There are right and wrong ways of going about all this, but they depend on your magazine's individual circumstances, and if you're not sure of yourself, consider obtaining some expert guidance to help work through such details with you.

For instance, if you're testing the new series on your July expire pool, you'll have something like the chart below.

Note that in this example, you would be splitting up your Jul05 expire pool in time for a February mailing, but then only mailing your new Effort 1

package to half of them (the test panel), while the control panel will sit patiently for another 2 months before they get their Effort 1 based on your old timing (at which point your test panel is ready to be sent Effort 2). And so on, until the test panel has received its Effort 7 in September. A couple of months after that, you can consider your results "final" and determine whether your new renewal series was more effective overall.

Throughout the period of the renewal test, you need to keep those two panels of your July expire pool separate, so that customers remain in whichever panel they're in from one effort to the next. You also need to ensure that when you track the renewal orders received, you can tell not only which effort number they responded to, but also whether they were sent the control or test renewal series. Some fulfillment systems cannot handle such details very readily, so you need to work out exactly how it's to take place, for each month's mailing, and how you'll track renewal orders, based on how they'll be shown on your renewal reports.

Selection Date	9-Feb	9-Mar	13-Apr	11-May	8-Jun	6-Jul	10-Aug	7-Sep
Mail Date	16-Feb	16-Mar	20-Apr	18-May	15-Jun	13-Jul	17-Aug	14-Sep
Jul 05 expire pool								
Control Old Series			1		2	3	4	
Test New Series	1		2	3	4	6	6	7



Part 9: Renewal Analysis

For the reasons discussed in Part 1, all magazines should monitor their renewal response closely. For those magazines doing renewal testing, or making changes to the content or design of the magazine itself, or even to the way in which new subscriptions are marketed, renewal analysis is even more important. As we've seen, changes to a magazine's renewal rate can have a profound impact on its ability to stay in business. But the "renewal rate" is really just the tip of the iceberg.

WHAT DOES A RENEWAL RATE ACTUALLY MEASURE?

Renewal rates can mean different things, and there are various ways of measuring them as a result:

Customers' continued satisfaction with your magazine. If your magazine isn't serving its audience, or if another magazine comes along that does a better job, your audience will go on its merry way. On the other hand, if your magazine is improving, one indication might be improvements in your overall renewal rate.

To keep an eye on your customers' satisfaction levels, watch for shifting renewal rates within each source – such as how many direct-mail sold subscriptions were due to expire with each issue, and how many of those customers renewed. All you need is the renewal rate by source. (And perhaps how many of your renewing customers are choosing 2- or 3-year renewal terms – another indication of editorial satisfaction.)

And if your magazine is getting better at serving its readers – or if it's losing touch with them – you'll also see it reflected elsewhere. You should also watch for any changes in:

- > your newsstand sales (both the absolute number and sell-through percentage),
- > insert card response rates (particularly on inserts from newsstand copies), and
- > invoice payup rates.

If all these numbers begin to increase (or decrease) at about the same time, your readers are trying to tell you something. In order to gauge the editorial and design success of your magazine, don't merely rely on the handful of comments in the letters and emails you receive from your readers – watch your circulation trends as closely as you can.

Your magazine's editor should be kept informed about changes reflected in these key indicators of editorial health. Circulators and editors share the responsibility for keeping your readers coming back for more.

Cost-effectiveness. Although renewals are usually profitable, there's no point in sending out renewal efforts to which customers don't respond. To monitor renewal efficiency, you need to keep track of (or estimate) your renewal costs by effort, the quantity (and cost) of each renewal effort mailed, and the number of renewal orders (and revenue) generated in response to each effort.

Fluctuations due to source mix. Since renewal rates vary by source, the composition of your subscriber file will have an effect on your overall renewal rate.

WHAT IS A GOOD RENEWAL RATE?

A magazine that is acquiring many new readers rapidly will have a lower overall renewal rate than a magazine that has reached a circulation plateau and isn't investing as heavily in new subscription development. Also, many magazines whose economics are driven primarily by advertising revenues will continually be bringing in "marginal" sources of circulation – readers who were enticed to subscribe by a "free gift", or were sold in-person

or by telephone, where it's harder to say "no" – and those marginal readers won't renew as readily as the magazine's core audience, so such magazines will have lower overall renewal rates. That's not necessarily a bad thing, it's just a different way of doing business.

Look deeper than your "overall" renewal rate – examine the composition of your own readership based on the industry's typical renewal rates by source (shown below), and determine whether your magazine is performing well enough on the renewal front:

THREE HYPOTHETICAL MAGAZINES WITH SAME RENEWAL RATES BUT DIFFERENT SOURCE MIXES

Source of Expiring Subscription	Typical Renewal Rate	MAGAZINE A		MAGAZINE B		MAGAZINE C	
		Subs by Source	Renewal Rate	Subs by Source	Renewal Rate	Subs by Source	Renewal Rate
Direct Mail	40%	3,500	40%	400	40%	50	40%
Insert Cards	55%	2,000	55%	150	55%	60	55%
White Mail	60%	200	60%	400	60%	200	60%
Website Orders	25%	150	25%	0	25%	150	25%
Conversions	60%	4,000	60%	800	60%	900	60%
Pure Renewals	75%	3,000	75%	700	75%	1,500	75%
Gift Subscriptions	55%	400	55%	50	55%	20	55%
Converted Ex-Controlled	45%	500	45%	0	45%	0	45%
Agency (School Plan)	30%	8,000	30%	0	30%	0	30%
Agency (Catalog/Library)	1%	450	1%	150	1%	350	1%
		22,200	46%	2,650	57%	3,230	59%

Your magazine's overall renewal rate will probably be somewhere in the vicinity of 50%, but a few percentage points either way can make an enormous difference to the magazine's long-term profitability. It may cost you \$40 to sell each new \$20 subscription through direct mail, but it will probably cost you around \$5 in renewal notification costs in order to get the next \$20 renewal. As your renewal rates increase, so will your overall profitability, because profitable renewals will comprise an increasingly large portion of your subscriber file.

WHAT KIND OF RENEWAL REPORTING SHOULD WE HAVE IN PLACE?

To a large extent, your ability to generate renewal reports depends on the fulfillment software you use. But, no matter how good they are, the renewal reports from your database program are probably just the starting point in your renewal analysis. Every magazine has its own way of looking at renewal data, and you will probably want to develop your own reports. You should have three or four different types of reports at your disposal, even if you have to re-type numbers from your fulfillment system's reports (or manual tallies) into a spreadsheet:

Current renewal mailing and response summary.

On a monthly basis, you should review renewal response data by effort, for the expire pools to whom you're currently sending renewal notices. You want some assurance that your renewal notices were indeed mailed out, and that people are responding. If nobody in your May expire pool has yet sent in a single response to last month's Effort 3, you may want to check that the mailing went out

on time, and consider whether or not it's premature to mail out Effort 4 to those same people – or if there's a more chronic problem indicating that your renewal notice timing should be reconsidered. (You can't wait for **everyone** to respond before sending out the next effort, but it's a good idea to ensure that **some** renewal orders are entered first). Such a report might look something like this:

Prior Source	Expire	Effort	Date Mailed	Weeks ago	Qty mailed	Renls	Renl %
Direct	Jan-05	1	5-Jul-04	31	100	18	17.8%
Direct	Jan-05	2	3-Sep-04	22	84	11	12.9%
Direct	Jan-05	3	4 Oct-04	18	73	7	9.0%
Direct	Jan-05	4	3-Nov-04	13	66	5	7.5%
Direct	Jan-05	5	4-Dec-04	9	61	3	5.1%
Direct	Jan-05	6	3-Jan-05	5	58	2	3.8%
					100	46	46.0%
Direct	Mar-05	1	2-Sep-04	22	219	36	16.5%
Direct	Mar-05	2	1-Nov-04	14	187	25	13.2%
Direct	Mar-05	3	2-Dec-04	9	162	16	9.8%
Direct	Mar-05	4	1-Jan-05	5	145	9	6.0%
Direct	Mar-05	5	1-Feb-05	1	136	0	0.0%
Direct	Mar-05	6					
					219	86	39.3%
Direct	May-05	1	2-Nov-04	14	75	15	19.8%
Direct	May-05	2	1-Jan-05	5	62	6	9.0%
Direct	May-05	3	1-Feb-05	1	55	0	0.0%
Direct	May-05	4					
Direct	May-05	5					
Direct	May-05	6					
					75	21	28.0%

Detailed renewal response report by source and effort. This is one of the most important renewal reports, even if you only look at it a few times a year. This report is more detailed, showing a variety of key indicators, and comparing them from pool to pool. Important indicators to watch include

not only your gross and net renewal response rates, but also the percentage of renewing customers who choose 2- or 3-year subscriptions, what percentage of respondents are asking to be billed, and what percentage of those bill-me renewals have been paid.

PRIOR SOURCE: DIRECT MAIL SOLD

Expire	Effort	Date Mailed	Weeks ago	Qty mailed	Gross Rens	Gross Renl (%)	(%) Billed	(%) Inv Payup	Net Rens	Net Rens (%)	(%) 1-yr Net	(%) 2-yr Net	(%) 3-yr Net
Jan-05	1	5-Jul-04	31	100	18	17.8%	39.0%	86.0%	17	17.0%	18.0%	29.0%	53.0%
Jan-05	2	3-Sep-04	22	84	11	12.9%	9.0%	100.0%	11	13.0%	73.0%	9.0%	18.0%
Jan-05	3	4-Oct-04	18	73	7	9.0%	14.0%	100.0%	7	10.0%	43.0%	57.0%	0.0%
Jan-05	4	3-Nov-04	13	66	5	7.5%	100.0%	80.0%	4	6.0%	100.0%	0.0%	0.0%
Jan-05	5	4-Dec-04	9	61	3	5.1%	0.0%		3	5.0%	67.0%	33.0%	0.0%
Jan-05	6	3-Jan-05	5	58	2	3.8%	0.0%		2	3.0%	100.0%	0.0%	0.0%
				100	46	46.0%	30.4%	85.7%	44	44.0%	50.0%	25.0%	25.0%
Mar-05	1	2-Sep-04	22	219	36	16.5%	39.0%	79.0%	33	15.0%	15.0%	27.0%	58.0%
Mar-05	2	1-Nov-04	14	187	25	13.2%	12.0%	67.0%	24	13.0%	75.0%	13.0%	13.0%
Mar-05	3	2-Dec-04	9	162	16	9.8%	13.0%	100.0%	16	10.0%	44.0%	56.0%	0.0%
Mar-05	4	1-Jan-05	5	145	9	6.0%	89.0%	75.0%	7	5.0%	86.0%	14.0%	0.0%
Mar-05	5	1-Feb-05	1	136	0	0.0%				0.0%			
Mar-05	6												
				219	86	39.3%	31.4%	77.8%	80	36.5%	45.0%	27.5%	27.5%
May-05	1	2-Nov-04	14	75	15	19.8%	40.0%	83.0%	14	19.0%	14.0%	29.0%	57.0%
May-05	2	1-Jan-05	5	62	6	9.0%	17.0%	100.0%	6	10.0%	83.0%	17.0%	0.0%
May-05	3	1-Feb-05	1	56	0	0.0%				0.0%			
May-05	4												
May-05	5												
May-05	6												
				75	21	28.0%	33.3%	85.7%	20	26.7%	35.0%	25.0%	40.0%

Historical trend analysis. Sometimes it's helpful to refer to a report that shows key indicators (such as gross response) more clearly over an extended period of time. For instance, in a report such as the

one illustrated below, gross response rates by effort can more readily be compared from one expire pool to the next, and trends can be monitored over the course of several years.

Exp Pool	Effort 1			Effort 2			Effort 3			Effort 4			Effort 5			All Efforts		
	Mailed	Rens	Renl %	Mailed	Rens	Renl %	Mailed	Rens	Renl %	Mailed	Rens	Renl %	Mailed	Rens	Renl %	Mailed	Rens	Renl %
Jul-04	82	16	19.5	66	8	12.2	52	5	9.5	42	3	7.1	34	1	3.0	82	33	40.2
Sep-04	112	23	20.5	90	12	13.4	72	7	9.8	57	4	7.0	46	2	4.4	112	48	42.9
Nov-04	98	16	16.3	78	11	14.0	63	6	9.6	50	4	8.0	40	2	5.0	98	39	39.8
Jan-05	100	18	18.0	84	11	13.1	73	7	9.6	66	5	7.6	61	3	4.9	100	44	44.0
Mar-05	219	36	16.4	187	25	13.4	162	16	9.9	145	9	6.2	136	0	0.0	219	86	39.3
May-05	75	15	20.0	62	6	9.7	56	0	0							75	21	28.0

Renewal profitability analysis. Armed with renewal revenue figures, and your printing and mailing costs, you can calculate your renewal profitability by effort and source. Instead of doing this for each and every effort within each source within each expire pool (which would be too many trees and not enough forest), group several expire pools together by source.

worth of expire pools (combined together), and then calculate how much it cost you to send each effort, and how much revenue you received in response to each effort. For profitability analysis, always use data for expire pools that are “final” (i.e. no further renewal responses are expected). For this exercise you want to see the big picture – so you can make big decisions, with a report like this:

For instance, you could look at renewals by effort for your direct mail source for an entire year's

PRIOR SOURCE: DIRECT MAIL SOLD (JAN-DEC 05 EXPIRE POOLS)

Expires	Effort	Qty Mailed	Delivery Method	Cost/ Notice	Promo Cost	Net Resp % by Effort	Net Renl Orders	Cost/ Reply	Reply Cost	Total Costs	Avg Price per Renewal	Renewal Revenue	Profit (Loss)	P(L) per Renewal Order
985	1	985	Mail (Admail)	\$0.571	\$562	17.06%	168	\$0.62	\$104	\$667	\$39.76	\$6,680	\$6,014	\$35.80
	2	833	Mail (Admail)	\$0.571	\$476	12.85%	107	\$0.62	\$66	\$542	\$26.64	\$2,850	\$2,308	\$21.57
	3	728	Mail (Admail)	\$0.571	\$416	8.24%	60	\$0.62	\$37	\$453	\$28.57	\$1,714	\$1,261	\$21.02
	4	528	Wrapper	\$0.108	\$57	6.06%	32	\$0.62	\$20	\$77	\$20.00	\$640	\$563	\$17.60
	5	493	Mail (Admail)	\$0.571	\$282	3.65%	18	\$0.62	\$11	\$293	\$25.00	\$450	\$157	\$8.74
	6	145	Mail (Letter)	\$0.721	\$105	4.14%	6	\$0.62	\$4	\$108	\$20.00	\$120	\$12	\$1.96
Total/ Avg		985		\$1,926	\$1,897	39.70%	391	\$0.62	\$242	\$2,139	\$31.85	\$12,455	\$10,316	\$26.38

WRAPPERS

Cost	Per Unit	Per Thousand
Printing	\$0.100	\$100
Bindery charges	\$0.008	\$8
	\$0.108	\$108

SEPARATELY MAILED (VIA ADMAIL)

Cost	Per Unit	Per Thousand
Outer Envelopes	\$0.035	\$35
Letter/Forms	\$0.045	\$45
Reply Envelopes	\$0.026	\$26
Laser+Lettershop	\$0.125	\$125
Postage (Admail)	\$0.340	\$340
	\$0.571	\$571

HOW DO WE DETERMINE OUR COSTS FOR RENEWAL PROFITABILITY ANALYSIS?

Start by determining what it costs you to send a single renewal notice to your customers. You may be notifying them in a variety of ways (such as wrappers on magazines, separately mailed renewal notices, telephone calls, email reminders, or faxed reminders). Establish the cost for each of these notification methods. Promotion costs are normally compared on a cost per thousand pieces (CPM) basis. Above are some examples of how your promotional costs should be determined – find out your own costs for each, and you’re on your way.

You may also have some costs for receiving each order – such as Business Reply Postage costs per order. Figure those out too.

LONG-TERM PROFITABILITY EVALUATION (KNOWN AS “SOURCE EVALUATION”)

Since you typically lose money in selling each new subscription, but make money off each renewal order, once you know your costs, there’s one more very useful exercise for which you can use all your

FAX NOTIFICATION

Cost	Per Unit	Per Thousand
Cost/call	\$0.700	\$700
Long Distance	\$0.350	\$350
	\$1.050	\$1,050

SEPARATELY MAILED (VIA LETTERMAIL)

Cost	Per Unit	Per Thousand
Envelopes	\$0.035	\$35
Letter/Forms	\$0.045	\$45
Reply Envelopes	\$0.026	\$26
Laser+Lettershop	\$0.125	\$125
Postage (Lettermail)	\$0.490	\$490
	\$0.721	\$721

newfound information. You can project the long-term profitability of each type of new subscription you sell.

Source evaluation is a complicated subject, to which we can’t devote a full explanation in this guide, but the basic idea is really fairly simple. If you can calculate how much you lost initially to bring in a new subscriber, and you can project how many of them will renew the first year (based on historical renewal analysis), and how much money you’ll make on that first renewal, as well as how many of those will renew in years 3, 4 and 5 of that subscription, and how much money you’ll make off of each subsequent renewal, then you can determine whether that subscription was worth selling in the first place. Some of your sources of new subscriptions will almost certainly be more profitable than others in the long-term, because of differing renewal rates.

To illustrate the general principle, here’s a quick hypothetical summary for a direct mail subscription, projected into the future 5 years:

HYPOTHETICAL SOURCE EVALUATION

	Year 1	Year 2	Year 3	Year 4	Year 5
	New sub	1 st Renl	2 nd Renl	3 rd Renl	4 th Renl
Quantity promoted	20,000	500	175	140	112
Promo cost per thousand (CPM)	\$500	\$2,500	\$2,500	\$2,500	\$2,500
Total promo cost	\$10,000	\$1,250	\$438	\$350	\$280
Response rate	2.5%	35%	80%	80%	80%
Subs generated	500	175	140	112	90
Subscription revenue (\$20/year)	\$10,000	\$3,500	\$2,800	\$2,240	\$1,792
Fulfillment cost (\$6/year)	\$3,000	\$1,050	\$840	\$672	\$538
Total cost (promo + fulf)	\$13,000	\$2,300	\$1,278	\$1,022	\$818
Net profit	-\$3,000	\$1,200	\$1,523	\$1,218	\$974
Net profit per sub sold	-\$6	\$6.86	\$10.88	\$10.88	\$10.88
Cumulative sub orders	500	675	815	927	1,017
Cumulative profit	-\$3,000	-\$1,800	-\$278	\$941	\$1,915
Cumulative profit/sub	-\$6	-\$2.67	-\$0.34	\$1.01	\$1.88

In this illustration, we can see that the net cost of acquiring each new subscription through this type of direct mail is \$6, but that 35% of them will renew after the first year, and we'll make \$6.86 in profit off each of those renewals. \$1,200 in revenue is still not enough to offset our high initial loss of about \$3,000, but if those customers keep renewing at about 80% in subsequent years, we'll earn around \$10.88 in profit per sub per year, so by Year 4 we will have made enough money off the few remaining renewals to more than offset our initial promotion cost... as well as the cost of fulfilling those subscriptions (i.e. magazine printing, postage, and other fulfillment costs).

You'll also note that the promotional cost per thousand (CPM) is much higher in Years 2-5,

because we might be sending an average of four renewal efforts to each customer, at an average cost per effort of \$0.625 (or \$625 per thousand), which equals \$2,500 per expiring customer.

On this basis, you can compare the long-term profitability of direct mail with other sources, such as insert cards, subscriptions sold at shows, and so forth.

A thorough source evaluation is more complicated than in this example. But source evaluation doesn't necessarily have to be ultra-complicated to be useful. Magazine publishers will learn a lot about their magazine's circulation economics even with a relatively sketchy source evaluation.



Glossary

Admail

Mail prepared for Canada Post's discounted rate for promotional materials, by grouping addresses by postal walk or other geographic area. Only an option if you're mailing 1,000 envelopes or more in any one mailing. [See also *Lettermail*.]

Addressing

The process of applying individual customers' addresses and subscription information to renewal forms, through laser, inkjet, or impact printing.

Business Reply Mail (BRM)

A Canada Post service, where postage is paid by the addressee, not the sender. (BRC refers to reply cards; BRE refers to envelopes.)

Continuous-Feed Forms

(As opposed to sheet-fed) These forms are printed on one long strip of paper with perforations between them, and pin-feeds on either side, so they can be pulled through an impact printer at relatively high speeds.

Control Panel

A randomly selected group of customers or prospects who continue to receive whatever promotional materials (such as an old renewal series) that have been used in the past, so that their response rates can be compared with those of a "test panel".

Controlled

A subscription sent free of charge to people in the magazine's target market. Converting these controlled subs to paid subs is often done as part of the renewal process for a paid magazine, because the methodology is similar. [See also *Requalification*.]

Conversion

Has a lot of different meanings, but here it refers to the first time a customer renews. If the customer renews her new order, the first renewal is called the "conversion" order, and any subsequent renewals are considered "pure renewals" (the first of those pure renewals being called the "renewal of conversion", to be precise).

Copy (or Sell Copy or Promotional Copy)

The text that forms the basis of the renewal sales pitch, including all words or offers that will be used in a renewal promotion.

Cost per Thousand (CPM)

The cost to the publisher of sending out a renewal notice, or component thereof, expressed per thousand pieces so that different costs can be compared with one another regardless of quantity.

Creative Brief

Notes on what is expected from a direct marketing copywriter or designer, and any contextual background that they'll need to do their job well.

Design

The pre-press artwork prepared by a promotional designer.

Effort

Each time a magazine offers its subscribers a chance to renew is considered one “effort”, even if those efforts are delivered in different ways (mail, fax, phone, email). Each effort is only sent to those customers who have not already responded to earlier efforts. [See also *Package*.]

Expire

The last issue the customer is entitled to as part of their subscription (some magazines “grace” customers for one or two extra issues after expire, but those are sent out at the publisher’s discretion). The expire issue determines the timing of renewal notices.

Expire Pool

The group of subscriptions that will expire with a particular issue.

Features vs. Benefits

In promotional materials, a “feature” is a simple statement of fact about your magazine (e.g. its editorial content or price), whereas you draw attention to “benefits” by pointing out how those facts are beneficial to your customer.

Fulfillment System

The electronic file (database, mailmerge file, or spreadsheet) in which you store your subscriber data and from which you’ll select the customers to whom you will send renewal notices.

Gross Response

Initial analysis based on how many renewals were received, including bill-me orders, regardless of how many of them ultimately pay for their renewal.

Impact Printing

Addressing individual customers’ forms with a high-speed printer that prints one line of text all at once, but has limited ability to vary fonts or type sizes. Usually tractor-fed on continuous-feed forms.

Inkjetting

Addressing individual customers’ forms with wee dots that make shapes that look like letters and numbers if you squint a bit.

Lasering

Addressing individual customers’ forms with text and images generated through a laser printer. Desktop models are usually much slower (perhaps 6 pages per minute) than the laser printers used by lettershops (15-20 pages per minute). The stationery for lasering is usually sheet-fed, rather than continuous-feed forms.

Letter

The warm friendly personal-sounding note that you send your subscribers, explaining that it’s time to renew and pointing out all the great reasons for doing so.

Letter/Form

When a letter is part of the same sheet of paper as the renewal form, both parts can be personalized with the customer’s name, address and/or other information. If there’s a perforation between the two parts, the letter/form is usually sent out intact, as one sheet of paper, and the customer can tear off the form and send it in. Or the lettershop can slice the two and send them out as two separate sheets of paper in the same envelope [see *RFSN*].

Lettermail

A class of mail that’s not unlike personally sticking a stamp on an envelope and dropping it into a mailbox. No special sorting, so Canada Post has to do all the work, and therefore more costly than Admail. If you are mailing less than 1,000 envelopes per mailing, this is your only option.

Lettershop

A mailing house, often with special machinery capable of doing high-speed folding, inserting, sealing, metering and other mail-preparation work (such as pre-sorting of electronic address data), and with personnel experienced in doing such mailings.

Net Response

Once any bill-me renewals have had enough opportunity to pay for their renewal orders, net response is an analysis of total number of paid renewals.

Notice: See *Effort*.

Outer Envelope

The envelope into which the renewal form, letter, and reply envelope are inserted. Can be a window or non-window envelope.

Outsert

Describes something of a promotional nature which is mailed with a copy of a magazine, but is not physically attached or inserted within it (such as a separate sheet of paper visible through a polybag, or enclosed in an envelope with the magazine).

Package

The physical combination of the renewal envelope and all its contents, or wrapper, or anything else you send your customer that's tangible. This is slightly different from the abstract concept of an "effort" – a magazine could use Package A as Effort 3 to one group of customers, and also as Effort 1 to another group of customers.

Personalization

Adding an individual customer's data (name, address, subscription number, etc.) to a pre-printed document. [Similar to *Addressing*, but can also refer to extensive personalization – customizing the body of the renewal letter for each customer, with a salutation, etc.]

Profit

There are two ways of looking at profit on subscriptions: "Loaded Analysis" (where Profit = Revenues minus Promo Costs minus Fulfillment Costs) or "Unloaded Analysis" (where Profit = Revenues minus Promo Costs). "Unloaded" analysis is a useful tool when quickly comparing different promotions initially, while "loaded" is more complicated to determine, and is used in evaluating the long-term profitability of different promotions. Always be sure which type of "profit" you're comparing.

Programming

For any type of addressing to take place (impact, inkjet or laser printed), some sort of programming needs to be done so the computer knows what information goes where. This may be as simple as a mail-merge operation through word processing software, or complicated enough to require extensive computing skills.

Renewal Form

The order form that the customer will use in order to respond.

Renewal Rate

The number of renewal orders received, divided by the number mailed. To evaluate a multi-effort renewal series, add up all the responses from all efforts to that expire pool, then divide that total by the number of subscribers who were originally due to expire (before renewal promotions began – usually your Effort 1 mailing quantity).

Renewal Series

The combination and sequence of different renewal efforts sent to one group of customers.

Requalification

For magazines with controlled circulation, soliciting a request from the customer to continue receiving the magazine. Although the publisher is not requesting payment, it is nonetheless necessary to repeatedly remind the customer that their "free subscription request" has not been received, and the magazine will no longer be sent unless a request is sent in. Requals are therefore similar to renewals in many ways.

RFSN: Roll-fold, slit and nest.

When one larger sheet of paper is addressed in two places, and one part is sliced off and "nested" inside the other one as it is folded, and the "nest" (both pieces together) gets inserted into an envelope.

Sheet-Fed

(As opposed to continuous-feed) A document that needs to be addressed or personalized through inkjet or laser printing, and therefore does not require pin-feeds.

Source

Since one of the best ways to predict future customer behaviour is whatever prompted them to subscribe before, renewal analysis is usually based on the “source” of the expiring subscription. (Some circulators base their analysis on what prompted a customer to subscribe **initially** – the “original source” – but most circulators figure that once a customer has renewed, they’re likely to respond in the future much like any other renewed customer, and therefore they look at the source of the **expiring** order – sometimes called the “prior source”, which may itself be a renewal.)

Source Evaluation

Projecting the long-term value of a certain source of subscriptions several years into the future, in order to determine whether initial subscriber acquisition costs will be recovered in the future through profitable renewals. (Such projections can also be prepared for non-subscription sources, such as newsstand sales.) This is the magazine circulator’s equivalent of determining what other product and service marketers call “customer lifetime value”.

Source Mix

The composition of an expire pool, or of an entire subscriber file, based on the source of the expiring subscriptions.

Teaser Copy

The tantalizing and intriguing words or graphics visible to the customer on or through the outer envelope, encouraging them to open it up.

Test

Any method of comparing the differing results of two or more different renewal approaches. Reliable tests involve large groups of randomly selected groups of subscribers, with only one variable (which could be the entire renewal series, or merely the price on a particular effort, depending on what is being tested). Less reliable tests can be done on smaller groups of customers, or with somewhat less confidence that the two groups are truly random.

Test Panel

In a test, this is the panel receiving whatever you’re not sure about until you see the test results after it’s all over. [See *Control Panel*.]

Wrapper

A renewal effort that is sent out with an issue of the magazine. It’s called a “wrapper” if it’s attached, or an “outsert” if it’s loosely inserted in a polybag or envelope.



Appendix A: Working Effectively with Suppliers

Whether it's a printer, lettershop, copywriter, designer, or fulfillment house, all your suppliers will expect to be treated well. By following a few simple guidelines, you can make sure all your supplier relationships go smoothly:

Provide suppliers with quote requests and any instructions in writing. One set of final instructions is advisable, rather than a series of faxes, emails and phone messages providing one piece of information after another. Your instructions (like a purchase order) should explain exactly what you expect, including quantities, delivery dates, delivery addresses and shipping instructions, and billing instructions.

Reply to everyone who quoted. When you've received quotes from several competing suppliers, be courteous and contact the suppliers who did not submit the winning quote, and let them know. These are not easy calls to make, and some suppliers will exert subtle or overt pressure to get the job, perhaps offering to reduce their quote. It's up to you whether to consider such offers, but many circulators prefer not to – they believe suppliers should provide their best quote initially, and they therefore don't negotiate after the fact.

Don't request quotes frivolously. Be aware that there is real work involved in preparing a quote, and don't ask suppliers for quotes if you have no intention (from the outset) of ever using their services. If a supplier has consistently quoted higher than anyone else, let them alone for a time, and maybe ask them to quote again every year or two, or on a different type of job, to see if they

can provide competitive products or services based on your new requirements. If you're in the planning/budgeting stage, tell the supplier up front that you just want a ballpark estimate based on specs that might change later on (and hopefully they won't knock themselves out on it).

Get (and check) pre-press proofs for all print jobs. If you choose not to pay for a dylux or colour key on a print job, it can be a little awkward complaining to a printer after the fact about the huge black spot that was there all along. Be sure that your quotes specify whether pre-press proofs are expected, and your printing instructions specify whether proofs have been supplied and should be followed.

The film is yours. Assuming you paid for it, you bought it – even if the printer is keeping it in storage for you. If you might want to re-print a certain print job a few months later, you can leave it at the printer's shop afterward, or you can ask that they ship it back to you with samples of the completed print job. If you ask for several quotes on reprinting the job later on, and the first printer doesn't come up with the winning quote, you may not want to ship the film for the reprint directly from the (losing) printer to the (winning) printer. It's kind of tacky, because it effectively tells the first printer which of their competitors underbid them this time. Ship the film back to your office first, and then send it along to the winning supplier. With renewal print jobs, this kind of thing happens all the time, because you'll probably be reprinting a few months' or a year's worth of various materials fairly often.



Appendix B: How many efforts? A Hypothetical Case Study

A magazine could send its subscribers one renewal notice shortly before expiry, and it might generate a 40% response rate. This would be an

extraordinarily profitable mailing in its own right, as illustrated in this profit-and-loss analysis (based on 1,000 expiring subscribers):

SCENARIO A: ONE RENEWAL EFFORT. 40% RESPONSE:

	Expires Mailed	Cost/ Effort	Cost	Rnl/ Eff (%)	Rnls/ Eff	Rnl Price	Rnl Rev.	Profit	Profit/ Rnl	ROI
Effort 1	1 000	-\$0.60	-\$600	40%	400	\$20	\$8,000	\$7,400	\$18.50	1233%
Total	1 000	-\$0.60	-\$600	40%	400	\$20	\$8,000	\$7,400	\$18.50	1233%

But this leaves the publisher with a problem: There are now 600 people who didn't renew their subscriptions, and there are very few ways in which the publisher can bring in that many new subscribers quickly. Moreover, those methods are very expensive. To bring in 600 new subscribers through direct mail, assuming a response rate of 2%, the publisher would have to mail roughly 30,000 direct mail packages, at a cost of at least \$0.80 each. That's a whopping expense of \$24,000, just to bring in 600 subs at \$20 each (totalling \$12,000 in revenue), and a loss of \$12,000 is

probably more than a typical small magazine's budget will allow. So the alternative is to try mailing more renewal efforts.

If the publisher tries adding two more renewal efforts – beginning several months before expiry, she might find that response to the first effort declines slightly (from 40% to 36%), but the additional efforts bring in more renewal orders. She has now achieved a 55% renewal rate. Each renewal effort gets mailed to an ever-dwindling list of unrenewed expires, and each effort is still quite profitable:

SCENARIO B: THREE RENEWAL EFFORTS. 55% RESPONSE:

	Expires Mailed	Cost/ Effort	Cost	Rnl/ Eff (%)	Rnls/ Eff	Rnl Price	Rnl Rev.	Profit	Profit/ Rnl	ROI
Effort 1	1,000	-\$0.60	-\$600	36%	360	\$20	\$7,200	\$6,600	\$18.33	1,100%
Effort 2	640	-\$0.60	-\$384	25%	160	\$20	\$3,200	\$2,816	\$17.60	733%
Effort 3	480	-\$0.60	-\$288	7%	34	\$20	\$672	\$384	\$11.43	133%
Total	1,000	-\$0.60	-\$1,272	55%	554	\$20	\$11,072	\$9,800	\$17.70	770%

The publisher compares her results with the old one-effort series. She has now spent an additional \$672 [\$1,272 minus the \$600 it was costing to mail one effort] on those two extra efforts, but the magazine's renewal profits have increased by \$2,400 [from \$7,400 to \$9,800]. Moreover, that's over 150 more customers who'll be around next year to continue being a profitable source of circulation, and most of those will still be around being profitable a year after that... And to keep her circulation from shrinking, she now only has to sell

450 money-losing new subscriptions through direct mail to replace those who haven't renewed. Good news all round.

The publisher keeps going, testing a seven-effort series over the next few months, on subsequent expire pools. To her surprise, although the profit ratio per renewal order declines somewhat, each and every renewing subscriber is still profitable, and adding more renewal notices just keeps adding to her magazine's profit:

SCENARIO C: SEVEN RENEWAL EFFORTS. 65 % RESPONSE:

	Expires Mailed	Cost/ Effort	Cost	Rnl/Eff (%)	Rnls/ Eff	Rnl Price	Rnl Rev.	Profit	Profit/ Rnl	ROI
Effort 1	1,000	-\$0.60	-\$600	33%	330	\$20	\$6,600	\$6,000	\$18.18	1,000%
Effort 2	670	-\$0.60	-\$402	26%	174	\$20	\$3,484	\$3,082	\$17.69	767%
Effort 3	496	-\$0.60	-\$297	12%	59	\$20	\$1,190	\$892	\$15.00	300%
Effort 4	436	-\$0.60	-\$262	9%	39	\$20	\$785	\$524	\$13.33	200%
Effort 5	397	-\$0.60	-\$238	6%	24	\$20	\$476	\$238	\$10.00	100%
Effort 6	373	-\$0.60	-\$224	4%	15	\$20	\$299	\$75	\$5.00	33%
Effort 7	358	-\$0.60	-\$215	2%	7	\$20	\$143	-\$72	-\$10.00	-33%
Total	1,000	-\$0.60	-\$2,238	65%	649	\$20	\$12,978	\$10,739	\$16.55	480%

Compared to her three-effort renewal series, she finds that adding four more efforts increased her magazine's costs by \$966 [\$2,238 vs. \$1,272], but brought in \$1,906 more revenue [\$12,978 vs. \$11,072], so it contributed a further \$939 in profit.

More importantly, she now has only 350 unrenewed subscriptions to replace through direct mail, which will cost her \$14,000 (partially offset by \$7,000 in subscription revenue, at \$20 each) – resulting in a net acquisition cost of \$7,000, which is much more affordable than the net loss of \$12,000 she would have needed to spend to replace 600 ex-subscribers. Moreover, she has already improved her bottom line by increasing renewal profits by \$3,339 [\$10,739 minus \$7,400] as a result of mailing six more renewal efforts, so she's halfway to \$7,000. She can now probably afford that direct mail campaign, and keep her circulation numbers steady.

However, she also realizes that her magazine's seventh effort isn't profitable, and briefly considers returning to a six-effort renewal series, rather than losing \$10 an order. Then she remembers that replacing every \$20 in subscription revenue through direct mail will cost her \$40 anyway, accounting for a net loss of \$20 per order – and a \$10 loss on renewals is better than a \$20 loss on direct mail.

“Seven efforts it is,” she says to herself, and turns her attention to choosing some lists to test in the upcoming direct mail campaign, now that she can afford it.