

# THE ART AND SCIENCE OF MAGAZINE PRICING

## Hotsheets

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Magazine prices have risen steadily as newsstand sales decline. Are you thinking of raising your cover price, or trying to find the perfect price point for your new magazine? In many cases it's a matter of feel, timing, and comparison shopping. Publishers: your audience will barely notice a modest increase. Those still buying magazines at the newsstand will pay the extra buck or two, especially if your price hasn't changed in the past three or more years. Keep in mind that many magazines have increased their price two or three times in the past 10 years.

There are many factors to consider when choosing the perfect cover price, and every publisher will see it slightly differently. The unique equation that makes up a magazine's cash flow—such as the price and quality of direct competitors, the subscription and digital offering price, printing, editorial and marketing costs, and how long it has been since a previous price increase—will play a factor when coming up with a price or considering an increase.

Are you planning a redesign? If so, it is a good idea to debut the price change at the same time as the new look. "Time your increases," according to American magazine marketing expert Linda Ruth, "to coincide with special issues, buyers' guides, or other added-value releases. Your seasonality might also be a factor in your favour; increase your price with your strongest seasonal issues to minimize impact on sales." Be sure to provide your readers with evidence of the value of a price increase.

It is a time-honoured tradition for the distributor or wholesaler to recommend a price increase. The distributor sits in the middle of a chain between the publisher on one side and the retailer on the other, with all three selling fewer magazines than they were five years ago—and many fewer magazines than they were selling ten years ago. If the market (the devoted audience of the publisher) will bear a price increase so that all can benefit by a few points, a price increase is well worth considering.

### 5 THINGS TO KEEP IN MIND

#### 1. Stay close to your direct competitors

Only lead the way with the highest price in your category if you are sure you're Number 1 with a bullet. Even then it's a good idea to stay in the same ballpark as your competitors. Quality content is crucial, but don't price yourself out of finding your customers.

#### 2. Don't waste your time moving up to the \$0.25, \$0.50 or \$0.75 price point

Go up by a dollar or even two. And move to \$0.95 or better, \$0.99. Paying customers won't notice the pennies.

#### 3. Bar Codes

If you are planning to change your cover price—whether for all regular issues or just for a special issue—the change must be reflected in the bar code. Be sure to get in touch with your distributor and have a new bar code (or set of bar codes) created and sent before going to press.



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## 4. Special Issues (SIPs)

In recent years the proliferation of special issue publications, or SIPs, has been a key factor in keeping many publishers (and distributors, wholesalers, and stores) profitable. Not only are SIPs often made up of repurposed content—stories, photos and features from earlier issues—but their high level of quality merits a much higher cover price. Take a look at any newsstand today and you will find examples of these special issues, with most featuring cover prices around the \$12.95 point or higher. Anniversaries, special themes, occasions and events can be made into SIPs—anything from the *Sports Illustrated Swimsuit Issue* to the *Cottage Life Summer Grilling Guide*. Can you think of a topic your magazine could repurpose to create a SIP to boost your brand?

## 5. A note about controlled circulation (free) magazines

Making the leap from free (controlled) to paid for any publisher is extremely difficult and is only getting harder when most of the world is accustomed to receiving content at no charge from the internet. Recent examples of popular websites like Pitchfork launched the print publication *The Pitchfork Review* and *Allrecipes* managed to add a spectacularly successful paid print version to their offerings. But keep in mind these two examples have both dominated their categories (music and food, respectively) online. It is much more popular these days for a magazine to move from paid to free as the *New Musical Express* did in England, and easiest of all to continue with the free model you started with, as *Vice* has, and build out your empire from there rather than try to change your model and suffer trying.



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