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Strategies For Circulation and Market Development

By

Sanjoy Ghosh
WORKSHOP ON
NEWSPAPER CIRCULATION AND
ADVERTISING DEVELOPMENT

Strategies for Circulation and Market Development

by
Sanjoy Ghosh

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STRATEGIES FOR CIRCULATION AND MARKET DEVELOPMENT

RAISON D'ETRE OF REVENUE OF A PUBLICATION

Circulation, Basis of a Newspaper's Success

Newspaper have gone through two phases - first, the period of edit dominance and second, the period of advt. dominance. Now we have reached the point in newspaper development where the circulation function is finally being recognised in its fullest importance.

Circulation — the number of newspaper copies sold and paid for — is the foundation of a Newspaper's success.

Circulation serves four major purposes

1) Prime factor in producing advertising revenue, which constitutes the greater portion of a newspaper's receipts.

2) Revenue it brings in from mail subscription, street sales, newsstands and counter sales. It contributes directly and substantially to total newspaper income.

3) Avenue of contact between newspaper and readers and the means by which the newspaper extends its many helpful services.

4) Best evidence of a newspaper's worth that may be provided or obtained.

Sources of Circulation

Population, as the basic source of circulation, regulates the sale of newspapers in the areas where people reside, congregate and commute. Development of circulation will vary according to these main factors:

1) Density of population
2) Needs of the people
3) Trends that influence changes in factor 1&2
POPULATION DENSITY INFLUENCES CIRCULATION

Circulation will be greatest near the source of publication and radiate from there according to condition prevalent in each locality. Mechanics of distribution are more easily handled in thickly populated areas where family units are heavily concentrated, where people tend to purchase papers as they go to work or to bazar and on their trip to home. But people in suburban areas, small towns, villages are just as eager for news and the circulation department needs to develop every possible opportunity presented in his area.

Expanded coverage has some advantages

Certain conditions create exceptions to the geographical limitations and a newspaper's circulation sometimes extends far beyond its immediate trade areas. This seldom adds revenue to the newspaper for handling costs are high but it does build good will and loyalty that pay dividends.
Example: Prabasi Ananda Bazar, Overseas Statesman.

'Home Base' Coverage brings most revenue

Buyers of advertising space place high value on home base coverage. So, every effort to develop circulation where it will pay off best for your newspaper. Scattered circulation is costly and not as merchandisable as strong local coverage.

NEWSPAPER MUST MEET 'NEEDS' OF THE PEOPLE

In every community where a newspaper is published there are opportunities to expand circulation even within limited areas. There are six groups to whom circulation sales effort may be directed:

Geographic Grouping

1) Residents of the newspaper's city and suburbs
2) Residents on rural routes and in other towns of the country
3) Other residents of trade territory, probably in several adjoining states.

Demographic Grouping:

4) Business executives and professionals
5) Newcomers to community
6) Transients and single copy buyers

Suburbs and satellite townships need local coverage

Classic example of the Telegraph making inroads in the coal belt of West Bengal overtaking the traditional giant The Statesman.

Farmers want the news

Persons residing in rural areas are anxious to be kept informed concerning news and important activities in their community and about their immediate environment (districts)

Example: 'Overland' a Bengali daily made tremendous progress following this route.

Expanding Trade Territory increases circulation opportunities

Development and improvements often open up new business fields.

Example: Construction of Farakka Bridge drastically cut down the time to reach the North Eastern parts of India. So long it was a tedious journey by ferry at a point where two dirt roads met at the river 'Bhagirathi'.

Business people benefit from newspaper guidance

The business district is an area that can be solicited regularly. Most business and professionals are candidates for a second copy at their office and they usually read their home copy when they arrive in the evening.

Newcomers seek news and advertisements

Circulation 'push' through sampling of hard news and flower bouquets...
Sample copies left at their doors for a few days and followed with personal calls usually result in orders for continuous delivery. Example: Newly developed Trans Jamuna Township in New Delhi was regularly pampered by TOI – Delhi circulation executives and achieved tremendous growth.

Transients and Single copy Buyers

Vacationers swell greatly the circulation totals in resorts/hotels. Example: ABP in Puri – Orissa state.

TRENDS NEED TO BE WATCHED

Increase in population and density of family units
Movement from agriculture areas to Urban areas
Rapid flow from urban to suburban areas
Increasing rate of literacy translated into increased need for information
Increase in longevity

To measure these parameters, National Readership Survey findings are tailormade instruments.

NRS copy to be shown and its usage explained.

Principal factors in building Circulation

Circulation growth and steadiness depend upon four conditions:
A newspaper should be inviting to the eyes and easy to read.
News and Advt features should package the paper in such a way that it attracts and interests readers.
The management's thorough knowledge and understanding of the community in which the newspaper is published.
A well organised and well directed circulation department.

Make the paper easy to read

News in clear, simple and understandable language.
Local news must be thoroughly covered

Any local event of interest like a fair or an accident if properly presented - offer opportunity of higher demand the next morning in that locality.

Editorials strengthen a Newspaper's appeal

Newspaper's like The Times (London), The Statesman, Indian Express, TOI - Delhi enjoy a different perception in readers' mind.

Profitable to cater to Group

Catering to special/groups within the coverage area is fruitful in building circulation.


Content influences Sales

One might suffer a heart attack in trying to overcome editorial deficiencies by crack salesmanship.

Advertising has Reader Appeal

The extent to which advertisers offer complete information concerning their products/services and the degree in which their ads are made attractive have their effect on readers' interest and response. Colour, innovation in space and technique, not only bring better results for advertisers, they also build circulation.

News should be handled carefully

Circulation is determined not alone by the quantity and scope of interesting news but also by the way the news is handled.

Example: Aajkaal - a Bengali paper was attacked by followers of a religious Guru.
Sensationalism is not always good

The community attitude along with the publishers journalistic standards, play a part in formulating a policy of news handling. Example: Lurid details about Christin Keeler in Ananda Bazar Patrika was not pardoned by readers.

Must know the Community

Must know intimate details of the community growth, expansion, evolution - its trials and errors, tragedies, disappointments and achievements. But above all one must know the sources of new potential news markets. One must keep on digging, developing, expanding to cover fields not previously tapped. Most newspaper successes can be attributed to exploitation and development of fields not previously developed.

Example: Emergence of regional vernacular dailies in India. Chicago visit of Swamy Vivekananda

Must be organised to serve

Present days of rapid communication, news is good only on the day it is published. It quickly loses its freshness and its market value. So the product must be delivered to readers as promptly as possible.

How the Circulation Department is organised

Because of the variety of conditions that may exist within communities and organisations, no uniform pattern of organisation for handling circulation can be devised. The personnel required and the division of responsibilities depend largely on:

Ten factors influence circulation department setup

Number of copies distributed
Manner of handling papers
Equipment for handling and accounting
Size of territory to be covered
Bulk of the paper to be delivered
Time of going to the press
Transportation facilities available
Variation in local conditions
Reader acceptance
Management interest in circulation
Favourable attitude of trade and their union bias
Example for point 10. New York Times not available in getto areas.

Distribution Mix

Direct Distribution
Distributor Distribution
Wholesale Distribution

Direct Distribution

Direct distribution for morning dailies is rather cumbersome and not economically viable due to logistics. Only in cases of a few political dailies adopt through their dedicated cadres with limited circulation.

Distributor Distribution

May be two or three tier system, consisting of main distributor and hawker/seller or main distributor, sub distributor and then hawker/seller. Most of the Indian dailies adopted this process.

Wholesale Distribution

Handing over entire production to an independent Body or Person for distribution. Bartaman - A Bengali daily follows this route and they dont have a circulation department in the proper sense. Living Media, publisher of India Today, has taken over wholesale distribution of "Time" in India.
Influences in Distribution Channels

Product perception strongly influences distribution.
Ex: Hawkers will not move out with other papers until and unless they receive ABP supply (Market leader perception).
Market leader forces to accept its weaker product on Distributors/Hawkers
Ex: Sambad, Oriya daily forces to accept Sun Times, English sister publication.

Relationship with seller/hawkers
A very important person who has the last word with your readers can ruin or win the game for you.

Special Status
Glamourise as Business Associate than the old Seller/Hawker concept.

Special Incentive
Besides the usual trade terms, special incentives like Children's education scheme, Retirement benefits, Invitation in special events of the paper, Invitation for reader feedback seminars.

Selling the Newspaper
The newspaper is a package of varied features and services. We sell 1) Information 2) Discussion 3) Entertainment 4) Promotion 5) Consumer buying assistance 6) Community pride and interest.

Sales Methods are varied
1. Regular sales employed people
2. Hawkers - Business Associates
3. Other members of the newspaper staff
4. Community groups - work for premiums/prizes
5. Mail
6. Phone
7. Radio or Television
8. Silent Salesman
9. Street corner vendors

Full time Sales people do deliver

Sales people must know their product
Sell News and Editorial stance
Features are popular
Pictures catch the eye
Ads offer information
Stimulates community pride

They work in areas where circulation building is particularly needed at times when the prospects are most likely to be responsive. Ex: TOI - Delhi in Trans-Jamuna Township.

Use Business Associates in City

They have information on prospects, easier for them to approach, arouse interest, create desire and finally deliver.

Other member of the team can sell too ....

Reporters and Photographers can help in building circulation by covering hitherto unmapped areas and in the process generating interest in that community about the newspaper, resulting in sampling. This is an extension of market development.

Selling through "outsiders"

Persons not employed by the newspaper may be induced to sales subscription with attractive commissions, prizes, premiums.

Selling by Mail

Although highly developed by magazines, it can also be successfully employed for newspapers also.
Selling by Phone

Selling subscription by phone is catching on and effective in Metro towns, although this method may be used effectively by smaller papers as well. Just define your target phone receivers and offer some incentives.

Selling by Radio & TV

Newspaper may use Radio & TV to help circulation people to reach non-subscriber. Alongwith a general circulation campaign is conducted, Radio & TV fit well to augment the message.
Ex: Mid Day & Times FM in Bombay

Silent Salesman

Another available means of selling newspaper is by sales racks sometimes called 'Silent Salesman'. In our country the concept has not caught on as yet.

Street Vendors

Employing vendors to sell in specific issues and days to utilise readers' interest

Campaign for Quick increase

To make a rapid increase in circulation, a well planned campaign is resorted to which brings into operation every known method that may be employed to obtain subscription. Some incentives are usually offered as reward/prize.

CIRCULATION PROMOTION

Whether planning promotion for a continuous programme over the entire territory or for a special campaign directed towards a certain Community or Area, the general development and carrying out of these plans should include at least seven important steps:
1. Analyse the problem to be solved
2. Create what would appear to be an effective plan
3. Evaluate total costs and probable returns
4. Coordinate the various details to be handled
5. Institute the plan
6. Carry out each detail with thoroughness
7. Check and conserve the results obtained

Unputdownable

Case study of the Telegraph launch and its campaign by Lintas India is a classic example. To my mind they were the first in India to employ TV as an advertising medium for their launch.

Improved Community Relationship help

Whenever a newspaper fosters any movement or any project that benefits the community, it promotes itself. Ex: Rural reporting awards by The Statesman and their annual Vintage Car Rally. Literary excellence award by Ananda Bazar. Gyanpith, the most honoured literary award of the nation by The Times of India, Femina Miss India contest.

Developing Youth Readership

Liberal space for youth activities - The Statesman
Features of special interest to youth - Lokmat - Campus Carol
School participation programme - Navajyoti
Sponsoring youth activities - Sportsworld/The Telegraph Allkhine Chess
Providing practical experience on newspapers
Club/offering awards - The Telegraph Wiz Biz
Offering 'Open house' and Press tours for them
Example: The Statesman, The Telegraph

Extension of Community Relationship

Encashing on any notable event or date to improve and extend market awareness of the product.
Classic example: Sesquicentennial Celebration of The Times of India:
A Media Opportunity
Like This
Comes Once in
A Hundred And Fifty
Years
They built up systematically throughout India a media hype
organising Music Festivals, Dance Festivals, Painting Exhibition,
Food Festival, bringing in the Boss – Bruce Springsteen, bringing
out a series of special issues with precious archive materials,
inviting and involving the topmost Editors of the World for
seminars, bringing in 'Christies' of London to India for the first
time to auction the paintings of the topmost painters of the
Nation, always inviting and involving the people who are public
opinion shapers and makers.

The group spent appx. Rs.3 crores but the benefit they reaped,
are immense. They used to lag behind Indian Express combined
circulation of 13 editions but they simply scored above Express
group after these skillfully organised exercises.

As per NRS IV, the overall readership of English dailies in
comparison to NRS III is static at about 102 lakhs. This coupled
with the fact that The Times of India has gained about 2 lakh
readers over the years, proves that TOI's gain is, in the relative
markets, at the expense of India Express, who have registered a
drop in readership

ALL INDIA READERSHIP IN LAKHS

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<th>NRS - III</th>
<th>NRS - IV</th>
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<tr>
<td>The Times of India</td>
<td>23.58</td>
<td>25.36</td>
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<tr>
<td>Indian Express</td>
<td>30.05</td>
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ABC Circulation
(July - Dec '92)

TOI – ALL – 6,32,505 – 5 editions
I. Exp – All – 5,21,154 – 15 editions
DETERMINING THE UNIT PRICE

Conditions influencing cover price

1. Pagination
2. Frequency of issue
3. Features (implying reader service)
4. Competition
5. Economic conditions within the community/country
6. Advertisers' attitude
7. Cost of publishing the newspaper

Pagination

A paper of 16 to 24 pages will probably sell more readily than of 6 to 8 pages depending on the editorial mix it follows. Number of pages therefore is a selling factor.

Frequency of issue: Economics of scale

Number of issues per week helps to determine the newspapers selling price

Features/Reader Service

Some papers carry more appealing features in advanced technology with greater service to their readers than other papers. These add to the cost of production justifying a higher rate.

Competition

When more than one newspaper exists within a community, it is difficult for either of them to increase price unless they can agree to increase simultaneously.

Economic conditions

Financial well-being of readers served by the newspaper has its influence on the subscription price.
Advertiser's attitude

The unit price must maintain circulation at a volume high enough to please advertisers.

Cost of publishing the newspaper

This should be the prime factor determining the unit price.

Six Goals to obtain ideal unit selling price

1. A price which will as nearly as possible bring in revenue to meet circulation department's expenses
2. A price that will be popular with readers to be reached
3. A price that will build sufficient circulation to increase advertising revenue.
4. A price that will seem fair to all class of readers
5. A price that will compare favourably with competitors of same size
6. Cooperate with fellow publishers in formulating an uniform unit price

After evaluating the 4Ps -- Product, Promotion, Pricing, Place (Distribution). Let us refer to the classic Boston Consultancy Group Model highlighting the correlation between relative market share and growth status (Both Market and Product). Mapping one's product according to this model will signify one's position in the relative market. This will also lead to identify the needs to augment, so that the desired level can be attained.

**BOSTON CONSULTANCY GROUP MODEL**

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<td>Low Mkt Share</td>
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<th>GASH COW</th>
<th>DOG</th>
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← Relative Market Share
BOSTON CONSULTANCY GROUP MODEL

Indian examples: '?' Category with low relative market share - The Independent of Bombay may be cited here. Any new product launch could be classified in this category. Weekly Sunday papers like Sunday Mail, Sunday Observer may be placed in the 'Dog' category with low growth and low relative market share. Sanmarg - a Hindi daily of Calcutta may be termed as a 'Cash Cow' product with low growth and high relative market share. In Bombay, people read the afternoon tabloid papers as if their lives depend on it. Bombay papers - Midday (73,000), Afternoon Despatch & Courier (51,000), The Daily (30,000), Sandhya Times - Delhi (58,000) - all are growing steadily with high relative market share. High literacy in Kerala (100%) has opened up a wide horizon for Kerala papers like Malayala Manorama (6,73,000), Mathrubhumi (4,42,000). All these papers enjoy a star status.

CIRCULATION DEPARTMENT IS COORDINATOR

Helps News department to visualise Readers
Passes Tips to News Department
Helps Edit to select features
News Department cooperates in planning
Advertising department works closely with circulation
Production department gives strength to circulation

Keeping alert to Progress

Meetings of minds naturally result in solving any problem and ideas often blossom. It never hurts to pause and take stock of ourselves and our product.