

Magazine Publishers of America



maximizing  
*retail* **profits** with  
**magazines**

magazines  
on the  
retail floor:  
**increasing  
profits**  
and lowering  
costs

Did you know that magazines can help your profits grow while also offering lower labor costs? Retailers can now see just how much magazines can impact bottom lines by harnessing the power of magazines. The benchmarks that follow show that magazines offer:

- **Above-average gross margins**
- **Lower labor costs**
- **Superior contribution margin**
- **Rapid inventory and productivity turns**
- **Magazine-driven incremental revenue**

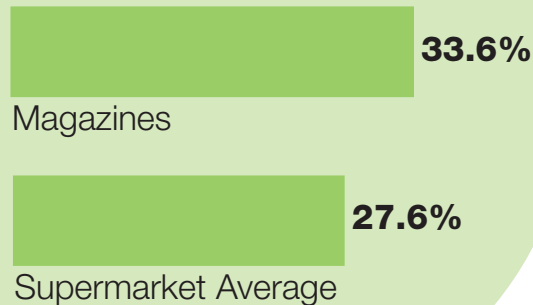
**Magazines  
provide above-  
average gross  
margin —  
6 points higher  
than average**

**The magazine industry typically provides allowances to support retail display space, front end racks and new title introduction**

**incentives.** Trade promotion allowances are funded by publishers through their national distributor representatives. Taken together, a representative level for adjusted gross margin across all magazines is an estimated 33.6%, compared to 27.6% for all supermarket categories.

## **Adjusted Gross Margin**

Representative Comparison Including  
Trade Allowances

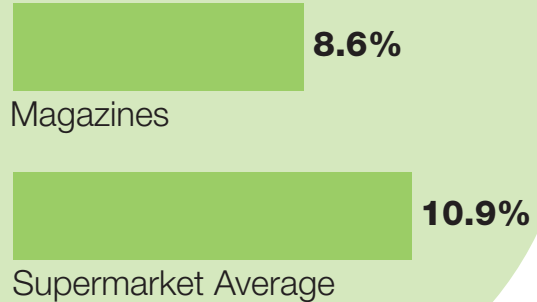


**Magazines  
require lower  
labor costs —  
2 points higher  
than average**

**Magazines are delivered directly to the store, where wholesaler personnel service mainline and checkout lane racks, usually on a weekly basis.** Labor costs required to sell magazines in a supermarket are only an estimated 8.6%, compared to the average 10.9%.

### **Estimated Store Labor Costs**

Percent of Sales

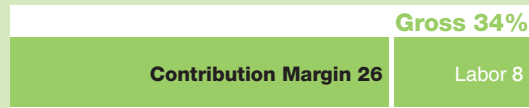


**Magazines  
offer superior  
contribution  
margin —  
9 points higher  
than average**

Taking above-average gross margin and lower-than-average labor costs together, the average contribution margin for magazines is an estimated **25.9%** versus **16.7%** for the total store.

## Superior Contribution Margin

Magazines vs. Total Store



Magazines



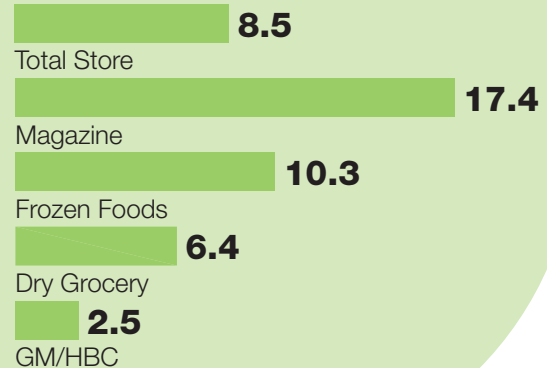
Supermarket Average

**Magazines  
provide more  
than double  
return-on-  
inventory  
investment**

**Average store inventory turns over 8.5 times per year. Magazines require, on average, a 21-day supply — in other words, 17.4 turns per year.** Superior magazine margins coupled with the lower-than-average inventory investment results in very high return-on-inventory investment, compared to other products in the store.

## **Rapid Turns... Good ROI**

Inventory Turns Per Year



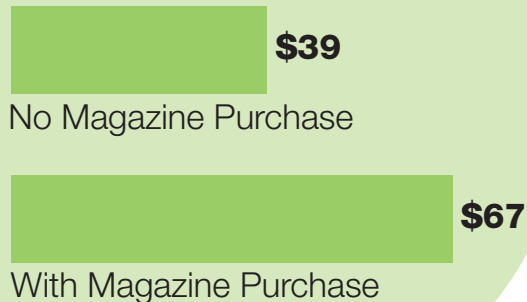
**Magazine  
purchasers  
buy more  
than average  
shoppers**

A 2002 Management Science Associates study concluded that when magazines were part of a shopper's "market basket," the total purchase amount was \$67 compared with \$39 when they were not. Qualitative research shows that incremental purchases are derived from magazines' content, such as:

- **Recipes** that lead shoppers to the produce or baking aisle
- **Beauty tips** that take shoppers to the cosmetics aisle
- **Product reviews** that result in equipment purchases
- **Advertisements** and coupons that drive product trial and repeat purchase

## **Incremental Revenues**

Weekly Market Basket (2002)



10 top reasons to **carry magazines** *in your store*

● **Magazines generate superior adjusted gross margin:** Magazines produce 33.6% gross margin versus the supermarket average of 27.6%.

● **Magazines save you money:** Magazines have below average labor costs — 8.6% versus 10.9% for other products in your store.

● **Magazines contribute significantly more to your margin:** Magazines give you a 26% contribution margin versus 17% for other products.

● **Magazine purchasers spend more money per visit:** Research shows that weekly market baskets with magazine purchases are 71% higher than those with no magazines (\$67 versus \$39).

● **Magazine purchasers account for proportionately higher volume than other shoppers.** Magazine purchasers account for 58% of both grocery dollars and grocery items though they represent only 24% of shopping households.

**● Magazines attract “Influentials” to your store:** Influentials, the 9% of the population that influences the spending behavior of the rest of the population, have higher incomes, and are more educated. They are early adopters of the latest products and services, and avid magazine readers.

**● Magazines enhance and improve the shopping experience:** Magazines entertain shoppers, creating excitement, causing them to linger longer in your store.

**● Magazines provide the foundation for exciting promotions and traffic-building in-store events.**

**● Magazines reach an important range of demographics:** New titles and brands are a tool to reach emerging ethnic segments, growing demographic groups and newly identified niche interests of the shoppers who come to your stores.

**● Magazines engage:** Readers experience magazines in meaningful ways, including *I get value for my time and money, It makes me smarter, It's my personal time out and I often reflect on it.* Magazine ads make consumers laugh, cry, think, desire, ponder and smile and are seen as part of the medium's content.

# magazine marketing support for retailers

**The magazine industry is committed to providing research and resources to help retailers build stronger relationships with their customers with magazines, and ultimately, bring home bigger profits.** The MPA website — [www.magazine.org/retail](http://www.magazine.org/retail) — dedicates an entire section to information that retailers can use with information on timely topics.

## **Best Practices in Marketing Magazines and Books:**

The Retailer Recognition Awards showcase excellence and innovations in magazine and book marketing.

**Retail Distribution:** Recent research with recommendations and a directory of retail and wholesale distributors.

**Marketing:** A round-up of marketing information, including Retail Benchmarks, Front End Focus: Best Practices for Superior Checkout Merchandising, Market Basket Analysis of Magazine Purchasers in the Grocery Channel and Retail Guide.

**Retail Conference:** Find speeches, presentations, coverage, video and photos from the annual event cosponsored with International Periodical Distributors Association (IPDA). Fellow retailers, national distributors, wholesalers and publishers — the entire retail distribution

channel — contribute to the open exchange and dialogue to achieve stronger magazine and book sales.

**Educational Guides:** Includes Grocery Chain Market Share, Key Industry Performance Figures, America's Shopping Habits, and more.

**Market Profiles:** Updated with all the latest figures, MPA's Market Profiles provide vital information for marketers targeting specific segments of the population use them. Available online at [www.magazine.org/marketprofiles](http://www.magazine.org/marketprofiles).

To find out more about  
how magazines can help  
improve your store's bottom line,  
contact [retail@magazine.org](mailto:retail@magazine.org).

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