**VIDEO TRANSCRIPT**

**Working with a Magazine Rate Card**

As we move forward to understanding all media, we will study print and a very simple lesson in working with magazine rate cards. In this video lesson, you will learn about working with magazines.

After you finish this video lesson, you will be able to:

* Recognize a media kit and a rate card
* Understand media terminology associated with magazines
* Understand the concept of working with magazine rate cards
* Understand how to calculate a magazine schedule
* Evaluate magazine ad sizes
* Evaluate the inclusion of magazines in a media plan

Let’s start with basic terminology that you need to understand:

A Media Kit is a file of information that is of importance to the buyer to evaluate the media being considered in a media plan or media buy. The media kit is assembled by the media vehicle (radio or television station, magazine, newspaper, digital site, out-of-home company, media vendor or developer) in an effort to sell the buyer on their assets and strengths in reaching audiences. The media kit includes several pieces of information and varies from media company to media company. Typically it includes a coverage map or geographical areas where a station’s signal reaches given the strength of the antenna, rate card and cost efficiencies, information about their audience, promotional opportunities, on-air talent, success case studies, research and any information important to the buyer to reach the intended audiences. A media kit can also be referred as a press kit, which is different but relevant to other promotional applications. A press kit a pre-packaged set of promotional materials of a person (such as an athlete, personality, celebrity, artist, executive, etc.), a company, or organization. It is distributed to members of the journalistic part of the media and for promotional use and used often to announce a release, an event or to announce a news conference. The intent of the press kit is to get “free” coverage for the originator in the news and as part of a public relations effort.

Rate Card is a printed list of advertising rates charged by media. Rate cards, usually, are for guidance only because the actual charges vary greatly according to the bargaining power of the advertiser and supply and demand of inventory by the media. Not every media outlet publishes rate cards. Media outlets where the rates are highly subject to supply and demand of inventory such as broadcast media, may not publish rate cards as such, but upon buyer’s request, stations submit what is called avails or availabilities. Avails include the programming and dayparts of interest to the buyer, demo audience projections, and rates at the time of submission and usually with an expiration date.

Circulation is the average number of printed copies of a publication (magazines and newspapers) that will be distributed in a standard period such as day, week, or month. A buyer evaluates publications on circulation numbers, which is subject to the same downside of all media. Buying a publication based on how many printed copies they print and distribute, whether free or sold through newsstands or subscription, does not guarantee that the advertising message was seen by the audience. Regardless of the imperfect nature of potential exposure and real exposure, it is the currency on which the advertising industry bases their evaluations to buy, sell and plan media.

Pass Along Readership is an actual measure of how many readers each copy of the publication has, original recipient plus additional readers. In other words, the potential audience of a magazine’s circulation can multiply exponentially if the pass along readership is high. Buyer beware and be cautious of pass along readership numbers reported by media, unless this number is audited and substantiated by a reputable source accepted by the buyer.

Composition or audience composition is the demographic (to include age, gender, education level, etc.) characteristics and geographic location of the audience, in listenership, readership, or viewership of a particular advertising medium.

Audit Bureau of Circulation or ABC, changed its name to the Alliance of Audited Media in 2012. The definition offered in their website “The Alliance for Audited Media connects North America’s top advertisers, ad agencies, media companies and platform providers. Our members stand for trusted media analysis across all brand platforms — print, web, mobile, email and more — to make smart decisions. In turn, we deliver insightful, audited cross-media metrics that matter. It’s all about bringing trust and confidence to the new world of media.” AAM is the industry’s source for audited media data offering verified readership, circulation, subscriber demographics, and digital activity metrics for North America’s leading content providers.

Audit or audited is what ABC or now the Alliance of Audited Media does for the print industry. It is the onsite-verification done by the certification authority (Nielsen, Arbitron, Alliance of Audited Media formerly ABC, or any other industry accepted third party auditor) to verify whether or not the reported circulation number or audience are accurate. The important question to ask as a buyer or planner to any printed publication is whether they are audited and by whom. The media kit should contain this information as well.

We are living in an era where magazines are not just magazines, but literally cross-platform media brands. Nowadays, magazines are extended beyond the physical printed copy sold in the newsstands or received via mail by subscribers. Magazines have extensions in social media such as Twitter followers, or App downloads, or Pinterest pins, or e-newsletters, and digital versions, that go above and beyond their audited print subscribers and newsstand sales. Additionally, digital versions are accessed through mobile, tablets and computer devices. The data offered by AAM assist buyers to get a real handle on audience numbers in all media metrics considered, audience numbers in circulation, digital traffic, coverage, composition, social media interactions that extend the reach of the publication. Making available content through multiple platforms to audiences also allows the magazine to maximize the inventory to sell. With all these cross-media platforms that add “eyeballs” or impressions to the print circulation audience of a magazine through digital and mobile devices, we will concentrate this lesson on calculating magazine costs and learn how to read a traditional magazine rate card. In a later lesson, we will learn how to interpret digital rates and audience data.

OK, let’s start. Please refer to the video lesson PPT.

STEP ONE: Understanding the rate card and conditions: what is the Full Rate and Volume Discount

The rate card tells you several things.

* All rates reflected are gross meaning that the 15% agency commission is already added to the price
* The rates shown are for single insertions
* The rates reflected vary by ad size, whether they are black and white or full color and if they are covers. On the subject of covers, if you take any magazine, the front cover does not have advertising. You have three covers to choose from, the back cover which gets the most impressions (most expensive), the inside front cover with the second most impressions (and second most expensive), and the inside back cover with the third most impressions (least expensive). Just hold a magazine in your hands and see which cover you notice first, second and third. Remember that media is priced by supply and demand but also which delivers the most “eyeballs” or impressions.

Now you have to look at two things to do this calculation: the rate card and the magazine buy dictating which ad sizes you are buying and how many. Organize your numbers by looking at what you are buying and at what rate.

a) Full Page Full Color (FP FC) $163,960, Buying 4x pages

b) 2/3 Page Full Color $131,190, Buying 6x pages

c) ½ Page B&W $85,245, Buying 9x pages

d) 1x Cover #2 $204,960

e) 1x Cover #4 $213,160

STEP TWO: Multiply the Full Single Insertion Rate times # Pages

Go line by line multiplying the full rate times the number of pages

a) FP FC: 4x pages x $163,960 = $655,840 Gross

b) 2/3 Page FC: 6x pages x $131,190 = $787,140 Gross

c) ½ Page B&W: 9x pages x $85,245 = $767,205 Gross

d) 1x Cover #2 $204,960 Gross

e) 1x Cover #4 $213,160 Gross

STEP THREE: Calculating Total Gross Budget, 15% Agency Commission, Total Net Budget

First of all, add all the numbers: $655,840 + $787,140 + $767,205 + $204,960 + $213,160 = $2,628,305

$2,628,305 Total Gross Budget

Second, since the rates are gross, calculate the agency commission at 15% standard:

Take the Total Gross Budget $2,628,305 multiplied times .15 or 15 divided 100 = $394,245.75 15% Agency Commission

Third, calculate the Total Net Budget by Subtracting the Total Gross Budget minus the 15% Agency Commission:

$2,628,305 Total Gross Budget minus $394,245.75 or 15% Agency Commission = $2,234,059.25 Total Net Budget

Step Four: Reporting the Results

Using the magazine rate card and the media buy, the following results are reported:

$2,628,305 Total Gross Budget or were spent

$394,245.75 15% Agency Commission since we were working with a gross rate card

$2,234,059.25 Total Net Budget

Now keep in mind given the compensation models we discussed earlier in the course, if the client honors the 15% commission and lets the agency keep it as pay for their work, that’s between them. Regardless, if the rate card shows that the rates are gross, that automatically implies a 15% markup. Whether the agency gets to keep it, that’s another story.

Now practice in the individual lesson PPT and remember that you can find the answers in the Full lesson PPT.

See you in the next video lesson

PART B: LEARNING HOW TO CALCULATE TOTAL RATINGS USING REACH AND FREQUENCY