"No publisher need hesitate for a moment to charge what he thinks his paper is worth. People want the news, and they will pay readily for it."

– JAMES O. MONROE,
Editor and Publisher,
Collinsville, Ill.,
Herald

CHAPTER 18

Determining the Subscription Price

BECAUSE A PUBLISHER desires to maintain always as large a circulation as possible, he seldom charges a subscription price that covers actual cost of producing and delivering his newspaper, plus a fair profit. The circulation manager constantly questions, "How much should we charge for our paper?" A quick answer and – in most instances – a fair answer would be: "As much as you can get without losing any of the circulation you now have."

CONDITIONS INFLUENCE SUBSCRIPTION PRICE

This situation has always existed: there is no standard for subscription rates either within the newspaper profession or within any given area in which a newspaper is published. Certain characteristics of the newspaper and conditions within the community help to determine the price:

1. Size of paper – A newspaper of 16 to 24 pages will sell more readily than one of 6 to 12 pages. Quality of content, of course, counts more, but the number of pages is a selling factor.

2. Frequency of issue – Although some papers have dropped from six issues a week to five without any change in subscription price, the number of issues per week helps to determine the newspaper's selling price. A daily paper must charge more per week than a twice-a-week or thrice-a-week paper, and the monthly rate for a metropolitan paper is more when the Sunday issue is included.

3. Services and features – Some newspapers carry more appealing features than others and some offer greater service to their subscribers – more world and national news, more comics, rotogravure and magazine sections, and perhaps airplane delivery. All these add to the cost of production, justifying a higher rate.

4. Competition – When more than one newspaper exists within a community, it is difficult for either of them to increase its subscription price, unless they can agree to increase at precisely the same time.

5. *Economic conditions within the community* — The financial well-being of persons served by the newspaper has its influence on the subscription price. More premiums and discounts are likely to be offered in communities where wages and other incomes are low.

6. *Advertisers' attitude* — The subscription rate must be sufficiently satisfactory to subscribers to keep circulation at a volume high enough to please advertisers.

7. *Cost of publishing the newspaper* — This should be the prime factor in determining the subscription price. It receives high consideration, of course, but is limited in its effects by conditions already mentioned.

VARIANCE IN CIRCULATION RATES

These influences, which do not exist in the same proportion in every community and which have different effects on groups within each community, cause glaring inconsistencies in newspaper subscription rates. Some notable ones are:

1. Different rates by newspapers of similar size and circulation.
2. A difference in home-delivery rate and mail rate.
3. A difference in rates to subscribers within the county and those to subscribers residing outside.
4. Frequent concessions to new subscribers and none to regular subscribers.
5. Difference in average cost per copy between that for a year's subscription and for shorter term subscriptions. Of course, on a year's subscription there are fewer records to be kept, fewer renewal notices to be made out and mailed and less bookkeeping, all of which helps to justify a lower rate.
6. Concessions in rates to special groups that are not given to regular subscribers.
7. Special rates for new subscriptions and renewals at certain periods of the year that are not available to subscribers at other times.
8. Higher cost per copy for the person who buys at newsstands than for the person who has the paper delivered regularly to his home.

Circulation rate studies show a great variety of rates with no particular trend toward consistency, except that prices generally have risen in recent years.

In 1956, the rates for daily papers published six days a week ranged from 17½ cents to 42 cents per week with carriers keeping from 3 cents to 16 cents. Most papers published five days a week were delivered at 25 cents a week, while those which had added a Sunday issue were working toward a price of 35 cents. For seven-day papers the trend was toward 45 cents. The most popular price, in fact, for a six-day paper was 30 cents a week or $15.60 a year, and for a seven-day paper it was 45 cents a week or $23.40 a year. This shows higher appreciation for the seven-day paper. The public willingly pays a higher additional price for a change from a six-day paper to a seven-day paper than for a change from a five-day paper to a six-day paper, even though the six-day paper may include a Sunday issue.

The year 1957 also revealed a great range in mail rates and motor-route delivery rates and a strong tendency to increase prices for Sunday issues and single copies at newsstands. Mail rates in the county of publication ranged from $4.00 to $20.00 a year, but $7.00, $8.00, $9.00 and $10.00 were the most common rates. Motor-route delivery rates varied from $7.00 to $28.00 a year. Fewer papers were selling at 5 cents per single copy at newsstands and on the streets and more at 10 cents, while the price tendency on Sunday papers was toward 15, 20 and 25 cents.

There is no consistency in the prices asked for newspapers throughout the United States. A St. Louis resident, accustomed to paying 5 cents at newsstands for a copy of the St. Louis *Post-Dispatch,* on a visit to Los Angeles will pay double that amount to get the news of the day from a single copy of the Los Angeles *Times, Herald and Express, Examiner,* or *Mirror.* Almost all Pacific coast papers are a dime a copy. While residents of Portland, Oregon, pay $1.95 per month for home delivery of a daily newspaper, the residents of Portland, Maine, receive theirs for $1.50.

The variance in the prices of small daily newspapers is about as great as that for large papers. Vast price differences are found within a single state. For example, three daily papers with circulations less than 9,000 in three New Mexico towns with populations less than 16,000 – Las Cruces, Hobbs and Farmington – have prices of $1.00, $1.30 and $1.60 per month. The variance here is quite striking, but it is well explained by local conditions.

Las Cruces is a college town in an agricultural community with residents of average income. The newspaper there competes with two El Paso dailies, 44 miles distant, making it difficult to increase subscription prices or to increase circulation.

Hobbs is an industrial town in an oil- and gas-producing area. The newspaper there has no competition, it serves families with high incomes, and has had a 23 per cent increase in circulation since 1954. It has not increased its circulation price.

Things have been happening in Farmington. In 1954 it was a sleepy, remote town of 3,647. It had some oil and coal production but it was best known as a distribution point for Navajo agencies. Then came uranium, and population jumped to 15,115. A new publisher and editor took over the newspaper, increased its page size, made other improvements and advanced the subscription price. Despite the greater price, circulation increased 31 per cent.

Only with newspapers within the same city is there any great consistency in rate fixing. Competition there usually compels rather uniform rates.

The subscription rates of weekly newspapers vary greatly, even within a state. For example, the yearly rate in Utah runs from $1.00 to $4.00, the most common rate being $3.00. Five papers get the top rate of $4.00 and five more receive $3.50. Thirteen papers go at $2.50, five at $2.00, three at $1.50 and only one at $1.00.

Some other states have yearly rates slightly lower. In Oklahoma the more common price is $2.50 and $2.00. Only two weekly papers in the state receive $4.00 and a few sell at $3.00 and $3.50.

Inconsistencies in Mail and Carrier Delivery Rates

The greatest inconsistency in subscription rates, and one which circulation managers have discussed and worked with, is the difference in price asked for mail delivery and the price asked for delivery by carrier at homes within the city of publication. Rural route patrons, in most communities, receive their community daily paper at a price from 25 to 50 per cent lower than the carrier rate paid by city residents. There are four reasons for this:

1. The city resident has the advantage of receiving his paper hours earlier than the rural route subscriber. He is willing to pay more for this prompt service.

2. The city subscriber to a paper published every day has the advantage over a rural route subscriber of receiving his paper every day including holidays. This, too, is an advantage to be appreciated.

3. Mail subscriptions usually are on a six-months or yearly basis, requiring the subscriber to pay a larger single cash remittance than is required of the town subscriber served by carriers, who pays in small monthly installments. It is harder to pay $8.00 at one time than $1.00, even though in the course of a year the dollar-a-month payment would amount to $12.00 – fifty per cent more than the yearly rate of $8.00.

4. Over-all carrier and allied promotion costs for city delivery are much higher than for sending the paper by mail to rural subscribers. To deliver it by carrier to a city subscriber, the publisher must sell the newspaper to the carrier at a price that will allow him a fair margin of profit when he collects from the subscriber.

To increase the price by mail and lower the price for carrier delivery in order to bring them in balance would not be satisfactory for most newspapers. Therefore, nothing much has been done or likely will be done to equalize the price for papers sent to these two classes of subscribers.

"As long as a newspaper requires a carrier organization and that organization continues to require selling and servicing by district managers, supervisors, circulation managers, circulation directors and their assistants — until somebody of Solomon's sagacity can work out something better — carrier prices will remain higher than mail rates," says Willis L. Knight, circulation manager of the Ogdensburg, N.Y., *Journal* (circulation 5,838, population 16,166).

Another astonishing situation regarding circulation price fixing is the number of different mail rates offered by newspapers. In 1955, A. L. Trimp, circulation manager of the Scranton, Pa., *Tribune*

TABLE 18.1
SURVEY OF MAIL RATES OF 500 DAILY NEWSPAPERS*
Conducted by A. L. Trimp

	Number of Rates Used	Low Rate	High Rate	Most Popular Rates
		(dollars)	*(dollars)*	*(dollars)*
Morning Papers 143 sampled	33	6.00	30.00	9.00, 10.00, 12.00, 13.00
Evening Papers 350 sampled	7	4.50	21.00	6.00 – 15.00
Sunday Papers 131 sampled	27	2.50	15.50	5.00 – 7.80
Morning and Evening 49 sampled	18	12.00	31.70	24.00
Morning and Sunday 103 sampled	35	8.00	27.50	18.50
Evening and Sunday 119 sampled	44	8.00	30.00	10.00, 15.00, 18.00
Morning, Eve., & Sun. 52 sampled	Many	15.00	41.60	21.00, 23.00, 26.00

* From *Circulation Management,* Oct., 1955

(circulation 40,733, population 125,536), checked the mail rates of 500 daily newspapers in the United States. The lowest was $4.50 per year for 313 issues. Some of the odd ones were $6.12 and $7.12 per year for six issues a week, no Saturday issue. The highest was $41.60 for morning and evening daily during the week plus a Sunday issue. Some papers with both morning and evening issues charged $5.00 a year for the evening paper and $7.00 a year for their morning paper. Most surprising, however, was the number of different rates offered by a single newspaper. A summary of the survey is given in Table 18.1.

WITHIN AND OUTSIDE THE COUNTY

It is customary to charge more for papers delivered outside the county in which the newspaper is published than for those delivered on the county rural routes. This seems fair, too, because newspapers can be delivered postage free on rural routes within the county where the paper is published, while zone mailing rates apply on papers that go beyond the county. The farther away from the county, the greater the cost.

Trimp cites two daily newspapers, published under the same management and circulating in widely separated areas. The subscription price for one is $6.00 and for the other is $10.00 a year. The annual mailing cost on the one selling for $6.00 is between $9.00 and $12.00. The paper selling for $10.00 a year pays approximately $12.00 in postage costs for delivery outside the county. From a businessman's standpoint of cost and profit, the subscription prices of both papers definitely are too low, and from the same standpoint it is difficult to understand why one should sell for $4.00 more than the other. But publishers often are compelled to take other factors into consideration besides cost and profit when setting a subscription price. The extent of competition, average number of pages per issue, and possibility of additional circulation producing greater advertising income always are considered.

Weeklies Need Higher Prices

Daily newspapers derive from circulation a more nearly creditable portion of the total income than do weekly newspapers. Particularly is this true of the very large daily papers. They give greater attention to income from circulation and fearlessly advance subscription prices when needed. The small weeklies – particularly those in towns with less than 5,000 population – are selling at prices too low to produce much operating revenue. Too many are selling at $1.00 a year and too few at $4.00 and $5.00. The average weekly newspaper publisher is receiving about half what he should for his newspaper.

"Rising costs and inflation must be given primary consideration in determining a subscription price," says Lee Perry, publisher of the Needles, Calif., *Desert Star* (circulation 1,500, population 4,051). "We must have more money in order to produce a better product. What did you pay for a motor car in 1936?"

Perry advanced the price on his 12-page weekly in 1955 from $3.00 to $4.00 a year and to 10c a single copy without the loss of a single subscriber, and has had a gain in circulation since that time.

The publisher of another weekly paper that sells for $4.00 a year and 10 cents a copy says: "Production costs have made it impossible to continue on the old basis of subscriptions at any price for circulation's sake. Ad rates cannot be increased enough to take up the slack, so circulation must pay its own way. Most papers charge too little, and ours is one. Ten to fifteen cents per copy for a good community weekly is not too much. The industry as a whole should make it easier for all to increase prices. This is 1957, and the price of a loaf of bread is ten cents higher than it was in 1932."

RATE COMPARISONS BY STATES

A study of the high, low and average subscription prices of weekly newspapers in towns with less than 5,000 population is given in Table 18.2, and reveals some interesting facts. The highest yearly rate is $5.20, or 10 cents per copy, and the lowest is $1.00, or less than two cents per copy. In seventeen states there are no weekly papers in towns of less than 5,000 that receive more than $3.50 a year. Although in most states a few papers sell for only $1.00 a year, in Arizona the minimum price is $2.50 and in Colorado, Louisiana, Montana, Nevada, Rhode Island, Vermont and Wyoming the minimum is $2.00. Connecticut, Idaho, Illinois, Nevada, New Mexico, New York and Tennessee have some papers receiving $5.00 a year. One paper in New Mexico sells at a straight price of 10 cents per copy.

MUST KEEP CIRCULATION UP

While a newspaper should receive a profitable subscription price, it must maintain at the same time a creditable circulation. In newspaper directories and in *Standard Rate and Data Service,* all of which are guides to advertisers, the population of the town in which the newspaper is published is given along with the circulation of the newspaper. The publisher wants his newspaper's circulation to compare favorably with the population of his town. Although a number of weekly newspapers that serve wide rural areas have circulations in excess of the towns in which they are published, a circulation equivalent to 80 per cent of a town's population is considered a good average.

The 6,171 weekly newspapers published in American towns with less than 5,000 population have an average circulation that is equal to 79.1 per cent of the average population of the towns in which they are published. In Iowa, Michigan, Minnesota, Missouri, North Dakota, Ohio, South Dakota, Virginia and West Virginia the average circulation is above 100 per cent of the average population. In most states it runs between 60 and 90 per cent, as revealed in Table 18.3.

A FORMULA IS NEEDED

Some sort of a measuring device that would aid in determining a reasonable and practical subscription price for a weekly newspaper should be provided. This should take into consideration newspaper production cost, size of the paper, average circulation based on population and effect on advertising volume. As a step in that direction, the following formula is suggested:

1. From total annual expenses, subtract a percentage equal to the percentage of income provided by advertising and job printing. This gives the amount of cost that should be borne by circulation.

TABLE 18.2

HIGH, LOW AND AVERAGE SUBSCRIPTION PRICES BY STATES OF WEEKLY NEWSPAPERS IN TOWNS WITH LESS THAN 5,000 POPULATION*

State	High	Low	Average
	(dollars)	(dollars)	(dollars)
Alabama	3.00	1.50	2.22
Arizona	4.50	2.50	3.07
Arkansas	3.00	1.00	2.14
California	4.50	1.50	2.91
Colorado	4.00	1.50	2.56
Connecticut	5.00	2.00	3.23
Delaware	3.00	1.00	2.13
Florida	4.50	1.50	2.61
Georgia	3.50	1.00	2.09
Idaho	5.00	1.50	2.82
Illinois	5.00	1.00	2.32
Indiana	3.50	1.00	2.13
Iowa	4.50	1.00	2.61
Kansas	4.00	1.00	2.00
Kentucky	3.50	1.00	2.24
Louisiana	3.00	2.00	2.64
Maine	3.50	1.00	2.45
Maryland	3.00	1.00	2.10
Massachusetts	3.50	1.75	2.78
Michigan	4.00	1.00	2.35
Minnesota	3.50	1.00	2.57
Mississippi	4.00	1.00	2.04
Missouri	3.00	1.00	2.04
Montana	3.50	2.00	2.88
Nebraska	4.00	1.00	2.42
Nevada	5.00	2.00	3.18
New Hampshire	4.50	1.00	3.05
New Jersey	4.00	1.00	2.41
New Mexico	5.20	1.00	2.81
New York	5.00	1.00	2.82
North Carolina	4.00	1.00	2.29
North Dakota	4.00	1.50	2.73
Ohio	4.00	1.00	2.27
Oklahoma	4.00	1.00	2.13
Oregon	4.00	1.00	2.77
Pennsylvania	4.00	1.00	2.57
Rhode Island	2.00	2.00	2.00
South Carolina	3.50	1.50	2.35
South Dakota	4.00	1.00	2.63
Tennessee	5.00	1.00	2.17
Texas	4.00	1.00	2.14
Utah	4.00	1.00	2.73
Vermont	4.00	2.00	3.39
Virginia	3.50	1.00	2.34
Washington	4.00	1.50	2.78
West Virginia	4.00	1.00	2.20
Wisconsin	4.75	1.00	2.51
Wyoming	3.50	2.00	2.83
UNITED STATES	5.20	1.00	2.50

* Compiled from N. W. Ayer & Son's *Directory of Newspapers and Periodicals,* 1956.

TABLE 18.3

CIRCULATION-POPULATION COMPARISONS BY STATES OF WEEKLY PAPERS IN TOWNS UNDER 5,000*

State	Number of Papers	Average Circulation	Average Population	Percentage
Alabama	71	1778	2514	70.7
Arizona	27	1081	2606	41.5
Arkansas	109	1459	2028	71.9
California	220	1722	2246	76.7
Colorado	101	1186	1360	87.2
Connecticut	20	2085	2825	73.8
Delaware	11	1969	2010	97.9
Florida	87	1461	2345	62.3
Georgia	154	1231	2009	61.2
Idaho	68	1211	1836	65.9
Illinois	415	1263	1701	74.2
Indiana	199	1432	1718	83.4
Iowa	360	1486	1424	104.3
Kansas	263	1235	1253	98.6
Kentucky	123	1887	1952	96.6
Louisiana	64	1415	2356	60.0
Maine	29	2093	2474	84.5
Maryland	42	2473	1806	136.9
Massachusetts	42	2093	2997	69.8
Michigan	242	1586	1427	111.2
Minnesota	325	1385	1034	133.9
Mississippi	93	1561	2071	75.3
Missouri	281	1637	1598	102.4
Montana	70	1290	1493	86.4
Nebraska	220	1334	1249	106.8
Nevada	18	1411	1641	85.9
New Hampshire	23	1940	2411	80.4
New Jersey	88	2052	2892	71.2
New Mexico	24	1312	2185	60.0
New York	297	1642	2150	76.3
North Carolina	113	1952	2184	89.3
North Dakota	103	1262	1115	113.1
Ohio	223	2189	1916	114.2
Oklahoma	174	1287	1801	71.4
Oregon	84	1530	1888	81.0
Pennsylvania	178	2015	2351	85.7
Rhode Island	4	2180	2807	77.6
South Carolina	49	1699	2377	71.4
South Dakota	151	980	852	115.0
Tennessee	95	1692	2048	82.6
Texas	300	1765	2694	65.5
Utah	36	1001	2337	42.8
Vermont	19	1800	2355	76.4
Virginia	80	2251	1721	130.7
Washington	119	1451	1773	81.8
West Virginia	72	1961	1913	102.5
Wisconsin	255	1481	1632	90.7
Wyoming	33	1584	2403	65.9
UNITED STATES	6171	1579	1995	79.1

* Compiled from N. W. Ayer & Son's *Directory of Newspapers and Periodicals,* 1956.

2. Divide this sum by 80 per cent of the population of your town, which appears to be a reasonable circulation standard. This gives the cost that should be charged to circulation in producing and delivering a single copy for a year, provided you are attaining your circulation possibility.
3. Add 1 per cent for each page above 8 pages in your weekly average number of pages. This may seem trivial but size of paper must figure to some extent in estimating worth of paper.
4. Add to this 25 per cent for profit. This is not too great a profit because you are determining the top subscription price. The regular price should be high enough to allow some scaling down to a special price for brief periods in case you should want to develop additional circulation rapidly in certain areas.

The result obtained from these four steps should give some indication of what the approximate regular price should be for a year's subscription.

Here is an actual case to show how the formula works: A newspaper in a town of 4,000 has annual expenses of $56,000. Receipts from advertising and job printing amount to 85 per cent of yearly income. It averages 17 pages for each weekly issue.

STEP 1

85 per cent of $56,000 is $47,600
$56,000 minus $47,600 is $8,400 (the amount that should be provided by circulation).

STEP 2

80 per cent of population (4,000) is 3,200.
$8,400 divided by 3,200 is $2.62 (basic rate for an 8-page paper).

STEP 3

There are 9 pages above 8 in each weekly issue.
9 per cent of $2.62 is $.23.
$2.62 plus $.23 is $2.85 (basic rate, without profit, for 17-page paper).

STEP 4

25 per cent of $2.85 is $.71.
$2.85 plus $.71 is $3.56 (rate that must be charged to assure profit).

THEREFORE, the subscription price for this paper should be no less than $3.56. This paper now sells for $3.50 a year in the county, and for $4.00 outside. The publisher expects soon to go to $4.00 for all.

If the weekly newspaper publishing business is to go forward with other businesses and industries in its community, it must have dependable income from both circulation and advertising. It must be able to provide modern equipment and to pay wages that will attract young people trained in journalism the same as is being done by the metropolitan press. It must be able to compete in the personnel market with radio and television stations, the public relations departments of industries, magazine publishers and advertising agencies.

This means it must charge a higher subscription rate and at the same time keep its circulation at a high level.

Seasonal Price Reductions

The history of circulation building includes other inequities in newspaper pricing just as strong as those already mentioned. It is not unusual for a newspaper to make a reduced price to members of an organization if all members will subscribe at the same time. Certain seasons of the year, too, often bring better rates to subscribers than other times.

Once a year the Peoria, Ill., *Journal* and *Star* (combined circulation 101,937, population 111,865) make a special Christmas bargain offer to all regular and new subscribers. All mail subscriptions at Peoria have only two expiration dates—July 1 and January 1 of each year. Ninety-five per cent of the entire list falls due on January 1 because of the special Christmas offer, and the newspapers are anxious to move more of their July expirations to January. This practice was instituted some time ago and has been continued because subscribers have become accustomed to it and like it. "The Christmas discount rate brings new subscribers as well as prompt renewals," says K. W. Carrithers, circulation manager. "Furthermore, there is some economy and convenience in handling the bulk of mail subscription collections at one period rather than having them strung out over the year."

A similar plan of collecting for subscriptions is used by the Louisville, Ky., *Courier-Journal* and *Times* (combined circulation 392,063, population 369,129). They make a bargain offer during January and February, the season of the year when Kentucky farmers market their tobacco. Their program is arranged so that the old subscribers enjoy a bigger saving than the new ones.

Most papers, however, would consider it a disadvantage to have so many subscriptions expire at the same time. They would prefer to receive the circulation income at frequent regular intervals throughout the year.

Single Copy Rates

The customary difference in the single copy rate at newsstands and the average single copy cost to persons who have the paper delivered regularly to the home, if carefully considered, may not seem just.

One circulation manager says: "I believe there is no longer any excuse or logical reasoning behind offering home delivery (seven issues weekly) at a price for the package below that expected from the sale at retail single-copy prices. Expense outlay is greater on home delivery and net return is less. Other commodity services making home deliveries — dairy, laundry, bakery, etc. — get full price for such service. Yet newspapers still follow the time-honored belief that reduced or incentive prices get them the business. It seems doubtful if the buying public supports such belief."

Another manager suggests that if newspapers could induce all their existing subscribers to pay at the rate of 10 or 15 cents per copy for all the papers delivered to them at their homes by carriers and mailmen and sold to them by newsstands and street salesmen, the publishers would have enough to meet all circulation expenses and help some on other expenses. Furthermore, if such a Utopia might come about, the rate for advertising might be reduced.

This would be a pleasing situation for the publisher if it would all work out that way. But the attitude of readers as well as the desires of the publisher figure prominently in determining a newspaper's subscription price. If the price by the year were not less than the cost of single copies bought daily for a year at newsstands, would not subscribers be inclined to buy single copies rather than yearly subscriptions? Many might say: "O.K. If we have to pay newsstand prices, why pay in advance for a year or even for a month? I'll just pick up a copy when I go to buy my groceries, or perhaps the Sunday issue is all I will want!" They would surely miss a number of issues through the year. Then the newspaper's circulation income most likely would be decreased instead of increased by such a price arrangement. More disastrous to the newspaper than that would be a reduction in the average daily circulation, which would be displeasing to advertisers.

In most newspaper situations, increased circulation is more to be desired than increased circulation income. A publisher must meet all challenges as they arise. This is best done by making adjustments compatible to local situations.

Six Goals To Work Toward

Facing all these situations and difficulties, circulation managers have a problem before them in developing more uniform and consistent subscription rates. But they should keep at least six goals before them:

1. Make a subscription price that will as nearly as possible bring in sufficient revenue to meet circulation department expenses.
2. Make a price that will be popular with readers who should be reached.
3. Make a price that will build sufficient circulation to increase advertising revenue.
4. Make a price that will seem fair to all classes of subscribers.

5. Make a price that will compare favorably with prices asked by papers of the same size in similar communities.
6. Cooperate with fellow publishers in formulating a plan of uniform circulation rates that will be adhered to by all publishers and be accepted by the reading public.

Planning a Price Advance

Practically all newspapers within the past few years have been faced with the need to advance subscription rates. They realize that more revenue should come through the circulation department. The question is: How best may this be done? Should it be by an advance clear across the board or by raising the price by mail now and by carrier later? Or is there still a better way?

In an article in *Circulation Management*[1] magazine, Charles W. Staab, then circulation manager and now business manager of the Cincinnati, Ohio, *Enquirer* (circulation 212,879, population 503,998) pointed out what many newspapers expected to do in 1956. One thing stood out – if the Post Office Department should raise second class mail rates, there would be a flood of increases in mail subscription rates. The "low man on the totem pole" would raise from $5.00 to $6.50. One morning paper would raise from $9.00 to $12.00 where people received same-day delivery but would go up only $1.00 to those getting the paper a day late. Another newspaper would raise from $10.00 to $20.00 a year on subscriptions going outside the state. A hopeful sign was that many newspapers planned to raise their "all other" mail rates by 25 to 100 per cent over retail trade zone rates. Almost invariably the greater the distance from home base, the higher the circulation price. Value to the advertiser is the only realistic economic yardstick, outside such sentiments as pride, prestige and staunch stubborn adherence to tradition.

THREE WAYS TO INSTITUTE RAISE

Always there is some hesitancy on the part of a publisher and his circulation manager to institute a subscription price increase. They wonder how the public will react. In order that the newspaper may benefit immediately, there must not be any loss in circulation on account of it. What is the best way to break the news to subscribers? The following three methods are recommended by newspapermen who have used them successfully:

1. Make a complete and honest announcement in the newspaper, explaining exactly why a price increase is necessary. If some new and attractive feature can be added at the same time, the increase will be accepted more readily and gracefully.

2. To raise the price on subscriptions by mail, use a series of well-written form letters, and mail them at three-week intervals to present

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[1] *Circulation Management,* Jan., 1956.

subscribers, giving them the opportunity to save money by renewing their present subscriptions at the old rate before the new rate goes into effect. Let carriers deliver similar notices to their customers. This procedure usually results in renewals from almost all subscribers without protest or complaint. And by the next renewal time, the fact that rates were raised is forgotten, and the new, higher rates are taken for granted.

3. Don't say a word in the paper about raising subscription rates. Don't give a line of publicity to it. Just decide to raise the price. Carry a line at the bottom of the renewal statement to subscribers by mail, telling them when a new price will go into effect and instruct carriers to announce to their customers when they call to collect that a price change is coming up. The operation thus becomes painless and usually without loss, many circulation managers say.

Fear of competition prevents many papers from raising rates. Small papers fear the large ones, when in reality it is the larger ones that usually receive unfavorable reaction to price increases. A price raise by the local community newspaper generally results in circulation loss for metropolitan papers circulating in the same area. A local newspaper doing a creditable job of filling readers' needs has nothing to fear from out-of-town newspapers, for if it is necessary to economize by eliminating one of the two papers, the reader most likely would continue the home paper with its more extensive coverage of local news.

The least one can do to overcome fear of competition is to exercise balanced judgment, considering net revenue and costs along with intangible factors.