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INTERVIEW SERIES

How To Buy Newspaper Advertising Without Losing The Shirt Off Your Back Part Two

*Michael Senoff Interviews
Jim Hart Newspaper Ad Experts*

Dear Student,

I'm Michael Senoff, founder and CEO of HardToFindSeminars.com.

For the last five years, I've interviewed the world's best business and marketing minds.

And along the way, I've created a successful home-based publishing business all from my two-car garage.

When my first child was born, he was very sick, and it was then that I knew I had to have a business that I could operate from home.

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Now, let's get going.

Michael Senoff

Michael Senoff

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How To Buy Newspaper Advertising Without Losing The Shirt Off Your Back

Jim Hart, the ad director at a large Arizona newspaper, has been in the newspaper advertising business for 25 years. In this exclusive interview with Jim, we discuss things to be aware of when you decide to advertise in a newspaper:

Beware of ad reps telling you the cumulative audience rather than the research-based audience of the newspaper or segments within the newspaper. You must know the type of audience that you want to reach. Within this, you need to know if your audience is specific to a geographic location. You must know how good the newspaper's "zoning" capabilities are. If your audience is within a certain geographical area, your ads should be able to be printed and/or sent to only people in that geography. How to get local ad rates if you plan to advertise in a newspaper out of your geographical area.

Being aware of "products" that a newspaper ad rep may try to sell you just to make his ad quota. Tips about new online services that you can use in your business to advertise or use to researching how your competitors are advertising. Ways that you can negotiate with your ad rep so that your advertising budget is not wasted. This interview will arm you with important ammunition in order to make your newspaper advertisements successful. Enjoy! For more information go to <http://www.1shoppingcart.com/app/aftrack.asp?AFID=292974>

Michael: Give me a little bit of history on you and your expertise within the newspaper industry.

Jim: Sure, Jim Hart, and 24 years ago in Chicago, I was about ready to quit sales and go back to school and take computer classes.

Michael: What were you selling?

Jim: It was kind of a few different things after school. I tried Color Tiles briefly which I now refer to as my brush with retail.

Michael: Oh, Color Tiles the retail store?

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Jim: Yeah.

Michael: Sure.

Jim: Exactly, I sold ads for the cover of a phone book which was going real well until I realized that the guy didn't distribute the covers like he said he was going to, and I even tried pharmaceuticals right out of school. That was interesting.

Michael: What did you major in in school?

Jim: Marketing, Northern Illinois University. So, I ran into a guy at my wife's Christmas party, and he worked at the local daily newspaper and said, "You shouldn't give up on sales, yet." I worked there for twelve years, the last three as the advertising director there.

Michael: Did you start selling advertising space?

Jim: I started out selling ad space and a few years later became a manager of four or five people selling ad space, and then I was managing 40 or 50 people and then became the director and had about 90 or 100 people working for me in the south suburbs of Chicago.

We were fighting tooth and nail with what was then the fourth and seventh largest newspapers in the United States – the Chicago Tribune and the Chicago Sun Times. So, it was a real competitive baptism by fire on the ad sales side. You had to be very creative and inventive.

From there, I experimented with living outside of Chicago and moved to Dubuque Iowa for three years, and was the ad director there, and tried to pull together all of their media companies into a cohesive selling unit which has been tried by a lot of people, and there's just so much internal push back on that that it's unfortunately very difficult to do.

Michael: What was in Dubuque Iowa, what paper?

Jim: Woodward Communications – they owned the Telegraph Herald and they also, at that time, owned the top rated AM and FM radio stations and they owned a series of shoppers for fifty miles around Dubuque. So, there were all these different little competing for the same ad dollars.

It was a learning experience, but I had a small staff there of about 20 people, and that was where I was when I first started to see some of Jay Abraham's stuff, and my eyes just got big. That was about '93, I guess. I kind of reached the realization at that point that that was where all the money was going. It

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was going more and more into targeting on the front end, and to the back end in general being committed to changing gears and studied it all I could and got an offer from the Arizona Republican, Phoenix, who wanted to launch direct marketing operation. Outside of Chicago, Phoenix is the one place in the country I really wanted to live.

So, things have a way of happening sometimes. I went there for three years and built probably one of the strongest marketing databases in the newspaper industry. I was real fortunate to make some real good hires, and we were bringing in millions of dollars within just a few years.

Michael: Doing direct marketing to sell newspapers?

Jim: Well, we were working both sides. We were helping the circulation department become more targeted and then to become more aware. There's such a firehose in trying to keep the circulation numbers up that there were times where they were restarting the same clients five and six times during the course of a year.

Michael: What do you mean by firehouse? And, what do you mean by restarting a client?

Jim: The same message going out to everybody, really aggressive outbound telemarketing. For example, let's say they started you up and gave you a half price offer for eight weeks, and at the end of the eight weeks you decided not to renew. Within days, they would be calling you offering you the eight weeks half price off again.

So, at that point, you're almost training people to not take the paper on an ongoing basis.

Michael: So, they're selling system was ineffective. They were repeating the same message. There was no marketing or planning in selling subscriptions.

Jim: No segmentation of the message. No hint within the marketing program that they knew that you had subscribed two or three times in the last six months. It was by all definitions a firehose. It was just opened up, tried to help them as hard as we could, and we helped them.

For example, we found a group of over 30,000 people that they had started six or more times at \$35 a pop over the last year, which is about \$1.8 million in start commissions alone just to keep those 33,000 people starting over and over again.

Michael: Did they do that?

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Jim: Yeah. When we found that group of people, we started to break off small segments of it about ten percent of them, and change the approach and basically said, “Hey, we’re not going to do this anymore, but if you’d like half price for the whole year, sign up now and pay in advance.”

Michael: Oh, I see. So, they would sign someone up on that one time special offer, and then they would keep giving it to them over and over again.

Jim: Right.

Michael: But, there wasn’t that much money giving it all away six times.

Jim: Right, and the commission was almost more than they were charging. So, it was a really bad business deal. For example, the way that the circulation systems would work, the information systems, once you started again, it overwrote your previous information and there was nothing being captured into a database. So, there was no way for them to know anything really, not very much.

Some of them were starting to get a little better than others, but in general the next time you came into the system overwrote the last time you were in the system. So, it was a direct marketer’s nightmare from the standpoint of not having any grasp whatsoever of the back end.

I used to kid with them that they’re the only industry in the world that would consider the fifth time you did business with somebody that year as acquisition. At that point, they really weren’t thinking at all like direct marketers from the standpoint that what they were really doing was increasing the activity with this person.

Michael: So, what’s your view – you being in the newspaper industry so long seeing a lot of ineffective things – overall can you give me a general state of the newspaper industry as far as marketers?

Jim: From a marketing standpoint, Michael, I would say that they’re just beginning to start to understand that advertisers will be finite audiences and will pay a far premium for that.

For example, as I was coming up through the industry and this still happens now, we put together a Bridal Section for people about to get married, and this Bridal Section would be distributed to all X numbers of tens or hundreds of thousands of subscribers in spite of the fact that probably less than one percent of them were going to get married that year.

Now, at the same time, there's another department in the newspaper that's getting phone calls from the people that are going to get married to publish their wedding announcements. I mean how silly is that? So, a lot of them are starting to say, "Let's put together a kit that goes out to people as soon as they let us know they're engaged."

So, the needle is starting to move. I'll give you another quick example – the TV book that they all put in. They know that less than ten percent of the people in the market are still using that to find TV lists. They know it for sure, and a relatively small paper I sat down with a couple of months ago blurted out that they're losing three-quarters of a million dollars a year net on the TV book. The difference between the cost of printing and putting it in every paper every Sunday versus the amount of ad revenue they can get. My proposal to them was, "Let's run a full page ad in the TV book several weeks in a row saying, 'Hey, we're going to change how this is distributed. If you really want to keep getting it, either fill out this form and mail it back, or go to this website and fill out the form and we'll let you know how we're going to change it. But, we're probably going to mail it to you, but we're only going to do that if you ask us for it.' Then you need to tell them they need to fill out a few more questions, 'Do you have cable TV or not?' 'How old are you?' 'Do you have Internet?' So, now you have the leads you need to sell that smaller audience through some targeted advertisers. And it should be a no-brainer to turn that thing into a cost neutral product."

But, they look at you and go, "But, we might lose a few hundred subscribers."

Michael: So, what's the name of the game? The newspaper industry, they need that circulation to sell advertising because they need the cost per thousand to show their advertisers to get the reach, right?

Jim: You know what? I made a statement that almost got me thrown out of a newspaper conference a few years ago. I said, "You know, guys, I honestly believe that the only people in the country who still believe in the value of the concept of mass marketing for mass marketing sake are newspaper executives." It's gone. It's not present. Nobody buys radio or television anymore according to gross rating points or run of schedule. They buy actual programs that are going to reach the audience that they want to reach.

Nobody plaster mails things very much anymore. The grocers are still kind of stuck in that mode, but the newspaper folks in their minds still think the value comes from how big of an audience as opposed to who the audience is.

Michael: When people are advertising, aren't a lot of people advertising for specific sections like sports page or real estate? Isn't it somewhat segmented?

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Jim: Well, you know what? That's an interesting question because it's another part of the denial. The syndicated research done on newspapers clearly shows the distinct audiences that are reading the different sections, but the newspapers hate to use that in a sales presentation because it shows the advertisers that the audience of each section is smaller than the big audience that they're touting.

Coming sense would tell you that you might be willing to offer main news on Monday for half the price of what Sunday is or Wednesday or Thursday or other better read days, and there is a bit of a move in that direction, but no where near enough of a move where you're going to where you just described where Sports cost maybe more than the Living section.

Michael: Let's get into some juicy stuff. I want you to tell me five lies a newspaper sales person is going to tell you when they're trying to sell you newspaper advertising – just from what you know about what newspapers want. They want circulation. They need to sell advertising. Let's say not five lies, but five myths or five things that they're going to try and get you to buy that you probably shouldn't. Let's say you're out of the industry and you're exposing the secrets of the sales rep to the consumer. Things to look out for. Can you share some of that?

Jim: Sure, I think the way that research is used, we reach 65 percent of the people that look like this or look like that – that's a cume really. It's a cume over a number of issues, over a number of days.

Michael: What's a cume?

Jim: It refers to the cumulative audience over a period of time. For example, if you ran an ad every day for a month, you might reach 69 percent of that demographic. If you ran it once, you might actually only reach half that.

Michael: Okay, for instance, if someone wants to get some stats on a newspaper circulation, the rep comes in and says, "We reach 69 percent of this market." It doesn't mean your ad is going to reach that numbers. It's statistics that's used to try and better the advantage of the sales rep to make it appear that your ad is going to be in front of more people than it really is.

Jim: Yeah, and there's really two separate frames of reference there Michael. One is research, and one is hard distribution. On the hard distribution side, that's the number of copies distributed versus the numbers of households in the market. That's a relatively hard number – 40 percent paid penetration, 50 percent paid penetration.

So, from that point, it's okay, but when they turn around to use the research, they're now introducing the cumulative effect and saying, "It's 70 percent."

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Because over the span of a month, 70 percent of the people in that demographic may read it. So, you have to pay attention to whether you're talking about the research based audience claims or the household penetration, the hard distribution type of claims.

Michael: So, let's say that you're on the other side, and a rep is sitting in front of you trying to sell you space advertising in the newspaper. What questions are you going to ask him to determine what value you're going to get for your advertising as far as numbers?

Jim: If I'm a smaller local, the type of folks that we go after as HMA consultants for example, less than five million where you're talking to the business owner across the counter – the first thing that that business owner needs to know is what audience does he or she want to reach. They need to be in control of the discussion from that standpoint.

Michael: All right, let's say I want to reach people who are interested in becoming a marketing consultant.

Jim: Now, there's a completely different perspective. There is somebody who is going to do their best work probably looking through the SRDS, looking for mailing lists. I'm not a big fan of using the newspaper to try to find what is essentially a needle in a haystack.

Michael: Then, let's go back to your example.

Jim: The first thing the average Joe needs to know first of all his market predominately geographic or not. In other words, is he selling scotch tape and it's likely that he's got about a one mile radius tops which is pretty likely. I'm using that generically to say that if he's selling something that basically everybody could use, and it's somewhat of a commodity.

I'll give you the opposite of that. Let's say that he's selling \$2,000 graphite racing bikes. Now, there's a guy who needs to build a database. There's a guy who needs to do a lot of two step type tactics if he's going to use the newspaper at all. So, there's people whose audience is so finite that at most, they should use the newspaper to do lead generation or contests to get people to stick their hand up in the air and tell them who you are. Then, not use the newspaper at all anymore.

Those folks need to understand the cost of acquiring a prospect and then that most of their communication from then on will be one on one or at least direct.

Now, the person who needs the immediate area, the first thing they're looking for is how does the newspaper deliver that. Do they have a non-subscriber product, which most of them do? It's called a TMC, which stands for Total Market Coverage, and the way that works is that it's mailed to all of the non-subscribers.

Michael: What's mailed to all the non-subscribers?

Jim: It usually looks like advo. It usually looks like a jacket. Most of your folks listening probably could recognize it as a little four page thing that comes in their mailbox with a bunch of grocery ads.

Michael: The thing that comes, at least here in my city, on Wednesdays. It comes with all the grocery ads. So, are they using that to jack up their numbers?

Jim: Well, they're not using that to jack up their numbers from a newspaper readership standpoint. They are using it to round out the distribution so they can go into that scotch tape store guy and say, "I can hit a hundred percent of the homes within your radius."

Michael: By advertising in that little section?

Jim: Right. Then, what you would do is probably if you're that local, more than likely if you're looking at a good size newspaper, you're going to be looking at what's called a "print and deliver" flier. Print an 8 ½ by 11 flier, and you insert it into the paper and the TMC only in that geography that you want to reach.

Michael: I've got you, and that's for the local guy who's selling a generic like a grocery store or a restaurant.

Jim: Right, and then if their geography is a little bit bigger, then ROP or an ad run on the pages of the paper. ROP stands for Run Of Press. Those are the ads that are on the actual pages of the paper.

The newspaper audience used to skew upscale and it used to be very easily defined. It's really honestly not anymore. It's scattered a little bit more. It's definitely getting older. I mean, if you have something that you want to sell to older people who have a bit more money to play with, newspaper is perfect.

If you have something that you want to sell to younger people, and it pains me to say this because 24 years I've been drawing a paycheck either directly from or indirectly from newspapers, if you're selling something to younger people, you're throwing your money down the drain. You're better off doing

countless other things, probably radio or the alternative weeklies or something that clearly does a better job of reaching that group of people.

Michael: Let me move you back to that role playing. You're talking to the rep. you're trying to determine by asking them some questions, what value you're going to get. What are the important questions you're going to ask a rep so you can know whether you're getting value?

Jim: One of the important things is you need to really have a good feel for your geography, and one easy way to do that is to put up a big map of the area that you're in that maybe encompasses three miles around and put out a bunch of little pines or little stickers, and put a sign above it or have some happy smiling person standing next to it for three or four days saying, "Would you please do us a big favor? We're trying to target our activities. Could you put a pin in the map where you live?"

Real simple, you don't have to do data entry or any of that stuff, and any merchant who doesn't do this is a little nuts in my opinion Michael. So, you have to know your geography or you can't effectively buy advertising.

Once you know this, now when the rep comes in, you have to look at anything outside of that geography as waste. So, now you're looking to find out how good their zoning capabilities are. Can you zoom in on this? And, some newspapers, I'm working with about 15 of them right now, where the whole project revolves around getting them down to be able to split zip codes in fourths and fifths and sixths, so they're reps are going to be armed with a map based sales tool where they can type in the guy's address, do a tight circle around his store, and surgically deliver for him.

Now, that's where all the papers have to get to if they want to stay in the game with the local merchants. The big merchants are getting harder and harder to predict. The grocery stores aren't absolutely going down. There has been 26 bankruptcies in the grocery industry in the last three years, and the big chains stocks are all up between 20 and 40 percent in the last three or four years.

Michael: What does this have to do with newspapers?

Jim: Some of the bigger categories of newspapers have relied on year in and year out for millions and millions. I mean 80 percent of their revenues are dying. They're restructuring. They're changing. They're all trying to respond to the fact that Walmart is taking all this share of doing very little advertising. So, the value that has to the folks that we're talking to and to that local scotch tape guy, is the newspapers are realizing that if they don't regear themselves to create value for that next tier of advertisers, that they're going to struggle mightily.

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So, it's an evolutionary process, and the old saying, "Follow the money" sometimes if you know that somebody's not getting money they way they used to, maybe they'd be more willing to take yours now. It's under different terms than they used to be taking yours.

Michael: Jim, I think I hear what you're saying. If I'm an advertiser, and I'm meeting with that ad rep in front of me, I better know who my market is because newspaper is the mass advertising medium. I guess in the past, newspapers haven't been able to target an ad to a specific market. You've got to know your market and you've got to know who you want to reach, and you've got to work with that ad rep to find a solution to get your message in front of your target without wasting dollars.

Jim: That's right. That's the minimum level of knowledge and control that a merchant has to have if they're going to thrive and be successful. It's the only way you can control your acquisition costs if you know who you're trying to acquire.

Michael: Do you see a lot of waste in the newspapers?

Jim: Yes, a lot. My main business today is I'm consulting with newspapers is a process that takes a household level database and connects it to the equipment that inserts the inserts into that mail program, and we can actually control the drop at the household level.

Michael: So, let's talk English. Tell me something I can understand.

Jim: Let's say I walk into a local grocery store, and the guy has his loyalty card database. Up until now, that loyalty card database is a multi-million dollar white elephant sitting there because all the other grocers have one.

Michael: They never use it. I know I'm on a couple of them.

Jim: Safeway probably does the best job. You accumulate an amount of sales, they'll send you a certificate good for \$20 off a purchase of \$200 or more. So, they're trying to increase the basket. They're trying to increase the frequency. They're probably the one practitioner that seems to be using the data.

But, what we're able to do, Michael, is to go into that grocer and say, "Look, we'll take your database, and we'll identify who has your cards, who doesn't have your cards. Of the people who have the card, who's using it and who's not."

We now take three versions of the circular from that grocer and at the household level, insert them so that the people with no card get a circular that's trying to tell them to get their butt in there and get a card.

Michael: When you say at the household level, what do you mean? That circular will go directly to the house?

Jim: Right, within that shared package that you get. So, we're able to use the database and inkjet the address on there to know exactly which version of the circular goes to every single house.

So, we're able to segment the audience, different version message, but still get all the cost efficiency of that shared mail package which is a fraction of what it costs to mail it out by itself. So, what we're trying to do is bring not only targeted acquisition, but back end management into what up until now has just been a total mass media.

Michael: Now, are a lot of newspapers, they have the capabilities of doing targeted messages, different version messages within the pages of the distribution of the paper?

Jim: Not within the pages of the paper, no.

Michael: That's within that mailing we were talking about.

Jim: Right, and it's strictly with the inserts. In the paper, there are a lot of them that are getting down to a fifth of the zip codes. So, it's getting to be very good. It's getting to the point where they can offer a lot more cost efficiency with inserts than they used to.

I live in Phoenix now, and I would say that the paper here is very aggressive and progressive, and if you bought an ROP, a Run of Paper ad, the ad that's on the pages, you probably get 18 zones today. So, 18 geographies – the ability to go into that scotch tape store guy and cost effectively sell him an ROP ad is a lot better for the Arizona Republic with that many zones than it might be for the Columbus Dispatch who doesn't zone at all.

If you're in Columbus and you want to be in the newspaper there, you're buying all 300,000 readers, and the odds that more than ten percent of them, if you're the smaller merchant, are viable just because of geography are zero.

So, there are papers that have stuck their heels into the ground and refuse to allow advertisers to buy less, and they're paying for it.

Michael: Let me ask you this. What have you seen works really well with this TMC advertising? Have you seen some great success, some scotch tape type businesses really build a good loyal following?

Jim: Not to sound too much like a direct marketer, but I think the ones that do the best are the ones that realize that you can't just do a cents off thing in there once a month because you're teaching people what the real value of your services are.

The people that do the best are the ones who periodically make a very attractive offer to just come in and say hi. Once you're in there, they make an effort to make your acquaintance and try to get you into some form of a database. Ideally, in my opinion in some form of an email autoresponder as opposed to spending five and six hundred dollars or a thousand to send out postcards five or ten times a year.

So, if there's any kind of events, and this works great with restaurants for example, where you come in and they give you a free dinner to fill out the card and tell you when the birthday months are in your family and when the anniversary month, and they put that information into an autoresponder and now they're accumulating marketing efforts that are going to create a relationship and bring people back in on a systematic basis.

Michael: So, making a very attractive offer in the TMC, get people in the door, almost like an ethical bribe. Get them in there, and then really a lot of it's up to the individual business owner to capture that customer's name and to market to them. But, the newspaper you're saying is very effective in generating that lead and interest in getting them in the door.

Jim: Yes.

Michael: But, selling something right off those pages is probably going to be a little more difficult.

Jim: When you look so many of them, I spent 16 years walking in and out of the small business folks, and their lament is that it used to be, "A venture opened up near me" and now it's, "Walmart opened up near me." Well, Walmart is the price leader. I mean, that's their spot, and if you try to be the price leader also, then you're playing into their hands by telling people to compare the prices and pick the one that's lower, and you've done a lot of work on the USP and if these smaller guys would develop their USP and feature it prominently in the ads and convince people that they're going to get the best service, follow through, guarantees – all of the strong elements of a USP, and not just use those TMCs as 50 cents off or a dollar off.

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I tell you one of the favorite things I've ever did for a guy, we did the back end math for him and showed him that his monthly mailing to bring in people to get their oil changed was done was so upside down cost-wise, he would've been better off putting up banners once a month saying, "Free oil change whenever there was an open bay." Do the oil change and let the person leave. He really resisted that, but when we went through the math, it was obvious.

So, what we wound up convincing him to do was pay for a full price for the first oil change, get the next two oil changes free. So, we had built in continuity into the thing. The merchandising was all on the second and third trip with the full price being paid on the first one.

Now, we're at a point where we're creating a habit that's not reliant on running a three or four thousand dollar coupon every month to get the person to come back the second and the third time. If they can establish a service relationship and a quality relationship during those three visits, in a perfect world, a good percentage of those people are customers now.

So, I call that a left handed loyalty program. That's for the people who don't want to capture database, but you're building the second and third purchase into the first one.

Michael: How about negotiating price for your advertising? Will newspaper ad reps and newspaper ad managers negotiate price?

Jim: That's a great question. First of all, the maturity of the rate cards are absolutely horrible, and they've not been changed significantly other than to have their rates increased in decades.

Michael: What do you mean horrible and why?

Jim: Let's say for example, they start out with what's called the open rate, and let's just say the open rate is \$50 an inch, an inch would be one column wide by one inch high. Most newspaper pages are six columns wide. They have 130 inches on a page just for example.

Once you sign a very low level agreement, that \$50 probably drops to \$35.

Michael: Automatically, or do you have to ask for it?

Jim: You sign an agreement to run, let's say, 50 inches or 100 inches a year which is nothing. That's not going to do any store in the world any good. Then, for whatever reason, they are obsessed with the fact that you need to sign an agreement.

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So, you sign this agreement, you get a 40 percent discount on the first ad. Now, typically all the way from that 50 inches or let's say \$100 annual contract or \$500 annual contract all the way out to a million dollars, the total discount of all those rate levels all the way from the first one to the last one is like ten percent.

I've seen cards where if you were committed to spend a half a million dollars a year and you up it to a million, you get half of a percent discount for that.

Michael: So, you're saying that the discounts are not too motivating.

Jim: They're ridiculous, and the challenge for the papers is, "Well, I've got millions of dollars in ad revenue on that rate card. I can't just tear it up and throw it away." So, what winds up happening is that almost all of the big accounts are not on that rate card. Almost all of them are negotiated one off.

Michael: What's one-off?

Jim: One-off means that they're not systematic. It's just one time process, which is kind of dangerous truthfully for the newspaper. There should be some level of consistency for example with how they deal with all the grocers or all of the fast food guys or whatever.

The biggest factor in negotiations comes down to how much the person is willing to increase their spending.

Michael: Does anyone pay that open rate?

Jim: The only people that pay that open rate tend to be people who call in on the phone from New Jersey and they called a newspaper in Kentucky and they want to run one ad, and they have no orders. That tends to be the delineation, Michael, between local, retail and what they call the national rate.

A lot of papers, national rate is about double what their local, retail rate is. So, if you're calling from a distance and let's say just for kicks that you felt that there were a lot of HMA consultant prospects that read the newspaper in Canton, Ohio, and you called from San Diego to Canton and said, "I wanted to place an ad." They would immediately transfer you to the national advertising department, and you want to get out of there.

Michael: Because I'm going to pay sky high.

Jim: Right, and you're going to pay the open rate, and frankly, the old ploy that Ted Nicholas, you send them a quarter page, \$1000 check, and it doesn't

work, not anymore because all of the papers are part of a big chain and they would get shot if they did that.

There's a good website. It's called www.usnpl.com, and it's USnewspaperlinks.com, and let's say you were in New Jersey and you wanted to go into Kentucky, you go to usnpl.com and you click on Kentucky, and every newspaper they know about that has a website is on there. You go out on that website, and you find the information for the local, retail people and you call up and ask for somebody specifically. So, you're not calling in basically describing yourself as a national advertiser and getting the national ad rep.

Michael: So, you're saying if I want to advertise in any paper, there is a way to go ahead and get the local rates by using the Internet and finding the local ad reps.

Jim: You can try. They'll try to skate the ads. They'll almost counsel you on what to say and how to describe your business so it's okay for them to run your ads. The other thing that it does for you is it finds you that lower tier of papers that's every bit as valid and as read, but they don't tend to be part of the big chains where they're as rigid and inflexible about their rate cards.

So, let's say you found the local weekly in suburban Phoenix instead of getting the national advertising department at the Arizona Republic, you're going to have a lot better luck doing the Ted Nicholas, "Hey, how about I send you a check for \$500 and a copy of the ad, and if you can run it within a month go ahead and run it and send me a tear sheet. If you can't, send me the check back."

It's hard for people to give money back that they have in their hands.

Michael: Greg and I had talked a lot about the relationship with the ad rep, and that at least he was saying his experience is that the ad reps are becoming more and more skilled and more knowledgeable of the quotas and that they have a little more leeway and you probably can negotiate if you let the ad rep know what your budget is, they can pull some strings.

Jim: If you're willing to commit a budget and you are a local merchant, you have more leverage than you realize. Let's say you're thinking that you're comfortable spending thirty, forty, fifty thousand dollars a year. It's well within your best interest to sit down and leverage all of that.

The thing I see small merchants doing that's just ridiculous is jumping all over the place. You know how it works. You run an ad in one publication. You're now on the lead list of ValPak and Money Mailer and everybody else who

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walks, and they're all coming in and offering you introductory rates and you wind up not accumulating frequency with any one audience. It's really silly.

I feel sorry for the average small merchant, because they were a great plumber or they were a good computer programmer or whatever they were, and for whatever reason they found themselves as an entrepreneur, and they just have this stream of media reps walking in and out all with these great claims, and nobody looking out for them.

I listened to one guy, a guy named Roy Williams, who's the Wizard of Ads, and as much as I disagree with his philosophy, it's obviously working for his clients, but he does pure radio. His whole philosophy is he buys the same two or three radio stations that are in the demographic slot that this person wants and he runs repetition on them.

I've always sneered at radio as having such a small percentage of the market. The point is he establishes frequency within that small group of people, an frequency has an impact, and that's what the small merchant really needs to understand.

To go full circle with you on your conversation with Greg, that's what you can leverage with the rep, too.

Michael: So, you're saying frequency is good for an advertiser?

Jim: Frequency is crucial. Frequency with a cause of action. I'm not a fan at all "branding ads" or institutional ads or generic ads. You still have to be asking them to do something.

Michael: So, if you've got a frequency with a call to action, that's no different than direct response. Are you saying that if an advertiser runs an ad that he can get a good idea of what is the response going to be like from that first run or do you state like a lot of reps state that you need to keep your ad out there more and more to really see what the response is going to be?

Jim: You know, Roy Williams uses a great example that it's like pushing a car. You're pushing and you're pushing and you're trying to get it moving, and you're grunting and you're wondering if it's ever going to move, and it moves an inch, and all of a sudden you just can almost run along side of it because you've got it rolling.

There's always going to be because you're a complete stranger and unless you make an outrageous call to action or offer on your first contact with the person, it's going to take a few plinks upside of the head before people start to show themselves.

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Michael: Now, you know with direct response, you'd hear the antithesis of that. Say, if it's a call to action and it's an ad, you're going to know your response within two or three days from the time that ad runs. Is it going to work or isn't it? Is someone going to respond to it or aren't they? I know there's probably different variations of that, but there's like two camps here.

Jim: You bet, and here's my response to that. One of the things I look at a lot is what is the buying cycle of what you're selling? For example, let's say you are going to send out a solo mail program to a bunch of people that have Entrepreneur Magazine subscriptions are you're going to sell them on the HMA consulting business. That's a surgical example of what was my response to the mailing, is this a good list, should I roll it out, because you're making a specific offer for a specific product to people who have certain characteristics.

If you were the scotch tape guy and you're relying on building momentum with the 50,000 households that are within a mile and a half of your store, first of all, you can't possibly spend 60 to 70 cents per impression like the direct response guy does on his test mailing, and secondly the buying cycle for scotch tape or an oil change, probably a better example, might be four months. The fact of the matter is when you hit that first ad, maybe only ten percent of the market was ready for an oil change right then.

There's lawyers. Lawyers need to kind of sit in the middle, and I like the idea of a lawyer educating the client base. Call for a free packet or a free recorded message. It starts a two-step because the chances of somebody picking up the ad and needing representation right at that point are very, very tiny.

So, I'm a believer of different tactics for different business relations.

Michael: You said you felt sorry for these small businessmen. Once they run an ad, they're going to be hit on by everyone and their mother. What else are these ad reps going in and telling them, and what would you tell that small businessman who turned entrepreneur to be aware of with the newspaper ad rep?

Jim: One of them would be the deluge of crap. Newspapers are getting very tactical in trying to keep their head above water, and they're coming up with an amazing array of products, and I use that word loosely, to try to prop up the revenue stream.

So, they're doing things like auctions. I've been involved with a few of discussions about pet obituaries, and pet obituaries isn't going to be germane to very many small businesses, but my point is if you know what your

geography is and you know if there is one, what your target is whether it's a lifestyle target – people that like to have high-end bikes, or people that definitely have kids, things like that – you need to be very disciplined about making sure that this array of products that's being thrown at you by the rep who's being pushed to sell this new stuff, is germane to you.

Michael: How about, for example, when they ask if you want your ad on the Internet? Is that one of those type products?

Jim: First of all, the way many of them are putting the ads on the Internet, it's like the old days. You might as well be a needle in a haystack. The model that I really like are the ones where the ads are put out on the Internet but as a searchable PDF, and let's say that you're looking for a raincoat. I think the site is called Shop Local, and a lot of newspapers are starting to get involved with this where your ad can be run in Shop Local, and I went to that part of the newspaper site, and typed in "raincoat". All of the ads that have the word raincoat in it during the time period would all the come up.

Michael: There were PDFs of the print ads that ran in the paper.

Jim: Right.

Michael: No kidding. Is that on a national basis?

Jim: I'm seeing more and more papers getting involved with it all the time.

Michael: So, it's called Shoplocal.com?

Jim: Shop Local and they affiliate with the paper, and for a small upcharge, you can put your ROP ad out there and in the old days, somebody would have to scan through and look at all of the ads. That's not going to happen.

Michael: Oh, that's beautiful, Jim. That's a gold mine right there. So, any of the HMA people or anyone who's looking for sample ads that are being run in newspaper can go to Shoplocal.com, search a subject and find out what everyone else is doing and have it in a PDF.

Jim: Right.

Michael: Beautiful, I like that.

Jim: Or, let's say they live in San Diego, I think that the Union Tribune is part of it. They can go to the Union Tribune, and they'll just get the ads within San Diego which is even more germane probably to what a lot of the HMA

consultants are doing. So, they'll know what the competitors within a particular category have in the paper.

Michael: Here's one of my secret weapons and it's one of my resources at HardtoFindSeminars.com in the "Michael Recommends" section. That's a website called Newspaper.org. I was looking to pull up old classic hard to find ads that were run by some of the master copywriters. I remember in the old days when you'd go to the library and you'd go up into the newspaper section, search the microfiche, and you'd have to find your ads that way.

Well, there's a company who took all the microfilm and they're scanning them and creating PDFs of them. So, it's a searchable database of newspapers all the way back from the early 1900s up until today, and they're all searchable by PDF, just like what you're talking about, the tuff that Shoplocal.com probably wouldn't have access to. These are old archived newspapers.

Jim: Is that Lexis Nexis?

Michael: No, it's called Newspaper.org, and it's a subscription of about \$100 a year. I mean, we find old Eugene Schwartz, old Gary Halbert ads. It also searches all the articles too. Anything you'd see on a microfilm, it's all been digitized and turned into a searchable database. It's pretty incredible.

Jim: I've been playing around with Lexis Nexis, but you can only get the Wall Street Journal and the New York Times, I think, and I find a lot of the ads from the turn of the century and the Xray Glasses and all that stuff.

Michael: You'll look those. Check that out. All right, so, we're talking about junk the reps are going to try and upsell you on because they need to make their numbers, and you're giving me ideas, to the small entrepreneur, things not to fall for.

Jim: Right, and the other thing I would really counsel the small entrepreneur on, and god bless the newspaper sales rep, I still kind of consider myself to be one. I don't want to sound harsh, but the training that they get on creative is dated and it's hogwash.

You can't rely on their "expertise" for clip art and all that nonsense.

Michael: So, these reps really aren't trained in advertising, then.

Jim: Not at all.

Michael: They are trained to what?

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Jim: Sell space, and as you and I both know, the difference between a well written headline alone can create ten times the response, and if you want for an acid test, just flip through the newspaper in your town, and ask yourself, which percentage of the ads in there would not only pull you in, but then have an affective call to action that would cause you to do something, and I don't think it's harsh to say that probably less than one percent of the ads are designed other than sale ads. And, if you're JC Penney's you can afford to do that.

Michael: So, what's the rep going to go in and tell them? The reps going to go in and tell them what to try and sell?

Jim: The rep is going to go in and they have a needs assessment. Most of them do anyway nowadays. They ask a bunch of questions about the store and what his ad budget is and what he's trying to do, and then they will usually reverse engineer their product offerings to try to fit within the budget, and unfortunately, all too often it sometimes revolves around what does the rep have quotas on that they need to merchandise.

Oddly enough, the 80/20 rule, that 20 percent of the advertisers that are doing 80 percent of the advertising continue to get tapped over and over again for all of these offshoot sections that may or may not be germane to them.

Not to be redundant, but they need to know how to create value in an ad, and they need to know who their target audience is and filter what the reps are telling them. Then, the other pushback that we discussed is don't buy an ad at a time.

What I would counsel the average small businessperson to say is – let's say you've got \$50,000 to spend – take your \$50,000 rate level, and I will run aggressively for a quarter. Then, I will spend a quarter of that \$50,000 and what I want from you is an assurance that at the end of that quarter, if I'm not seeing the amount of business I think I should be seeing, I need to be able to stop and I don't expect to be what's called short-rated, which means they now re-rate you to the \$12,000 contract level and try to bill you the difference for the year.

Michael: So, what happens if you stop? You don't pay it all up front.

Jim: You pay as you go, but you sign an agreement to spend, let's say, \$50,000 a year, and if you stop after \$12,500, believe it or not, they come back in and say, "Okay, you really only earned the \$10,000 rate. So, now you have to pay 30 percent more for everything that you ran already."

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Michael: So, get it in writing that if you stop, you keep the \$50,000 rate.

Jim: Right, and I tweak newspaper executives a little bit, but I ask them a fair question based on risk reversal. I say, "If the reps were given total control of a client's business, and they were allowed to run whatever products they choose. They were allowed to write the ads. Would you be willing to offer a 100 percent money back guarantee on what that rep sold that client at the end of three months or four months if his business didn't grow proportionately more than the cost of the ad?"

Invariably, they'll say, "Well, no." "Well, why not?" "Well, there's too many factors beyond our control." "Well, what are they?" I'm of the ilk now, and I'm sure you would agree with this, if you can't guarantee something, don't sell it. If that account will give you total control of the situation, and you don't feel comfortable that you're sending people into that person's store that are capable of creating the marketing plan and approach that's going to grow that person's business, then what are we selling.

I don't mean to sound preachy, but results are all anybody buys, and I really think newspapers would be well served if they would get a lot more aggressively attuned to making sure that their products and the way they sell them are geared towards making the small businessperson successful.

The big people can take care of themselves. National corporate marketing departments that are not looking for advice on headline writing and selecting geographies and such, but the small person I preach if newspapers want to take it, the position of marketing expert is wide open.

Michael: What's the stat? Eighty percent of small businesses are gone within the first year. You have constantly new businesses starting up, and new businesses failing. How much of a cash cow is that small business entrepreneur to the local newspaper advertising?

Jim: Going back to when we talked a little bit earlier about the big guys struggling so much, the papers whose ball their on, are really starting to gear their businesses much more around creating value for the smaller guys. When you look at Toys R Us, for all intents and purposes, is on its last leg, and they were one of the biggest print advertisers ever. The grocery industry is falling in on itself. Sears and Kmart just combined.

So, big newspapers typically have not stooped down for lack of a better phrase, to go get that local money, and more and more they're bulb is going on that they need to merchandise themselves differently and improve the skills of the reps and get after that money.

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So, I think the average local merchant will see in an increase and an improvement in the service and the enthusiasm of the paper to create value for them.

Michael: I think we got some good value out of it.

Jim: Good, I do too.

Michael: Jim, I really appreciate it.

Jim: Anytime, Michael.

Michael: Bye.