



Advertising management for small newspapers in emerging democracies

The St. Petersburg Times Experience

BY

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Introduction

ABOUT THE WORLD ASSOCIATION OF NEWSPAPERS

The World Association of Newspapers, based in Paris, France, is the global association of the newspaper industry. It defends and promotes press freedom development worldwide. Its membership includes national newspaper publisher associations and individual newspaper executives in 90 countries, seven regional press organizations and 17 news agencies.

In the past decade, WAN has multiplied its initiatives to promote press freedom by providing concrete practical assistance to independent newspapers in developing countries or nations newly-won to democracy. The goal has been to emphasize the skills without which no newspaper can survive for very long, whatever the human qualities of the men and women who work for it. To this end, WAN has provided expertise on several fronts: legislation, ethics, journalistic methods and basic newspaper management for advertising, marketing, sales and distribution, finance and so on.

This book is part of WAN's effort to provide management resources especially tailored to emerging democracies. Our years of working in many parts of the world have absolutely persuaded us that, while each country and region have unique points, much knowledge from the experience of independent newspapers in one emerging democracy to can be transferred and adapted for use in another, regardless of country or continent of origin.

ABOUT THE AUTHOR

Lloyd Donaldson founded The St. Petersburg Press in 1993 as an eight-page, weekly English-language newspaper. The circulation was 5 000 copies. By the time he sold his interest four years



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later in what had become The St. Petersburg Times, the paper circulated 15 000 copies twice a week and earned among the top revenues for advertising in the city.

Mr. Donaldson repeatedly volunteered his time as a newspaper management resource person for World Association of Newspapers training programmes. After seeing how useful his St. Petersburg Times experiences were to workshop participants all over Russia as well as in other parts Central and Europe, WAN asked Mr. Donaldson simply to describe his experience in accessible format. We leave it to you to take what you think might prove useful and adapt it to your needs.

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Dedication

With thanks to Yevgenia Borisova, a loyal friend and a fine journalist.

Prologue

Many directors of newspapers around the former Soviet Union and in other parts of eastern and central Europe started out as journalists and followed a totally editorially dominated career path before reaching their present position.

I followed much the same path. I started out as a journalist in a small newspaper before moving up to a bigger newspaper. Later, I started and managed my own newspaper in Russia – at which point I stopped being a journalist.

If this book has a central theme, it is to stop thinking like a journalist and start thinking like a manager. Often I visit newspapers in this region whose directors are experienced professionals who have risen steadily up through the ranks of their journalist colleagues. Most are well-meaning professionals and yet many are having problems running their newspapers because they lack management experience, particularly in the areas of advertising and budgeting (which is covered in a separate volume).

I have seen a lot of newspapers in Russia, and in other parts of the world which are closing or coming under the control of political parties, banks or other groups with money and being used by them simply because the directors of the papers do not know how to get money and how to use it effectively. This is what this book is about - How to get money by selling advertisements. The book is not specifically about how advertising sales people should sell advertisements to clients, although information on that theme is included, but it is about how we built and successfully integrated our advertising team into the newspaper's structure.

What you will recognise as you read on is that even though I'm talking about advertising, I make connections to accounting and editorial as well because although advertising is at the heart, I believe that it connects with everything else as well. That was our philosophy at The St. Petersburg Times: the newspaper is the total sum of all the different elements which includes editorial, advertising, design, accounting, distribution.

The St. Petersburg Press/Times succeeded from day one as an independent newspaper, without any sponsor or other source of outside money. Therefore, it could afford to be – from day one – totally independent in its editorial policy. After three years, the newspaper's success became so attractive to outsiders that the newspaper's owners sold it – at a profit – to the Moscow-based Independent Media company, which is Dutch-owned and which operates using similar western-style management techniques. The St. Petersburg Press/Times now operates as one of that company's group of 18 titles, including the English-language daily newspaper The Moscow Times, and the Russian-language versions of Cosmopolitan and Playboy magazines.

The ideas presented in this book are those that I used and developed when I started The St. Petersburg Press/Times and during the four years (1993--1997) which I managed and led it. Those ideas are a fusion of the Australian and British newspaper experience which I was familiar with, the best elements of Russian business practice and many elements of the American newspaper industry to which I was exposed to by the Americans on my staff. In my last year as a manager, we also adopted many Dutch newspaper management ideas,

particularly concerning newspaper budgeting and accounting.

However, even though The St. Petersburg Press/Times is published in English it is a thoroughly Russian newspaper. It is registered in Russia as a Russian newspaper; it works in Russia with Russian tax and media laws; it has been visited by the Russian Mafia; 75% of its staff are Russian (including all the advertising sales, distribution and accounting staff except one); 63% of its readers are Russian.

I feel qualified to write this book not so much because of the success of The St. Petersburg Press/Times, but because I have followed the same difficult path from journalism to newspaper management as faced by many newspaper directors in this region today. My change, from journalist to businessman, was one of the hardest things I have done in my career. It required me not just to learn new skills but to change my entire way of thinking.

The reality is that journalists who cannot or will not change make the worst possible newspaper directors. The newspaper industry needs strong leaders and, it needs good managers. Those are not necessarily the same thing.

I see a tremendous amount of leadership by former journalists but very little balanced management. Newspaper directors have a duty to their readers, their staff and their advertisers to stop thinking like journalists and to start thinking like managers.

That does not mean that newspapers should stop publishing high-quality news or neglect their responsibilities to society. But it does mean that their directors should focus as much on planning, on strategy, on the market, and on finance as on news. To do that, it is necessary to start thinking as something more than a journalist –more than an editor. The new breed of newspaper directors in this region must be both business people and journalists.

Please note that the newspaper was started in May 1993 as The St. Petersburg Press, but changed its name to The St. Petersburg Times in April 1996. To avoid confusion I shall refer throughout this book to The St. Petersburg Times, regardless of whether I am speaking of events that happened before or after the name change.

Finally, I would like to acknowledge the part played in this tale by my long-standing business partner and fellow manager, Gregory Kunis. But as always, the most credit goes to the staff of the newspaper, past and present, of The St. Petersburg Times for teaching me much about newspaper management and about life.

**Lloyd Donaldson
September 1998**

Chapter 1 -- Advertising: its importance and some basics

1.1 The importance of advertising

As someone who came into the newspaper business as a journalist, I was used to relating to readers. Advertisers were of little interest to me. When I became The St. Petersburg Times' first editor, I continued to operate that way. But when I became the publisher and began studying advertising issues, I discovered that in most cases readers alone do not even come close to supporting newspapers. Advertisers do. I discovered, for example, in my research that advertisers provide 75-80% of revenue of American newspapers.

I understood that while I could be a good editor of The St. Petersburg Times newspaper given my journalistic skills and experience, I could never be a successful manager of the newspaper until I understood advertising and how to get it. And so I set out to learn.

1.1.1 Why concentrate on advertisements?

That may seem like a very obvious question. But I believe that there is more to it than people think. Obviously, selling advertisement is a way to get money to run the newspaper and hopefully to make a profit.

But there are other ways of raising revenue. Some newspapers sell T-shirts or coffee cups with their logos on it, and others sell photos from their photo libraries or articles that their journalists write to information agencies. Many papers in Russia sell hidden advertisements (The St. Petersburg Times doesn't because I think it is a bad idea. I will explain why below). I have talked to publishers who sell time on their printing presses or the time of their computer designers, and, of course, most newspapers sell the paper itself to readers.

What I discovered was that for The St. Petersburg Times' market, advertising was the best way to make money. It offered the greatest amount of potential revenue and even better than that, it was the most cost-efficient way of getting money. What I mean by that is when I counted the amount of time, money and energy I had to spend to get \$100 from an advertising client and compared that with the amount of time, money and energy I had to spend to get \$100 selling T-shirts or selling the newspaper to subscribers, advertising sales offered the most revenue for the least expenditure.

In 1994, The St. Petersburg Times (it was called The St. Petersburg Press back then) decided that it would create satellite businesses based around its various departments. We started with the design department which began designing business cards, bill-boards, brochures and other promotional materials for clients. Our idea was that the distribution department would later deliver advertising brochures for clients and that the editorial department would bring in money by selling its articles and photographs.

It might work for some companies. For us it didn't. The first thing we discovered was that as a specialist newspaper we had almost no serious competition, but that the design business in St. Petersburg had hundreds of firms competing with each other. A lot of the senior managers' energy (particularly mine) went into the design bureau, a part of the company that was facing serious competition. It brought in a relatively small amount of money, but it took a lot of resources to do it (time, expenses, computers, costs of advertising, etc.).

I have discovered that the maximum I can work is 24 hours a day. Every hour of my time that was taken up by the design bureau was an hour that was taken away from our editorial department (which produces our core product – the newspaper) or from our advertising department which was selling that unique product, facing almost no competition, taking relatively few resources to do it and bringing in a large amount of money.

Great generals often say "reinforce success." And so we did. We closed the design bureau (even though it was beginning to make a small profit) to focus our energy and resources on our core business. Advertising sales immediately went up. That brought in far more money than the design bureau was ever going to bring in and more than we would have made selling the services of the distribution department or the editorial department.

I am not saying that a newspaper shouldn't try to maximize revenue from all possible sources. But my experience is that resources are finite and that when I poured too many resources into marginal projects, it took away resources from the potentially big profit centre – in our case, advertising.

To go back to the question, why sell advertisements? At the St. Petersburg Times, we discovered what many other editors seem to have concluded: Advertising was the most valuable thing that the newspaper had to sell and that selling advertising was relatively cheap compared to other ways of making money.

1.1.2 Subscriptions or advertising?

Another big source of revenue should be mentioned – subscriptions. The St. Petersburg Times is an exception to the rule in Russia. It is a serious and respected newspaper that is given away free to readers instead of being sold to them. From a Russian editor's perspective, it seems odd but it worked for us. The reason for choosing this tactic was partly the result of using the same cost-effectiveness equation that I mentioned above.

When we were planning The St. Petersburg Times, we looked at the two main ways that we could make money: selling advertisements and selling subscriptions.

We understood that as an English-language paper in a Russian city, we were always going to be a small circulation paper. We worked out how much we could make from subscriptions and it was not a lot because of the small number of copies we planned to print (Early on, the print-run was 5 000 copies and now, it is 15 000).

But if subscription revenue wasn't going to be big, the costs of getting the paper to subscribers was going to be big. Rospechat (the state's monolithic distribution agency) was of very limited use to us because we had such a specialized market (foreigners and Russians who speak English). Home distribution was also out of the question because many foreigners living in St. Petersburg at that time were so worried about crime against them that they refused to reveal their home addresses. Plus, we were trying to get the paper to tourists whose "homes" at St. Petersburg were the hotels. Worse still, when we analyzed the outlets at which our potential readers gathered (restaurants, bars, business centers, hotels), we discovered a legal problem. At that time, most of these outlets accepted hard-currency only, but Russian law stated that a newspaper printed in Russia could be sold only in rubles.

We cut through all these problems by giving the paper away free. No currency problems and instead of trying to get the paper to the people, they came to it. There are some senior managers in the company who thought we made a mistake and pushed for a change to paid distribution. Under the same circumstances, I think I would make the same decision. On the other hand, if I was managing a newspaper that distributed hundreds of thousands of copies, I would be less likely to choose free distribution.

Because of the factors which I have outlined here, The St. Petersburg Times was obviously a special case. But one effect that our special position had on us was to force us to work very hard selling advertisements (to be advertising-driven) instead of focusing most of our energies selling subscriptions, the "subscription-driven" pattern, which is typical of many Russian newspapers in St. Petersburg and elsewhere.

I notice that many Russian newspapers are subscription-driven rather than advertising-driven. I have often tried to work out why and have concluded that this is largely a question of tradition.

Faced with pressure to increase revenues, newspapers seem to turn to subscriptions because they are familiar with it rather than focus on the less familiar idea of advertising sales. Also, Russia does not have an advertising culture because there was little competition among people distributing goods and services. In many places, there still isn't, but it is changing fast. (For example, the number of companies selling or repairing computers now fills eight pages in the phone book in St. Petersburg. Competition is savage and more computer companies are starting every day.)

If we ask the question: subscriptions or advertising? The answer for most newspapers is – both. But resources are finite. So, the next question is: How to divide resources (time, money, equipment) between selling subscriptions and selling advertisements? This is an issue of spending resources to exploit different potential revenue streams.

Subscriptions make up a big revenue stream but one which needs a lot of resources to exploit. Taking small amounts of money from a large number of people is labor intensive and time consuming. Selling advertising is another big revenue stream. But it is less labor intensive; it involves taking bigger amounts of money from a much smaller group of people.

I also believe that advertising has another advantage. Subscriptions are a finite resource. If there are 100,000 people in a city, then logically the most subscriptions you will ever sell is 100,000. The upper ceiling on advertising sales is much greater. You can sell advertisements to every business in the city. Then, you can sell advertisements to businesses in nearby towns who want your readers to buy their products. Thereafter, you can go back and sell different kinds of advertisements to the same businesses so that they are buying two advertisements instead of one (e.g. one advertising their hotel and the other specifically advertising the restaurant in their hotel).

This issue of subscription-driven or advertising-driven might be controversial, especially for directors of papers who had big circulations in the past and dream of recapturing those lost subscribers. Subscription numbers are now very low for most papers in Russia but, nonetheless, I believe that the real growth area now is in selling advertising.

1.2 Some St. Petersburg Times selling basics

First I want to share some of the basic rules that the sales team at The St. Petersburg Times have lived by.

1. Ask and listen: Ask clients what they want rather than just telling them what you think they need. It amazes me how often I see and hear this rule ignored in my own role as a consumer, how often people have wasted their time and mine trying to sell me things that I will NEVER buy, and how often I want a product but no-one will listen to me or satisfy my particular needs when I tell them exactly what I want.

The St. Petersburg Times sales people were taught to ask clients what they wanted and what they were trying to achieve (higher sales volume? sales to a particular type of client? image building? etc.). Also, they were taught to listen to their clients when the clients tell them their needs and to react to those clients' needs whenever possible.

When we first tried to sell advertisements to hotels in St. Petersburg we tried to show them how many guests would take rooms in their hotels if they advertised in our newspaper. But after talking to the hotel managers, we understood that this seemingly reasonable strategy would never work. They wanted foreign guests, so they advertised abroad. People who were reading the paper in St. Petersburg already had a hotel room. But we discovered that the restaurants, business centers and other facilities in the hotels (which can be used by all people in St. Petersburg, whether they are guests of the hotel or not) were being underutilized, and we aimed to get the managers to advertise those facilities in the paper. This strategy was very successful. It was the result of asking the managers what they needed.

2. Don't sell on price. Someone else will always come up with a lower price. While price is important to people, a cheap product which doesn't work is useless. We encouraged The St. Petersburg Times sales team to sell using other factors such as the value to the advertiser, the efficiency of advertising in the paper, the quality of the product and the newspaper's high level of service. We encouraged the sales team to sell those features first, only moving later to the issue of price.
3. Sell service not space. Size is not everything. It is easy for sales people getting paid by the amount they sell to focus on the volume of advertising space sold. But that is not how advertisers think. They think primarily about the effectiveness of the advertisement or more accurately the "cost-effectiveness" of it – if they spend \$500 on an advertisement, will they get more than \$500 back in profit? St. Petersburg Times sales people were encouraged not to simply sell space in the newspaper but to sell solutions to advertisers' problems and to sell the answer that satisfies their needs -- to sell success.

Certainly size and cost are important factors. But there are other vital factors, such as where the paper will be distributed, who reads it and how likely the readers are to react to the advertisement. Sales people need to work with clients at these levels and try to understand their problems and their market so that they can come up with imaginative and flexible ways to make the newspaper work for the clients.

4. The process and the goal. Some sales people seem to think that selling the advertisement and placing it in the newspaper is the end of the process. For the advertiser, buying the advertisement is a part of a process, not the end of it. The advertiser's goal – the main aim – is usually to sell more of that advertiser's product or service. The advertisement is simply an instrument to achieve that goal. St. Petersburg Times sales people were encouraged to remember this: to identify the advertiser's needs and goals and to create an advertisement or advertising strategy that served those needs and goals. In other words, to sell the client the achievement.
5. The sales team matches the readers' desires with the potential advertisers' products and services (To do this, they use our market research. See sections 3.8 "Tools: surveys, media packs, cards..." and 4.3 "Asking Them What They Want (Researching the Market)"). This allows the sales team to spend their energy on companies that are most likely to buy advertisements in the newspaper (If you manage a newspaper that is read mostly by bald men, don't waste your time selling advertisements to shampoo companies). Not only are companies which sell products or services relevant to the paper's readership more likely to buy advertisements, they are also more likely to become repeat customers because their advertisements are more likely to be effective than those of companies selling products that are not interesting to readers. I once saw an advertisement in a St. Petersburg magazine written for hippies – the advertisement was attempting to sell specialty financial services.
6. St. Petersburg Times sales people try to tailor their presentations to each client as much as possible. That involves presenting the sales information in different ways. Sometimes it can involve preparing a report material with the client's name printed on it.
7. We rediscovered the rule that personal, face-to-face contacts are generally far more effective than selling by phone.
8. Know your product: read your own newspaper. St. Petersburg Times sales staff were expected to be able to talk (intelligently) about what is written in the newspaper's articles. It can be embarrassing if a sales person cannot react to something that the client has read in that day's paper. It could cost a sale.
9. Keep the presentation simple. Avoid too many selling points. Concentrate on a central theme when selling to a client.
10. Be brief. Don't waste the client's time. Don't stay too long. Try to stick to discussions on advertising not on making general conversation. The advertiser will usually appreciate it.

11. We encouraged St. Petersburg Times sales people to treat their clients like human beings not just as a potential source of money. The sales person may have a lot of people to see that day but the one they are talking to at any given moment should always be the most important.
12. We insisted on honesty and on not making promises that the sales person or the paper could not keep.
13. We stipulated that the sales people should be polite and positive.
14. They were taught to focus on closing the deal. That involves always asking the client to sign a contract. That is what they are there for and both sides understand that.

I start with these basic points because whenever I talk to newspaper executives, this is what they want to know first: what tricks can we use to sell more advertisements.

But I feel that all too often newspaper managers concentrate on such tactics while forgetting advertising strategy. So now, I want to turn to that before returning to more tactics later.

1.3 The sales atmosphere

We got to the stage at The St. Petersburg Times where we hired foreign experts in selling advertisements to come and help us improve our sales technique. The newspaper still does that. It considers that there is always something new to learn and that it is also worth learning new variants of proven techniques.

But what I recognized at The St. Petersburg Times, and at other papers I have visited, is that simply teaching a few sales tactics isn't enough. It is the last stage in a long process.

What was important for us at The St. Petersburg Times was:

- the creation of a sales atmosphere in which there was a good product to sell and in which intelligent, motivated people wanted to sell it.
- the creation of an efficient sales team which worked to a logical and efficient strategy

Chapter 2: Creating the sales team

2.1 Integrating the sales team into the newspaper

A crucial step for us at The St. Petersburg Times in creating that sales atmosphere was integrating the sales teams into the paper in a way that made them a powerful and respected part of the overall team rather than a Cinderella.

As I write I think of two newspapers: one a daily in the Russian Far East and another, a weekly in Moscow. Both spoke to me about their finances and about how they were struggling to get enough money to survive. Both wanted to sell more advertisements.

In the paper in Moscow, I was given an extensive tour of the building by one of the senior editors. I was shown department after department. When the tour came to an end, I had seen everything except the advertising sales team. When I asked where it was located, he had to ask someone else because he didn't know.

At the Far Eastern paper, the sales team was very enthusiastic and clearly talented. They were desperate for me to talk to the director about what they needed in order to do their job better. They were undervalued and understaffed – there were four of them compared to 45 editorial staff. They felt overworked, undervalued and excluded from the mainstream of the newspaper, with no channel to the top management level of the newspaper. I agreed with them.

Neither of these papers integrated the sales team into the newspaper. In both cases, advertising sales were very low. These are not isolated examples.

For various reasons, many of them historical, Russian newspapers have developed very strong editorial sections and very weak, or non-existent, sales and marketing sections. Almost all Russian newspapers that I have studied or visited have a former journalist as the top manager. The entire newspaper's agenda tends to revolve around the large and dominant editorial team.

As Russian papers have been hit by the realities of survival in a market economy, I have observed one common reaction: to strengthen the advertising sales teams or in many cases, introduce them for the first time. But in most cases, those sales teams are still appendages to the editorial team. Sales managers are below the newsroom editors in the hierarchy and often they have little say in the running of the paper. The director is usually a former journalist who is often directly controlling the editorial section, while at the same time managing the entire newspaper, including the advertising sales manager. Thus, the sales team often takes second place to the editorial team. I don't think this model works very well in the new, market-driven Russia.

At the St. Petersburg Times, we had the luxury of starting from the beginning and choosing a different model. We are not the only paper in Russia to use it, but there aren't many who do. In this model, there is no one dominant department. There are several equally important streams: advertising, editorial, distribution, finance. They balance each other.

Of course, each of the managers of those departments thinks that his or her section is the most vital. As the overall manager, I considered them all equally vital – like the four legs of a table. If one leg is weak or is taken away, the table falls over no matter how strong the other legs are. On the other hand, if one leg is much stronger than the other, there is probably a waste of resources. This is because the organization also is like the links of a chain - it is only as good as its weakest link. The best journalism in the world is useless if the distribution section doesn't get the paper to readers. But there won't be any money for the distribution staff or for the journalists if the sales team doesn't sell any advertisements to pay their wages. On the other hand, the sales team can't sell advertisements in a paper that is full of boring and badly written articles which nobody wants to read.

2.2 Where we placed the advertising department within the company and why

When we created The St. Petersburg Times, we organized it into five departments that reported to me: advertising, editorial, finance, distribution, design. (See the chart in the addenda). Later we re-organized the company structure slightly, splitting the design section into two parts; giving one part to the advertising section and one part to the editorial section.

The key idea was that no one department should dominate the newspaper to the detriment of the others. It should be the well-balanced table described above.

That does not mean that each department was equal in terms of staff or resources. The St. Petersburg Times editorial department has always had more staff, more equipment and more money to spend than any other department – filling up a newspaper is a resource-intense process. At the other extreme, the finance department has always had the smallest staff, equipment and money to spend. That doesn't mean it is any less important, but it reflects the fact that it needs less resources to do its job.

But when the heads of department met, they met as equals. The company structure was designed that way. For the advertising department, what that meant was that it was an equal team-player from the beginning, second to no-one. It had its own voice at the table when decisions were being made. The idea was that the views of the advertising department should be respected enough by the other departments and that they would be accepted if they were obviously not being unreasonable.

For example, the editorial department might decide it wanted to write articles of a certain type or style, such as articles that would primarily be of interest to older readers and pensioners. But the advertising department might make the point that advertisers were saying that they wanted to attract younger clients. In such a case, the views of both departments would have to be considered and a decision made.

In fact something similar to this happened to us several times at The St. Petersburg Times. A notable occasion was in 1994 when the editorial department wrote many articles about crime and gave those articles maximum visibility, often placing them on the front page. Crime began to dominate the news agenda. The advertising department began to get a strong reaction from advertisers who said that the crime coverage was damaging the reputation of the city as a good place to do business. They said that while we were focusing so much on crime we were forgetting to write about the positive things happening in St. Petersburg, the success stories. The advertising department brought this issue to the attention of the editorial department over a series of months, and after discussing and thinking about the issues, we recognised that some of the criticisms were valid. By focusing so much on crime, we were failing to spend time writing about other important aspects of life in the city including aspects that were of more day-to-day relevance to the bulk of our readers. We did not stop writing about crime since the paper has a duty to inform its readers about all facets of life in the city, but we did start analysing how we wrote about crime, why we wrote about it, how often, where we put the articles in the newspaper, what we left out to put the crime articles in and how relevant those articles were to our readers. The result was a change in editorial policy. We decreased the amount of time, energy and newspaper space devoted to crime articles. This allowed us to use those resources to write more about other themes. Crime articles were also placed inside the newspaper rather than on the front page unless they were of overwhelming importance. The result was a much more balanced newspaper which served our readers better. The initial impetus for this change came from the advertising department.

(Another instance occurred early on in the paper's development when the demands of our advertisers caused us to swing the paper's editorial orientation away from foreign tourists towards foreigners who lived permanently in St. Petersburg. See "The right readers for the advertisers" in section 4.4, "Targeting the market: matching advertisements to readers and readers to advertisements.")

I should hasten to add that I do not think that the advertising department should be allowed to dominate the editorial department. The result would be a weak editorial section producing a weak newspaper that does not risk offending anyone. There should be a balance of power, as I described above. We achieved this balance at The St. Petersburg Times by creating equally powerful and balanced departments which were managed by one director/publisher – me. Interestingly, Russian papers call this person an “editor-in-chief,” further emphasizing the old idea that the job is mainly being a super-journalist, an editor. However the director and the paper are clearly both part of the business world. The publisher should be the final judge in the struggle that characterises most newspapers which is the struggle between the newspaper’s editorial integrity and its commercial instincts.

Western publishers are often former journalists/editors, but in other cases, there are many publishers who are former advertising sales people or accountants from finance departments. It is rarer to see a publisher who makes a career in the newspaper’s distribution department but, it is not uncommon. I reached the publisher’s position via a career as a journalist and editor. At The St. Petersburg Times, the deputy publisher was not the head of the editorial department but the head of the advertising department. If I was on holiday or on sick leave, it was he who was in charge, not the head of the editorial department. We did not plan things this way, but because of my journalistic background, it made a good balance.

Also because of my journalistic background, I often had to be careful not to favor the editorial section more than the other departments. I made a special effort to understand the needs and desires of the advertising department. I believe it is a big mistake to place the advertising department and other departments beneath a top manager who has spent a career as a journalist and editor and who cannot put aside his love for that aspect of newspapers to be an impartial judge. Editors can make great publishers if they are prepared to stop thinking like journalists and start thinking like managers. Sometimes that means deciding an argument in favor of the editorial department and at other times deciding in favor of the advertising department.

Creating a powerful advertising department as an equal to the editorial department will inevitably lead to conflict (see below, section 2.6.1 “Issues of advertising-editorial conflict and how to resolve them”). Part of my job as the publisher – the manager – was to deal with that conflict, like a referee at a football game. My belief is that that conflict does not have to be destructive. Whether it becomes a constructive or a destructive force within the newspaper depends largely on how the conflicts are managed by the referee.

Where did we place the advertising department within the company and why? At The St. Petersburg Times, we created an advertising department that was separate from but equal to the news department. Its head of department was the equal of the head of the editorial department. One person -- me, the publisher -- ultimately ruled over both of them. I noticed with interest that when that balance was temporarily upset following a management reshuffle after I left the newspaper, there were immediate problems.

The editorial department relies on the other departments, including the advertising department, for the money it needs to survive. The advertising department relies totally on the other departments (editorial and distribution) for the product it sells. That does not mean that the advertising department should be able to order the editor what to write or order the distribution department to distribute at certain kiosks and not at others. But the advertising department should have a say in how the product is produced and where it is sold. At The St. Petersburg Times, all the departments, including the advertising department, were closely linked within the newspaper’s structure as equals.

2.3 Who does what and why in the advertising department: selling, production and billing

At the St. Petersburg Times, we divided the work of the advertising department into three basic jobs:

1. selling the advertisements to clients which was done by the advertising sales people
2. designing the advertisements and making sure that they got into the newspaper when and where they should be. This was by the “client services manager” who liaised with advertisers and the “production manager” who supervised the newspaper’s designers.
3. collecting the money which is done by the credit officer who works in the finance department

There was also the administrative work of running the advertising department which was done by the head of the Advertising Department.

Each of those three basic jobs was done by different people, as I have noted above.

1. Advertising sales people

These people found potential clients and negotiated with them, talked to them about their advertising needs and signed advertising contracts with them. In other words, they simply sold advertisements.

2. Client services manager and production manager

These two managers were responsible for designing the advertisements and making sure that they got into the newspaper when and where they should be. Specifically:

- the advertising sales people gave the client services manager a general idea of what the client wanted (the size of the advertisements, which page they preferred, the frequency of the advertisements, the client’s general goals in buying the advertisement, etc.)
- the client services manager talked to the clients and worked out the details (what text and graphics would be used, the specific page which the advertisement would be on and where on that page it would be, etc.)
- the client services manager fed the design requirements of the advertisement to the production manager who was in charge of the advertising department’s designers
- the production manager and her designers produced the advertisements
- the client services manager checked the finished advertisements with clients and together they agreed on any changes to be made which were then fed back to the production manager
- the client services managers used “page plans” (on paper) to show where she wanted all the various advertisements to be. (An example of a page plan can be seen in the addenda).
- the production manager, using the page plans, made sure that the correct advertisements were put on the correct pages in the computer
- the client services manager informed the credit manager which advertisements were in the newspaper

3. Credit manager

This person was responsible for preparing bills, sending the bills to clients and making sure that those bills were paid (Clients of The St. Petersburg Times were not expected to pay for their advertisements before they appear in the newspaper, although many did).

- When the credit manager learned from the client services manager which advertisements were in the newspaper, she prepared bills for the advertisers.
- She monitored which were paid and which were not

- She sent reminder notices out to companies which had not paid their bills

We did not always separate out those three jobs: selling, the production of advertisements and collecting money. Originally, the sales representatives sold advertisements, advised the designers on the design of their clients' advertisements and collected the money from clients. For a long time, I resisted separating out these roles – especially the collection of money from clients. I felt that the advertising sales person was the best person to collect because they wanted the money the most (Because they were paid on a commission system, they got their money not when they signed an advertising contract but when the money reached the newspaper's bank account). In hindsight, I was wrong. I did eventually authorize a change to the new system in which the two roles were separated.

Why do I think I was wrong? Because the three roles (selling advertisements, working with clients on producing advertisements, and collecting money) need different skills. It is possible to find one person who is good at all three, but my experience is that it is much more likely to find people who are very good at only one of these roles.

There is a second factor. The three roles call for different approaches to the client. The advertising sales person wants to be friendly to the client, a helpful partner assisting him to grow his business. But sometimes the credit officer has to be tough with clients to get money out of them. Combining the two roles can put an advertising sales person in the false position of trying to be gentle and tough at the same time. What I noticed at The St. Petersburg Times was that most advertising sales people in that position tended to be nice, fearful of offending the client and so the collection of money sometimes suffered. The same thing happened regarding deadlines. The advertising sales people often tended to want to allow their clients to place advertisements after our advertising deadlines. The client services manager is now the deadline "policeman."

With the three-role system (sales, production, money collection), the sales person can remain nice throughout, while the production manager or credit officer can handle any disciplining about deadlines for advertising material or payment of the bill. The system also allows the advertising sales people to spend more time doing what they do best – selling advertisements.

Besides separating the three roles out, the other big change that we made was switching the responsibility for the collection of money – the credit officer's role – from the advertising department to the finance department. At first our finance department hated the idea, but they soon saw the advantage. It immediately gave the chief accountant a much clearer picture of what was going on with regard to revenue. Formerly, she knew a lot about expenditure but had to rely on the advertising department to inform her about revenue which she could expect. Often they didn't do that as efficiently as they should have. By handling money collection within her department, that problem stopped.

As I said, I resisted the separation of these roles longer than I should have. But of course one of the reasons why we did not do this from the beginning was that when we first started The St. Petersburg Times it had just eight employees, managers included. There were just two people in the advertising department. We didn't have enough people to have them specialising in these separate roles. As we expanded and could afford to hire more people, it became easier to separate the roles. But no matter how many people there are, advertisements need to be "tracked" from the moment they enter the paper's system:

- the design department needs to know what to design
- advertisements should never be allowed to get lost. (That may sound funny, but try putting several hundred advertisements into a newspaper each day and things get complicated).
- the editor needs to know how many advertisements he will have in each issue of the paper
- whoever does your billing needs to know who to send the bills to
- the head of the advertising department needs to know what commissions to give to which advertising sales person

Some big American papers are now taking the idea of who does what in the advertising department a stage further. What they found was that splitting the job into the different roles was not very client-friendly – not very easy for the advertiser – especially as the newspaper company gets bigger. It meant the advertiser having to deal with two or sometimes three sections of the paper (advertising sales, design and finance). If those sections did not communicate adequately with each other, it could lead to a lot of frustration for the advertiser. (This happened to me recently when the St. Petersburg phone company wanted to cut my phone off even though I had paid all the bills and had the receipts to prove it. The finance section of the phone company that took my money had not communicated with the operations section of the company whose technicians switch on and off people's phones).

The response in some big U.S. papers has been to create special teams within the advertising department that include designers, credit officers and anyone else that is needed. The result is that that even a big paper can give the sort of personal service that you would expect from a smaller business. But also, each self-contained team can work on a particular type of client (shops for example, or car sales companies, or travel companies) and become a specialist team which understands the particular needs of that industry. I think The St. Petersburg Times is still too small to use this system, but it does use certain elements of it with success (see section 3.5 "Defining sales areas").

2.4 Linking the advertising department to the finance department

To function smoothly, the accounting department needs to know how much money it can expect to have and when. At The St. Petersburg Times, we had trouble with this for several years. The finance department never seemed to have the information it needed. But eventually the process of handing that information over from the advertising department to the finance department came to work on two levels: strategic and tactical.

On a strategic level, the advertising department working with the publisher and the finance department set annual advertising sales targets. (This process is described in section 3.6 "Advertising targets" and, in more detail, in a separate volume, "Budget Management for Small Newspapers in Emerging Democracies.") This was the amount of advertising which it aimed to sell in the coming year. The information was broken down month-by-month, so that there was an advertising sales target for each month of the coming year. The dollar value of those targets was then given to the finance department so that it would know how much money it could expect in each month of the coming year and plan accordingly. That strategic process took place once a year.

That was the strategy, the hope, the "target". The reality, the real result, was then fed to the finance department on a regular basis – what I call above "tactical" communication between the advertising department and the finance department. What that means is this: after every issue of the newspaper (at first once a week and later twice a week when we increased our frequency), the advertising department would give the finance department a detailed list of what advertisements were in the newspaper and how much money they were worth. In this way the finance department would know exactly how much money the company was being owed at any time. It could estimate when cash would arrive (and so plan spending accordingly) and could also send bills to clients.

These links between the advertising and finance departments took us a long time to build up. At first everything was on paper, later on computer. There are special computer programmes specifically for newspapers to set up these links. But we simply used Microsoft Access which is a standard programme that comes with every Microsoft Office (Professional) package. Working on the computer has obvious advantages of speed and convenience. It also allowed us to get to the point where the advertising department would input the details of each advertising contract into its computer (client name, size of advertisement, price, discount, dates of the newspapers the advertisements were to be printed in, etc.) and then the finance department would automatically be able to see how much money they would get from any issue of the newspaper, both past and future.

The advertising department-finance department link is complicated but essential. Until we started getting these links set up and had comprehensive information flowing out of the advertising department into the finance department, we had trouble managing money in our company.

2.5 Linking the advertising department to the design department

Equally important but far simpler was setting up the links between the advertising and the design departments. At first, The St. Petersburg Times had one design department which was shared by both the advertising and the editorial departments. That was because we had to – our advertising “department” was in fact one incredibly hard working individual. Soon the “department” expanded to two people, then three and then four. At that point it started to make sense to split the department into two. We had always experienced difficulties with the editorial and advertising departments competing for the same designers, and now we had the chance to do something about it. In hindsight, we should have split the department earlier, but we never felt we had the money to invest in the extra staff and computers needed. Later, both the advertising and the editorial departments had fully equipped design sections which were dedicated to the specific work and the deadlines of their departments. It works much better than before.

But whether the designers working on advertisements were part of a separate department or a sub-section of the advertising department, we found that following a few simple rules made the newspaper far more efficient. At The St. Petersburg Times, our techniques for linking the advertising department with the design department were as follows:

Give the designers a written order

We produced a simple advertisement design order form. Anyone from the advertising department who wanted an advertisement designed had to fill in the form which gave various details:

- what to design
- when the advertisement was needed
- when to put it in the paper
- where in the paper it should be placed

At first the advertising sales people dealt directly with the designers, but later the client services manager took on that job. (See section 2.3, “Who does what and why in the advertising department: selling, production and billing”).

Set advertising deadlines and stick to them

We had trouble for years with late advertisements. For almost every issue, an advertising sales person would come in at the last minute to say that they had one more advertisement to design. They knew it was a little bit late, they would say, but it was a big advertising client whom they did not want to displease – could we just make this one advertisement more? And we always did because who wants to refuse advertising and the revenue that it brings? But the result was continual problems at the newspaper. My design staff were continually under maximum pressure because we were forcing them to push through extra work late. There was tension between advertising and editorial departments (who shared the same designers) because the late advertising design work would eat into the editorial department’s page design time. This meant that they would start late and so finish late. Relations with printing house could be strained by being late, and ultimately the entire newspaper could come out late which was not fair to the readers or to the 95% of advertisers who had brought their advertising material to us on time.

After stupidly putting up with late advertisements for several years, I finally stopped it because I realised that the late advertisements almost always came from the same few advertising clients. Their disorganization was causing chaos in my newspaper. And what is more, allowing them to be late one week encouraged them to be late the next week. If we allowed a client to give us their advertising material an hour late, it was almost certain that it would be 1.5 hours late for the next deadline. It has always fascinated me that people who accepted the fact that if they were five minutes late getting to an airport they would miss their plane and lose an expensive ticket

had trouble understanding that they could not supply their advertising material to us an hour late and still expect to get it into the newspaper.

In short, we got serious about what we called “advertiser discipline.” We set advertising design deadlines, and we stuck to them. Sometimes that meant leaving an advertisement out of the newspaper until the next issue, and sometimes it left advertising clients feeling bruised. But it dramatically improved the overall efficiency of the newspaper. Admittedly, it became a lot easier to deal with this problem when the paper went from being a weekly newspaper to being published twice weekly. We could tell advertisers who did miss the deadline that they would only have to wait a few days (as opposed to a full week) before having another opportunity to advertise.

One final note on this point. Advertiser discipline relies in part on the design department and the advertising department agreeing on realistic deadlines. I still remember the day that I tried to buy a small advertisement in a St. Petersburg weekly newspaper only to be told that it would take two-and-a-half weeks before my advertisement could be printed – or it could be printed in a week-and-a-half if I paid an extra charge for “fast” service! That is ridiculous. (Advertising deadlines at The St. Petersburg Times ranged from half-a-day to three days ahead of publication day, depending on the type of advertisement and the page on which it was placed).

Employee client services and production managers

Employing our client services manager and our production manager dramatically improved the links and the timely flow of material between the advertising and design departments. (Their roles are described in section 2.3, “Who does what and why in the advertising department: selling, production and billing”). By employing a client services manager, we were in effect taking a little slice from the workload of each of the advertising sales people and putting it all that work together in one position. It gave the advertising sales people more time to focus on what they did best – selling. But it also meant that the detail work of working with advertising clients to produce the best advertisements for them improved because the client services manager did only that, unlike the advertising sales people who had been doing that as a extra job to their main sales job.

We had established the production manager’s job much earlier. This job had been given to the head of the design department. She was the newspaper’s clock: overseeing all the departments involved in the production process and making sure that material flowed through the system on time (that articles and advertisements were handed in on time and that the finished product reached the printing workshop on time). Before we decided to have one person doing this, each department was responsible for handing its work to the next department in the production process. It often happened that a department was a little late but that the reaction within the department was that a little late didn’t matter too much – after all, it was only a little late. But the cumulative effect of each department being a little late could be a newspaper that was very late. By making one person responsible for the time factor from the beginning of the process to the end, scheduling became much easier to control. Technical problems became easier to solve as well because the production manager, following the production process from beginning to end, could see and understand the results of mistakes 10 steps back in the process and change them.

2.6 Linking the advertising department to the editorial department

I have saved the most troublesome link for last – the link between the advertising department and the editorial department. Even at The St. Petersburg Times where the advertising and editorial departments were equals, this link was often difficult. My experience is that while designers, finance or distribution people are often more reserved and prepared to work quietly as team members, good advertising people and good editorial people are generally more strong-willed to the point of wanting to get their own way most of the time. That leads to tension. The culture of many newspapers has also evolved to a point where these two arms – editorial and advertising – can all too often treat each other as ideologically incompatible warring factions.

The battle-lines are generally the journalists' quest for total independence to report good and bad wherever they see it, versus the advertising people's sense of commercial reality and their desire to maintain a harmony among the business circles in which they are trying to sell advertisements. In other words, to use an English expression, one side wants the right to "bite the hand that feeds us," and the other side thinks that this approach is crazy.

The situation is different in Russia in two key areas. Firstly, many editors have sacrificed their editorial independence in a desperate bid to gain advertising revenue (which I see as a short-sighted tactic, see section 5.2, "The issue of hidden advertising") or to gain sponsors who can "rescue" their financially troubled newspaper. Secondly, Russian newspaper tradition is heavily slanted in favor of editorial departments. Advertising departments in many Russian newspapers I have visited are often criticised for their poor results, but on the other hand, they have to beg for resources such as computers, money, respect or even space in the newspaper.

At The St. Petersburg Times, the most basic point of tension, and so the most important link between the advertising and editorial departments, was the simple question of space in the newspaper: where could the advertising department put advertisements and where could it not put them. We found a simple solution based on the written rules we developed.

Creating "advertisement lines"

We created what we called advertisement lines or borders. The line on each page at which articles stopped and the advertisements started. In other words, we split the paper into two pieces – the piece for the editorial department and the piece for the advertising department. That is not an uncommon idea. But by developing the idea, we dramatically reduced the tension between the advertising and editorial departments.

At The St. Petersburg Times, we spread the advertisements throughout the newspaper in places of high visibility rather than keeping all the advertisements on a page or several pages near the back of the newspaper (see section 4.7.1 "Types of advertising products – display adverts" for the reasons for this). We decided on an advertisement line – an article-advertising border – for each page. We put these lines on our page plans. (An example of a page plan with advertisement lines can be seen in the addenda).

A careful study of the advertisement lines on the page plan in the addenda will reveal that the space for advertisements in the newspaper equals exactly 40%, so conforming to Russian taxation regulations. But more than that, the advertisement lines were designed to maximise the opportunities for both the head of the advertising department and the head of the editorial department. For example, the advertising department preferred more advertisements on the right-hand pages and on pages closer to the front of the newspaper. The editor preferred to have some open pages with no advertisements, on which he could free to design attractive layouts and he preferred to have pages with even advertisement lines rather than ragged ones which were hard to design text around. Both agreed on a final set of advertisement lines after a series of meetings – which included a few arguments.

But that is better than arguing every week about whether the advertising department should be allowed to put an advertisement on a certain page or not. The borders were set. Both departments have a certain amount of clearly defined space in the newspaper in which they can work. Of course the borders change from time-to-time, but only by mutual agreement between the head of the advertising department and the head of the editorial department.

Our advertisement line policy stopped a tendency for advertisements to overwhelm some pages of the newspaper. At one stage in 1994, page 3 and the back page (both popular with advertisers) became so full of advertisements that there was little space left for articles. Visually both pages look dreadful. The advertisement line policy also makes life easier for the advertising sales people. If confronted by a client who asks for something out of the ordinary, they immediately know what they can and cannot promise without having to ask the head of the advertising department who in turn would have to negotiate with the head of the editorial

department. They can immediately see, for example, how much space is available for advertisements on the front page or where they could fit a full page or a half-page advertisement into the newspaper.

Fixed and floating advertisement lines

The most common question that I am asked when explaining the advertisement line policy is: what happens if there are not enough advertisements to fill all the space allocated for advertisements? There are two answers to that question since we established two types of advertisement lines: fixed advertisement lines and floating advertisement lines.

Floating advertisement lines appear in on pages 3-15, 20 and 21 on the page plan in the addenda. What that means is that these advertisement lines are the maximum permissible limits of the advertising borders on those pages. The advertising department puts as many advertisements on those pages as it has. If there are not enough advertisements to fill all the space on those pages then the advertisement line drops down for that issue. In other words, the amount of advertisements on those pages varies issue by issue and so the advertisement line floats up and down like a tide – up to the maximum border set.

Fixed advertisement lines appear in on pages 1, 2, 16, 17, 18, 19, 22, 23 and 24 on the page plan in the addenda. On pages with fixed advertisement lines the border does not float up or down – it is set. The advertising department must fill all that space. That raises an obvious question: what if it just does not have enough advertisements to fill the pages with fixed advertisement lines? On these pages, the advertising department does not have the option of not filling the allocated space, and so if it does not have enough advertisements from clients, it creates its own advertisements. That could be a small simple advertisement saying “Reach 40,000 St. Petersburg Times readers. Advertise here” or it could be a complicated half-page advertisement from the distribution department encouraging casual readers to subscribe and including a subscription form. The St. Petersburg Times has a stock of these “self-advertisements” stored in the computer in varying sizes. Whenever one is needed to fill a space, it takes a few seconds to retrieve it and place it on the page (These “self-advertisements” proved to be a good place to experiment with techniques which, if they worked, could be suggested to clients for use in their advertisements).

At first it might seem strange to use precious space in the newspaper in this way. But at The St. Petersburg Times, we thought that the advantages of this system outweighed the disadvantages. For example, the editorial department always knew the size and shape of the advertising space on pages with fixed advertisement lines, thus, making the department’s job much easier. If it wanted to, it could lay out the editorial sections of those pages a long time in advance of the newspaper’s deadline because it did not have to wait to see what advertisements would go on the page. (On pages with floating advertisement lines, it was obviously vital that the advertising department give the head of the editorial department as much warning as possible of where exactly the advertisement line for each page would be in that particular issue of the paper. We set deadlines for each page with two pages being set aside for any last-minute advertisements that the advertising department wanted to squeeze into the newspaper). Another advantage was that by insisting on straight advertisement lines, we created a much cleaner looking newspaper where articles finished evenly rather than having columns of text running ragged at the bottom of the pages. When we started to use the advertisement lines system, we immediately noticed that the newspaper looked better. The pages were also much quicker and easier to design.

At The St. Petersburg Times, self-advertisements are used even on some pages with floating advertisement lines to keep the lines even. Each of the six figures that follow represents a group of advertisements of different sizes and shapes sitting in a block across the bottom of a five-column newspaper page.

**Advertisements of different sizes and shapes
across the bottom of a five-column newspaper page.**

FIGURE 1:



FIGURE 4:

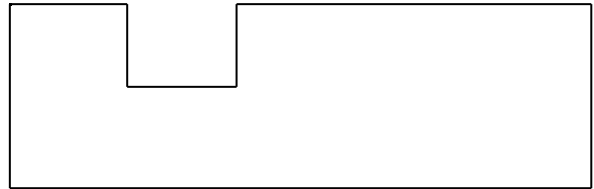


FIGURE 2:

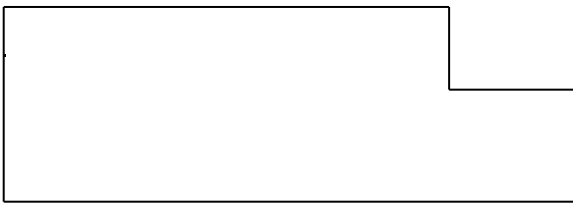


FIGURE 5:



FIGURE 3:

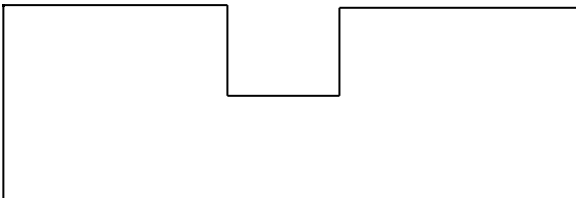
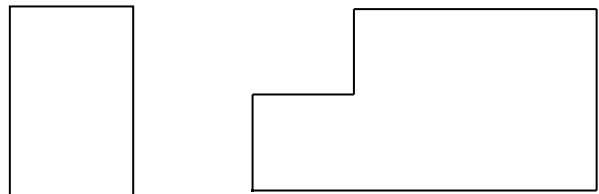


FIGURE 6:



Under The St. Petersburg Times' system, only the first variant would be acceptable. It has an even advertisement line which looks good and would make things easy for the editorial department when designing the text and photos that would sit on the page above it. In the case of variants 2-to-5, a self-advertisement would be placed in each of the empty spaces. Variant 6 is more complicated. The decision might be made to shift the two blocks of advertisements closer together, to place a small self-advertisement in the small space that would be left and to let the editorial department use the bigger empty space to put a small article in. Or the editorial department might just ask the advertising department to fill the space, in which case the advertising department would use two self-advertisements.

Advertisement lines create a useful psychological pressure

Of course having a newspaper full of self-advertisements would look stupid. But this factor need not be thought of as a disadvantage when considering using an advertisement line system. In fact it leads to another subtle advantage of the advertisement line system which is not obvious at first, but is critical. The system puts pressure on the advertising department. Instead of being able to feel like heroes if they sell a few advertisements, the advertising sales people face a visible reminder of their success or failure to sell advertisements every time they open the newspaper. Using this system, they move away from the extreme of having to beg the editorial department for space in the newspaper (which I have seen in some Russian newspapers and others in eastern Europe) to the opposite extreme – that of being as responsible for filling their section of the newspaper as the journalists are for filling their section. If they are not doing their share and that is immediately obvious to everyone just by looking at the number of self-advertisements the newspaper has been forced to use. I believe that this creates a useful psychological pressure on the advertising department. It creates the same potential for shame that the editorial department would feel if it had to print articles twice in the same issue because it had not written enough of them to fill the newspaper.

Other factors in the link between advertising and editorial departments

In addition to using advertisement lines, I tried other techniques to create a strong link between the advertising and editorial departments. As the publisher, I spent a lot of time talking to the heads of both the advertising and the editorial departments, trying to discover the desires and needs of each and matching them up before conflict occurred. I encouraged them (with varying degrees of success) to communicate with each other more often and to learn more about each others problems and stresses in the hope that that would lead to a greater understanding of each others roles and a better working relationship. This was part of a larger task of trying to create a culture of respect between the members of both departments. If I learned of a success by a member of the advertising department, besides simply congratulating that person I would make sure to tell a journalist about it next time I walked into the newsroom. If a journalist had written a particularly good story, besides complimenting the journalist I would draw it to the attention of an advertising sales person. And all the time, I would quietly but constantly reinforce the message of team-effort: the work of the journalists brings in readers who in turn bring the advertisers, while the work of the advertising sales people pays the journalists wages. A team effort.

I also encouraged the two departments to share information. As the publisher, I was in a position to see much of what was happening in both the advertising and the editorial departments. It was a continual source of frustration to me that each of the departments often had information that was obviously of significance to the other but did not share it. It is either because they thought the other department would use the information in some way that would adversely affect them (sometimes this was a valid fear) or simply because it didn't occur to them to do so. For example, if the advertising department learned of a big new business project that might have been an important news story, or if a journalist discovered that McDonalds was planning to build

a chain of restaurants in the city and employ hundreds of people, that might have been a chance for the job opportunities advertising sales person to get an advertising contract. I must admit that in this question – the sharing of information between the two departments – I often failed. The rigid western separation of advertising and editorial departments in our newspapers has bred mentalities that were often too strong to alter.

2.6.1 Issues of advertising--editorial conflict and how to resolve them

Rigid separation of newspaper advertising and editorial departments has a clear benefit. It is one of the main factors involved in the delicate act of balancing the differing advertising-editorial ideologies described in the section above. As in the case of equal and opposite magnetic poles, there is an overall harmony that results from two conflicting forces which repel each other. The tension created produces a positive rather than a negative result. But when the balance is upset at either end, problems start.

Policing these tensions was a big part of my job. Techniques that I used to minimize this conflict included the following:

- I would talk often with the heads of the two departments
- as much as possible, I would make the rules clear: this is the limit of the authority of the news editor, this is the limit of the authority of the head of advertising, this is the wall between the two departments, these are our rules on hidden advertisements, etc. (Where necessary, this was done in writing).
- as much as possible, we would stick to the rules.
- if it was necessary to change the rules, I would consult with those involved and then make sure that everybody knew the new rules.
- we created advertisement lines to avoid arguments about who got what space in the newspaper.
- we set up a strict design schedule to avoid arguments about who got to use the designers time and when. (This was not necessary following the division of the design department into an advertising design section and an editorial design section).
- as mentioned above, I would maintain regular contact and a regular flow of information between the advertising and editorial departments as a way to build up the culture of respect between them.
- I would often talk to members of the editorial department about why advertising was so important and how they could help their colleagues in the advertising department (e.g. mentioning new potential clients to them). I would talk to the advertising sales people about why the journalistic integrity of the paper was worth more than any one advertising contract. This meant that sometimes an advertiser would have to be sacrificed because we needed to write an article about him which would anger him.

For me, accepting the inevitability of advertising-editorial conflict as part of life in the newspaper business was an important part of my method of dealing with it. The most bitter conflicts at The St. Petersburg Times centred around the last point on the list – writing about businesses who were also advertising clients. As a reporter in Australia, I remember writing a story that lost the newspaper its biggest advertiser (for a few weeks). As a publisher in Russia, I didn't attempt to prevent my journalists doing what they needed to do to create a great newspaper. I believe that trying to "save money" by not telling the readers the truth will cost a newspaper more money in the long run.

Our restaurant reviews, for example, always told the truth as the journalists saw it, regardless of whether it was good or bad for the restaurant. I remember one furious French restaurant manager who pulled out his advertisements after a bad review, swearing that he would never again advertise in The St. Petersburg Times. But the hard-hitting restaurant page won so much reader respect and became so popular that restaurants started clamoring to advertise on it. In spite of losing the occasional restaurant advertiser, we made a lot more than we lost – restaurants came to account for about 20% of all advertising revenue (I noted with interest that the advertisements for the French restaurant also quietly reappeared about 18 months after they were pulled by the disgruntled manager).

Another incident involved a luxury hotel in St. Petersburg which was the scene of a Mafia assassination in which two men fired 60 bullets in a crowded cafe, killing three people including one innocent tourist. The hotel accepted that we must write about the incident but became upset much later after the editorial team mentioned the incident several times during later articles about the Mafia and other Mafia killings. Some newspapers get around issues like that by making a special agreement with the advertising client to pull their advertisement out of any issue of the newspaper which mentions them or their industry in a bad light. It a technique commonly used by airline companies who don't want their advertisements in a newspaper which carries a prominent article about a horrific plane crash.

2.6.2 Getting the advertising and editorial departments working together: special features/supplements

Tension between the advertising and editorial departments is inevitable. But the two departments can also work together in ways that don't compromise anyone's principles but which produce powerful results for both readers and advertisers. The most obvious means of doing that is the supplement; a special extra section in the newspaper that harnesses the journalism skills of the editorial department to produce a mass of in-depth information about a special theme which is of interest to readers and which the advertising department can sell extra advertisements into.

They are now a regular feature of The St. Petersburg Times. Over the years, the newspaper has included special features ranging from 4 to 40 pages (sometimes in black-and-white and other times in color) on themes as diverse as: real estate, New Year, telecommunications, summer, the newspaper's one-hundredth issue, major sporting events, cars, etc. Advertisers seem to like the opportunity to be noticed by breaking out of our normal routine of advertising. A supplement can also be a good chance to offer the occasional color advertising opportunity (which is usually popular with advertisers) in a black-and-white newspaper.

I discovered that advertisers can react positively to the most surprising ideas. We missed a great opportunity when Great Britain's Queen Elizabeth visited St. Petersburg in 1994. Later several British businessmen in the city told me that had we produced a supplement about the visit, they would have bought advertisements in it. But when we suggested a supplement to cover the visit by United States' president Bill Clinton the next year, our American advertisers were not the least bit interested, and so we didn't do it. A very tough American newspaperman that I knew once produced a very fast supplement after the local bishop died. The supplement contained articles about the bishop's life and achievements. Advertisers bought thousands of dollars of "commemorative" advertising in it! The rule is – be creative.

Supplements can be a good source of additional income. When planned well, they have always produced a good profit for the newspaper. They can also be a good expressive outlet for the journalists, depending on the theme chosen. But I learned a few lessons about special supplements while producing them at The St. Petersburg Times. Planning seems to be the key. As a consultant, I recently sat fascinated in a heads-of-department meeting of a major provincial Russian newspaper. The editorial department had produced and was about to print an impressive and expensive special supplement. The advertising department knew so little about it that the head of advertising was asking questions like, "how much will the advertisements cost?" Our experience at The St. Petersburg Times was that because the supplement is a multi-departmental project, planning has to span all those departments: those in the advertising department who will have to sell the idea to advertisers, in the editorial department who will have to write it, the designers who will design it and the distribution team who will have to distribute a newspaper that could be much more bulky than normal.

We discovered after several early supplement attempts that we were just not leaving enough time for all the departments to do the work. Each supplement was taking longer than we expected. It took us a long time to accept the lesson that we were being taught each time – that for us at that time, a special supplement needed three months of preparation if it was to have a chance of being a success. For example, the advertising department needed a minimum of 5-6 weeks to sell advertisements in the supplement. Advertisers needed time to think about the idea, to accept it

and to allocate extra funds to buy advertisements in it. Eventually, we started issuing lists of the year's future supplements to advertisers several months in advance.

Another lesson was that special supplements required a lot of work! While they can be a great way to get more use out of existing resources (computers, staff, etc.), they can also put a strain on the entire organization. That needs to be planned for as well. Some newspapers set up a special department that just creates supplements. Only recently has The St. Petersburg Times had that option available. (It shares that department with another newspaper in the publishing group which bought the newspaper).

We found that our supplements opened up new possibilities for us, particularly the opportunity to offer color advertising, but it also posed special problems. We faced the problem of clients diverting funds from existing contracts (for advertisements in the newspaper) into the supplement instead. The result was that although we spent extra money producing the supplement, we merely moved existing revenue from one place to another rather than increased revenue. Preventing this was largely a matter of advertiser discipline and good salesmanship. But planning was also important. The shorter the length of time we gave advertisers to think about the special supplement, the more likely it was that they would use the money they had already allocated to advertising in The St. Petersburg Times instead of finding extra money for the supplements.

Chapter 3: Creating the sales atmosphere

3.1 How we recruited good sales people

Recruiting good sales people actually proved to be relatively easy, mainly thanks to a simple tool that we developed when we planned the newspaper and which I will explain here.

When we started in 1993 we faced the same problem that everyone in Russia who was trying to recruit sales people was facing. Sales was a new profession. It had not existed before and so there was no pool of experienced sales people to recruit from. That situation has changed dramatically, but that is what we faced back then. In response, we chose a logical path followed by many others. If we couldn't find experienced sales people, we would find intelligent people and make them sales people.

First, we set our criteria. We wanted people who were intelligent, good communicators, self-motivated and goal-oriented. Sometimes people say that sales people need to be aggressive to the point that you wouldn't want to be shipwrecked on a deserted island with one of them. I disagree. All the successful sales people that we employed fulfilled our criteria. Some were aggressive and sometimes that was an advantage. Sometimes it was not.

We could identify people who fulfilled our criteria simply by interviewing them, but the interview could not tell us for sure whether they would make a good sales person. To do that, we created a simple but powerful tool – an advertising sales examination. At the end of the first job interview (usually about 45 minutes long), if we thought the candidate had potential we would provide a package of information about the newspaper and then set three examination tasks.

The first task is designed to test a person's logic and ability to analyze a market and use common sense to decide where to devote time and energy. The second task is designed to test the ability to gather information about the market. The third task uses a technique called "role play." That means that we acted out a situation, in this case a sales situation with myself and the paper's director of sales acting as the managers of a potential advertising client and the job candidate acting as a sales person. The third task is a good test of front-line sales ability – the ability to convince and persuade.

My sales and marketing manager and myself used this examination more than 100 times over the years. It soon became obvious, putting it at its most basic level, that:

- task one tested whether people had a brain
- task two tested whether they were prepared to use it
- and task three showed whether they had the character and instincts to make an excellent sales person (rather than simply becoming an adequate one after a lot of training).

Continuing at this basic level, the answers tended to be 1/ yes, 2/ sometimes, and 3/ rarely.

Time after time we interviewed very intelligent, assertive people who could easily complete tasks one and two but who just were not convincing when they tried to sell us an advertisement (task three). And if they couldn't convince us, what reason was there to assume that they could convince a real advertising client?

Task three soon became the most crucial for us. There are hidden traps in each of the scenarios in task 3. The hotel managers in Company A are not interested in advertising rooms (which are almost full) but will talk about their underutilized restaurants, cafes, bars, nightclubs, etc. – and will eventually advertise them -- if asked about their problems. The managers in Company B understand the need to advertise but have chosen the wrong strategy because they are trying to target a very specific group using mass-media instead of a specialist media (like the St. Petersburg Times). They need to be shown this without being made to feel stupid. In the case of Company C (my personal favorite), the managers simply are stupid! They simply fail to understand advertising at all: they are not targeting their specific audience, and they do not understand the necessity of repeat advertising. Exercise C is hard!

Each exercise relies a lot on the sales person asking the “managers” (acted by myself and the director of sales) what they want and then listening to the replies. People who just tell us how great The St. Petersburg Times is don’t get very far. That is the key to the exercise. We watched to see how open each person was to searching for and receiving our ideas; who could ask questions and listen to the answers, or be taught to do that, or who just talked at us like a machine-gun. We also watched to see who became frustrated, rude or nervous under pressure. At the end of the exercise we wanted to feel convinced.

This three-part sales examination never failed us. The only times we had problems with sales people were the few times that we either did not give them the examination before hiring them or, for some reason, ignored the results.

3.2 Motivating the sales team -- pay

Having hired a sales team, it is obviously necessary to motivate them to sell advertisements. Pay is usually considered a key motivator. How did we pay our advertising sales people at The St. Petersburg Times?

A long time after I began employing advertising sales people, I started to logically analyse systems of paying them. At that time I came to realise that the aim of the pay system should be to provide the most profitable sales (which is not necessarily the greatest volume of sales) at the least cost to the newspaper. I don’t think that there is one perfect system for all circumstances, but the methods that I favor involve commissions or bonuses as a means of encouraging performance. Factors that I think are important in creating an effective pay system for advertising sales people are:

- that it must be fair to all: the sales person, the newspaper, the client
- it must result in a living wage
- it must give a fair value for the work involved
- it must result in pay scales that are comparable with those of other employees
- it should steer sales people to the most desirable type of sales (i.e. you might want many small clients, not a few big ones)
- it should not result in overpaying the staff
- it should be simple to understand and administer

I found that it is not necessarily easy to get all those factors into one system.

Commission only

One possible system is to pay a percentage commission on advertisements sold. That is certainly cost effective for the newspaper, which then only pays wages if and when it gets revenue. It can also be argued that this system creates a major incentive for the sales team to work because if they don’t sell advertisements, they don’t get paid! But it also obviously makes the advertising sales person vulnerable to factors such as a temporary downward change in the economy. The inherent insecurity of the system can frighten away people who could make good sales-people.

Certainly this system is simple for managers to administer, but it can also lean towards advertising sales people neglecting their administrative work and the servicing of existing clients because they continually need to get new ones. They may also focus only on the easiest clients to get quick sales rather than investing time and energy working on more difficult potential clients. The result is that the sales team can end up skimming the surface of the market rather than mining deep down into it.

The commission-only system also assumes that all the advertising sales people have equal client bases (see section 3.5 “Defining sales areas”). In fact, some types of clients or areas of the city are harder than others, and sales people working with those territories will be penalized. It is also possible that the system can lead to resentment because a huge gap can result between the wages of the most talented sales people and the rest.

But I do not favor this system primarily because I do not think that it creates a bond between the sales person and the newspaper. Some managers say that they are giving people an opportunity to make money which the people would not otherwise have had. But I believe that this system sends this message from the management: you are out there on your own without our support, but if you get any rewards, we want our share.

Salary only

The opposite extreme is to simply pay sales people a salary each month. I don't favor this system either, but it does have some advantages. It can be a good way to start inexperienced staff who may be unsure about their ability to sell. They can be told that they will have a salary at first but will be changed to a commission-based system later. The same system can be used for an experienced sales person who is being asked to break into a new or difficult sales area where sales may only start flowing after a long period of preparatory work. Salaries can also be fairer in cases where sales are the result of a team effort rather than individual talent.

But the obvious disadvantage to paying just salaries to the sales people is that if they do not sell any advertisements at all they still get paid the same amount as if they sold a lot of advertisements – that can be a major disincentive to getting out there and selling!

Salary-plus-commission (variant #1): the system that The St. Petersburg Times used at first

At The St. Petersburg Times, we started out by combining the two systems. We paid a small fixed salary, plus commissions for advertisements sold. Over the first three years, the fixed salary usually made up about 20-30% of the advertising sales person's overall monthly package, depending upon actual advertising sales. (The more successful they were, the more the commission component of the package increased). The commission component kept the advertising sales people hungry for new clients, but the salary component assured them that the newspaper would not let them starve to death if they had a bad month!

We also attempted to create a team-spirit by giving each sales person a very small percentage commission of the sales of his or her colleagues. The idea was that each sales person would have an incentive to share information with colleagues rather than compete with them. The sale of an advertising contract by one of them would be good for all. In hindsight, I don't think that part of the system worked very well. It created more problems that it solved. Certainly, it helped decrease the gap between the monthly packages of the most successful advertising sales people and the others. A big success by the top sales person would result in a noticeable increase in the monthly commissions of the others. But the problem was that the most successful sales people tended to resent the fact that they were forced to "give away my money to the others."

The flexibility of the salary-plus-commission package enabled us to help sales people who were new to The St. Petersburg Times. It can take several months to build up contacts and experience. To allow for that, we introduced a system under which sales people started with a relatively high salary component which then dropped down in the second month and again in the third month to the same point as that of the existing sales people. While the salary dropped, the flow of money from commissions slowly built up. The idea was that this would give the new sales employee time to develop contacts and get those first advertising contracts in without having to worry about how to feed the family. This system worked well.

One of the questions that I am most commonly asked is: "what percentage should the commissions be?" It is a question that I cannot answer because circumstances vary so much from city to city and newspaper to newspaper. In fact it is probably the wrong question. A better question would be this: approximately what amount of money should we pay to our advertising sales people to ensure that, in our town, their wages are fair, a decent living wage and high enough that they will not work elsewhere for more money. I always set my mind on the final monthly wage of the advertising sales people and made sure that the percentage commissions would produce that result rather than working the other way around. For a long time we paid

advertising sales people at The St. Petersburg Times 4%. From time-to-time they would complain that other advertising sales people at other newspapers were getting paid 10% or even 15% or 20%. But the fact was that my advertising sales people were getting far more money each month than sales people on other papers because we had created a sales atmosphere for them (a good product, a good system, etc.) in which they could sell huge amounts of advertising in comparison with the other newspapers. Be careful. I know of one newspaper in Moscow which brought in an advertising sales person to increase sales in an area in which it had only limited success (job opportunities advertising). The sales person was offered a very high percentage as an incentive. Within a few months, the job opportunities section was so successful that she was getting massive amounts of money in her monthly package each month. The newspaper, which was locked into a long-term employment contract with the sales person, could do nothing. (A one year contract or a salary-only system which later changed to a commission-based system would have avoided this situation).

Salary-plus-commission (variant #2)

Another possible variant on the salary-plus-commission system is to change the weight of the two components with salary predominating instead of commissions. The fixed salary might make up, for example, 75% of the total monthly package (with the rest in commissions) instead of 20%.

In this type of system, commissions are often paid in a different way. Sales people might be paid for all advertising sales up to a certain monthly norm and then commissions for any sales above that norm. Instead of percentage commissions, bonuses might be used for hitting various levels above the norm. All this makes life seem a lot more secure for the advertising sales people but still gives them an incentive to try to sell a lot. I believe that it works better with experienced and trusted sales people who can be relied on to bring in results without having to be “whipped” in the way that a more heavily commission-based system tends to do.

Salary-plus-end-of-year-bonus

This system is similar to the “salary-plus-commission (variant #2)” system except that bonuses are paid for an annual norm rather than a monthly one. I think that this system has the disadvantage of placing the incentives – the bonus – too far away.

Team versus individual commission/bonus

All systems of commissions or bonuses can be awarded to individuals for their individual sales, or individual sales over a certain norm; or can be awarded to the team overall for the team’s sales or the team’s sales over a certain norm.

The new system at The St. Petersburg Times

The St. Petersburg Times changed near the end of my control of the newspaper to a system based on “salary-plus-commission (variant #2),” but it combines elements such as the end-of-year-bonus, and both individual and team bonuses. It has the disadvantage of being complicated to manage, but it is highly flexible. It seems to be reasonably effective.

Each individual has a monthly sales target. The overall team also has a monthly sales target in addition to an annual sales target. Advertising sales people are paid a fixed salary which during average or bad months will equal 100% of the total monthly package. During the good months, the bonuses begin to take effect. For bonuses to be paid, the entire team must over-fulfill its monthly norm. If it does so, all individual members of the team who over-fulfilled their individual monthly norms are paid a bonus. Every percentage point over the norm results in a greater bonus. The extra annual bonus is based on longer term results. It is based on whether the sales team sells more advertising than its norm in each of the four quarters of the year. (If it fails

to sell more than its norm in one of the quarters, only 75% of the annual bonuses is paid. If it fails to do so in two of the quarters, only 50% of the annual bonus is paid, etc.).

The system builds in layers of short and long-term incentives and individual and team incentives. It is also flexible for the head of the advertising department who can offer higher or lower individual salaries and higher or lower individual bonuses to each advertising sales person based on factors such as that person's past successes, length-of-service and experience.

3.3 Motivating the sales team – other factors

Pay is a certainly a key motivator. But it is not the only motivator. In fact some management studies have shown that managers often grossly overestimate the importance of pay as a motivating factor for their employees. It is true that the type of person who makes a good sales person may be more motivated by money than other members of the newspaper staff. But at The St. Petersburg Times, I also paid careful attention to other factors when building up the sales atmosphere of the newspaper – the atmosphere in which sales people are motivated to sell advertising.

There is a saying in my home-country that the boss is the last person to know anything that is going on in the workplace! My staff was always relatively open with me, but after I left my job as manager of The St. Petersburg Times, they were prepared to discuss things with me that they had not felt able to when I was their boss. A few months after my departure from the newspaper, I was talking to one member of the advertising team (a computer designer) who told me, to my surprise, that he made more money on the weekends free-lancing his computer design skills – for which there is a big demand in St. Petersburg – than he was paid by the newspaper for his work during the week! In that case, I asked "why continue to work at the newspaper?" "Because I like the atmosphere," he said. It was an answer that I found very gratifying. That "atmosphere" was something that I had spent four years working very hard to create. It is a major motivational factor for employees.

Money is important to people. But it is a negative motivator. That means that its absence will usually de-motivate an employee. But a point is reached at which money ceases to act as a positive motivational force. (For a person being paid \$1 million dollars a year, being offered \$1.1 million to work for another company would probably not be a big enough factor by itself to change jobs). People are also interested in the overall quality of their lives. Work time makes up a major part of our lives, so what happens in the work-place can dramatically affect our quality of life.

Some techniques which I employed at The St. Petersburg Times were as follows:

- I felt that it was important to treat people as individuals. Part of that process involved learning the desires of each individual person, finding out what each one likes or does not like, what they find interesting and what each one gets enthusiastic about.
- I would praise people for their achievements, making a point to look for them and make note of especially good work – whether big or small -- or the completion of long or difficult tasks. Without praise, people often assume that they are not doing a good job.
- I think that it is important to focus on improvement, not punishment. It is destructive to criticize people unless you know how to help them get better.
- I found that giving people responsibilities, such as getting them involved in building work systems, was very effective. Not only do they contribute valuable ideas, but it is much more motivating for them to come to a job that they had created rather than merely been given to.
- I found that another great motivator was training people. Not only did the results flow directly back into the company but supporting people in this way, aiding them in their personal growth, made them feel invested in. We sent people to courses and seminars and later hired trainers to come into our office to train them. We trained them in skills directly related to their jobs (e.g. advertising sales techniques for advertising sales people, short-hand for journalists) as well as offering more general training to those who wanted it - for example English and Russian language lessons.

Factors such as these build staff as people. It makes them feel fulfilled. Above I called these factors "techniques." In fact, I was being inaccurate. For me, they are more like deeply held convictions; my way of acting as a person rather than simply techniques. I have John Van Aiken of the St. Petersburg-based firm International Trendsetters Corporate Training and Consultation to thank for helping me codify and clarify much of what I had been doing by instinct. I sat transfixed through his powerful three-day seminar on managing staff. His phrase: "leadership is a life of service not of privilege" still echoes in my mind two years later. I believe the same. Serve your employees, and they will serve you.

Imagination was the key when applying some of these ideas on motivation to the advertising department staff. For example, at The St. Petersburg Times, we made heavy use of barter deals (swapping advertisements for products and services) to add to the quality of life of the advertising sales people. Occasionally we would offer dinners in restaurants, air tickets or holiday packages abroad. It was amazing to me what sort of desires would emerge if we simply listened to people or asked them about their lives. The most popular barter deal we ever did was with a new, luxurious and highly professional dentist. It is no secret that many people in Russia have bad teeth. Company-sponsored visits to the dentist proved highly popular to our staff .

A happy staff is not just a luxury. Happy staff are efficient staff. Show me an atmosphere in which the management seems not to care for its staff - or in fact does not care – and I will show you an inefficient business.

3.4 People: our most important asset

Like most newspapers, The St. Petersburg Times does not really own anything. It has almost no assets. An oil company owns the oil in its oil-fields, and a factory owns its machines and the goods that it produces. Some newspapers own a building or a printing press. Many, including The St. Petersburg Times, do not. All that The St. Petersburg Times owns are a fast devaluing computer system and some furniture. And yet it is a highly valuable business. The value is based on its ability to attract revenue which if carefully managed will give a profit. And the means by which it does this are its staff. People. Without its people, the newspaper is nothing.

I can not stress this enough: the major reason for the outstanding success of The St. Petersburg Times newspaper has been its people. We chose our people very carefully, we gave them the best working environment we could and then we built them as people.

What do I mean by building them as people? The idea is based on one simple principle. I did not consider the people who worked for me at The St. Petersburg Times as workers, or employees, or work units, or even resources. They were people. If I treated them well, they tended to treat me and the newspaper well. When I treated them badly, they treated me and the newspaper badly.

Of course, we paid our people as well as we could and we paid them on time. (Sometimes in the early days when money was short, it meant that I, the deputy director, and the chief accountant had to wait for more money to come in before we could take our own wages). But more than that, we attempted as best we could to build them up by investing time, energy and thought in them and in their personal growth. That could involve training people or more simple things like giving them good tools to work with or communicating with them often and in meaningful ways. It could involve disciplining them when they needed it or supporting them when they needed that. (See the example in subsection “Win-win with the staff,” section 5.1 “Establishing win-win advertising relationships”).

It is interesting to me that when I give seminars to groups of newspaper directors about creating and developing advertising departments or about overall newspaper management techniques, it is this section on staff – people – which they seem to listen to the least attentively. And yet all over Russia (and elsewhere), many newspapers treat their employees appallingly. At the same time, newspaper managements wonder why they have such a high and expensive rate of staff turnover. They wonder why their staff go and work for the opposition newspaper as soon as they get the chance and wonder why business is going badly. Newspapers have only their people. I believe that if the people fail, that is because their managers have failed. They have failed to lead them and to inspire them. Instead, they just managed them. Success at The St. Petersburg Times came because we were interested in our staff as human beings, and they rewarded us for that. We helped them grow and so they helped us grow. We served them, and as a consequence, they served us.

3.5 Defining sales areas

A seemingly small but important issue that came up early in the history of The St. Petersburg Times sales team was deciding which sales people should be working with which clients.

Originally we didn't define this at all. If somebody sold an advertisement, that seemed just fine. Money was coming into the paper, and the sales people were getting their commission. But the lack of definition was inefficient and led to conflicts within the team. It led to conflicts because, of course, all the sales people wanted the best clients, and they would argue about who should work with them and who had contacted them first. Sometimes a sales person would spend time with a big potential client but not get a contract. Six months later a second sales person would contact that client and get the contract. Was this the work of the first or the second sales person that got the contract, or the combined work of both? There were a lot of arguments.

The lack of definition also meant that the sales people were only working with easy clients, jumping from one to another because there was nothing forcing them to try to sell advertisements to the more difficult clients as well. It was the difference between giving someone a small piece of forest and telling him to pick all the mushrooms, or letting him wander all over the forest just taking the 10% of mushrooms that were the biggest, best looking and most easily found, leaving all the others behind to rot.

We decided to define sales spheres. At first we divided the city into geographical zones and gave each sales person a different zone. It might work for a regional newspaper covering rural areas where sales people have to travel large distances, but it didn't work for us in St. Petersburg. The geographical zones had the advantage that they were easy to define, but we soon recognized that St. Petersburg and the businesses in it just don't work in neat geographical zones. Most of the businesses in St. Petersburg are in the center, which meant each zone had to have central and suburban elements to make it fair. Also, some businesses have several branches in several zones of the city (like a chain of shops, for example). Worse still, if we had four sales people and divided the city into four zones, what happened when we wanted to employ a fifth sales person? We had to change every zone to find space to create a zone for the new person. The system was inflexible.

We soon changed it to a system of business categories. This system worked well and continues to do so. We divided businesses in the city into categories such as airlines and travel companies; computer companies; food companies and supermarkets; and banking, insurance and finance companies. Each category was further defined so that any potential advertising client would fit into one of the 20 categories which we developed.

Each sales person was given a portfolio of a category or a group of categories to work with. For example, one sales person might get telecommunications, fashion and medical services while another might get hotels, real estate and transport services. This system works well. The categories are easy to define and potential clients almost always fit easily into them. There are few arguments about who should be dealing with a new potential client. The director of sales can give each sales person a mixture of difficult and easy categories and profitable and less profitable categories. The system is also very flexible. If a new sales person is employed, categories can be taken from existing sales people and given to the new person without major disruption.

The category system prevents the sales people from jumping from one easy client in one industry to another easy client in another industry. It forces them to find all those difficult-to-find mushrooms in their territory. There is another big advantage to this category system. Each sales person can become a specialist. For example, someone selling to car companies will study the car market and learn, for example, that the government has cut import taxes on foreign cars. That information can help in planning a sales campaign with clients. A sales person specializing in hotels will know the fluctuations of the tourist season and can work knowledgeably with hotel managers to maximize business during the high and low points of the hotel year.

The category system worked for The St. Petersburg Times. What I recognized about defining sales spheres is this: if the sales team is being paid on the amount of sales made, it directly

affects the income of the sales people. When we defined sales areas badly, morale went down dramatically. When we got it right, morale, sales efficiency and team spirit increased.

3.6 Advertising targets

In hindsight, it seems so obvious that our sales team was never going to achieve its goals if it didn't have any. But I must admit that in the early days of The St. Petersburg Times, we had no advertising sales targets – no specific income goals for the sales team.

What I mean by advertising sales targets is the amount of advertising which we expect the sales team to sell. At The St. Petersburg Times, that goal was expressed as a figure in dollars per month. But it could be in any currency of course, or by volume (in square centimeters); it could be by week, or day, rather than by month.

Why did we think that it was important to set these advertising sales targets? There are four key reasons:

- when people know what is expected of them, it is easier for them to deliver it
- people respond better to the challenge of goals rather than just working aimlessly
- people cannot tell if they are succeeding or failing if there is no goal to measure their performance against
- advertising sales targets set from above put the sales people under pressure (which can be positive if the pressure is applied intelligently). This forces them to work at a pace which challenges them and make them stretch forward, rather than at some comfortable and easily achieved pace which they decide for themselves.

The sales targets soon became a key motivational tool.

It was not until several years later that I realized how dangerous our situation had been before we set targets. It struck me very strongly when I went to Egypt to do a week's work there with a newspaper that was about to be launched. There were no sales targets. I asked the newly formed, inexperienced sales team how much they thought they could sell, and together we made a table of the first three month's sales based on their expectations (which were modest to say the least). Then I took that table to the newspaper's managers. The managers were horrified. They told me that the paper would go bankrupt within six weeks if the sales team didn't sell almost twice that much. But the managers hadn't thought to tell their sales team what was expected of them. When they did, the sales team was shocked. They were forced to radically change their mentality and to shift their sights to higher goals. (They did so successfully and advertising sales in the first three months exceeded the targets that the managers had set.)

It was a very dangerous gap in the planning of that about-to-be-born newspaper which could have led to its collapse. The sales team would have happily worked at its own pace, independent of the needs of the newspaper. What the sales team was planning on delivering and what the managers needed was very different. Financially, the paper had been drifting badly. But when expectations were made clear, the sales team responded.

Back at The St. Petersburg Times, deciding to have advertising sales targets was one thing but setting the specific goals was another thing. I go into the mathematical details of exactly how I set the advertising sales targets for The St. Petersburg Times in a separate volume, "Budget Management for Small Newspapers in Emerging Democracies," also available from the World Association of Newspapers. The basic method I used was this:

- I looked at the past history of the newspaper's advertising sales
- I factored in seasonal fluctuations in advertising sales, which are big in The St. Petersburg Times' market.
- I added coefficients for factors such as natural growth in our market, increasing experience of the sales team, extra training of the sales team, price increases, resistance to price increases, etc.

I didn't find it easy the first time I did it. It was made even more difficult than it might have been because our newspaper was new without a long history of sales data to look at and because the St. Petersburg market was and is changing so fast.

The final result was a set of advertising sales figures, expressed in dollars per month, which was given to the director of sales who had in fact worked closely with me to produce the targets. The figures were on a table divided into months of the year and different types of advertising. The director of advertising sales could look at the table and know exactly how many dollars of, for example, job opportunities advertising or classifieds advertising he and his team were expected to sell in each of the 12 months of the year. The advertising sales targets were also taken by me and used as revenue figures for the newspaper's overall budget. Again, details of how I created such budgets are in the companion volume, "Budget Management for Small Newspapers in Emerging Democracies," also available from the World Association of Newspapers.

The director of advertising sales would then further break down the advertising sales targets and give each individual sales person individual goals based on that person's ability and the difficulty of their portfolio of sales categories (see section 3.5 "Defining sales areas" for details of those portfolios). Each sales person would get a graph showing them exactly how much advertising they were expected to sell each month. I insisted that each sales person had their graph on the wall next to their desk and that they colored in the bars of the graph as they signed advertising contracts with their clients. Some people thought that it was unfair to make the sales people display their graphs on the wall in view of everyone who walked passed their desks. I insisted on it for two reasons. It kept the sales person's goals literally in front of their eyes at all times. Also, it had a psychological effect on them: if they were doing badly, everyone knew it, but if they were doing well, everybody could see that as well.

The final stage in the advertising sales target process was the monitoring of the results compared to what we had planned. If the team was not achieving its targets, we could analyze why. If an individual was not achieving his or her targets, we could talk about what went wrong. On the other hand, if the team or an individual were exceeding their targets, it would be immediately obvious and would be a good cause for praise.

A word of warning. Managers who set advertising targets poorly are likely to get poor results. I have witnessed this many times in Russia. I have seen managers simply guess at advertising sales targets which have little connection to reality. The result can be figures which are far too low and which do not encourage the team to challenge itself and increase sales. More commonly the result is targets that are set far too high. That is incredibly bad for morale which will lead to a continual sense of failure and hopelessness. It is also a financial planning nightmare because if those same overly optimistic advertising sales figures are then used for the revenue side of the newspaper's budget, the manager and his finance team expect to have far more money than they will actually get in reality. In a situation where it is difficult to accurately set advertising sales targets, it might be better to set them for shorter periods than a full year – perhaps quarter by quarter.

At The St. Petersburg Times, this entire advertising sales target process is done each autumn for the following year and then monitored month by month throughout the year. In fact, the computer programs which we set up can monitor it weekly (or even daily) if we had wanted that sort of detail.

3.7 Barter deals

Like other newspapers, The St. Petersburg Times has a very powerful tool: the advertising barter deal. The newspaper has over the years bartered items such as computers, furniture, air tickets, faxes, holidays abroad and dental treatment.

But we soon understood that assuming that these things came free was a dangerous illusion. Newspapers cost money to produce – lots of it. As all newspaper managers appreciate, space in a newspaper represents money: money spent to produce that newspaper, and potential money in revenue if it is filled. (The argument that I sometimes hear from advertisers that “can’t you give me a bigger discount, after all it’s only empty space” never fails to amaze me). Any barter advertisement in the newspaper from a client that would have paid money is not only not free, it is dangerous. Money is needed to run the newspaper. We instructed our advertising sales people that they must always push for money first and only consider barter deals if that failed. Money is always a more flexible commodity for a newspaper's management than any bartered goods. Too many bartered goods and not enough money means trouble for the newspaper’s managers when it is time to pay the bills. Any newspaper manager who has tried to pay the office rent or the printer’s bill with 200,000 rolls of bartered toilet paper (or any other bartered commodity) instead of cash will agree with that.

We also discovered that bartered goods are less desirable than money for another reason. The St. Petersburg Times’ advertising clients would often only barter their most expensive goods or services. A good example was the airlines. Many of them would only barter business class tickets, presumably because they found them harder to sell than the cheaper economy class tickets and so had seats empty. Business class tickets could be twice the price of economy class tickets. What that meant was that often we would have to give twice as much bartered advertising space in the newspaper to get one of our staff on a plane than if an airline had simply bought half that amount of advertising space and we had then used the money from the advertisement to buy a ticket (economy class) from the airline.

At The St. Petersburg Times, we established a barter policy of taking money (rather than bartered goods) from clients who would pay. Nonetheless, there were many occasions when doing barter deals was a good option for us, for example, when we recognized that a company wanted to advertise but simply did not have enough money to do so.

But that brings me to what I call the “frozen chicken syndrome.” The syndrome goes something like this. An advertising sales person rushes into the office, breathless with excitement at the fact that he or she is poised to do the “deal-of-the-century” if only the boss will approve it. “I have a great deal,” he or she explains. “We give Company X advertisements for three months and they will pay us with 15,000 frozen chickens [or 50,000 tons of scrap-iron, or 16 million pencils, or ...]” In every case I would have to say, “Dear [his or her name], what would we do with 15,000 frozen chickens [or 50,000 tons of scrap-iron, or 16 million pencils, or ...]?”

In response to the “frozen chicken syndrome,” we added a second point to our barter policy. Take barter items from clients who cannot or will not pay money but only when the goods or services being offered are useful to the newspaper! To make sure that this happened we strictly controlled barter deals by drawing up a list of goods and services that the newspaper needed. That meant that our advertising sales people and our clients would no longer waste time and energy getting agitated over potential deals that I was never going to allow to go ahead. Each advertising sales person had a copy of the list of items that could be bartered and so would know without asking whether the offer being made to them would be acceptable to the newspaper’s management or not.

What I did not want was to get into the situation of accepting the frozen chickens (or any other goods or services that we did not need) and then being forced to sell them to get money. I am a newspaperman. That is what I do best. Every minute that I spend selling frozen chickens (which I don’t do well) is a minute of time that I will never use on making newspapers (which I do well). It didn’t make sense. Having said that, the option of accepting such goods and services and selling them to a third party is something I would consider very seriously if I was operating a newspaper in a region with a severely depressed economic situation in which little money was

circulating. I have seen it done systematically and successfully by only one newspaper, in southern Russia.

How did we pay our advertising sales people for the barter deals which did go ahead? When we started the newspaper, our advertising sales people were being paid percentage commissions on all advertisements sold. To encourage them to do the barter deals we wanted, we paid them the same percentage (in money) for barter deals as for money deals. What that meant was that if we needed and got a \$1,000 dollar item using a barter deal, we paid the advertising sales person \$40 in money.

Using such a system, we were still \$960 ahead in the example given. But nonetheless we were concerned that we were paying money out (the \$40) on deals that were not bringing money in, and so we looked for a better way of doing things. We came up with the “barter credit” scheme. An advertising sales person doing a \$1,000 barter deal would not get \$40 in money but a \$40 credit. They could use this credit to barter something else for themselves, or they could accumulate their barter credits until they had enough to barter a larger object. For example, an advertising sales person could save 10 barter credits of \$40, a total of \$400, and then do a \$400 barter deal with a travel company for a holiday aboard. In this way we paid for barter deals using other barter deals. That system was understandably complicated, but I liked it. On the other hand, the newspaper’s head of the advertising department said that it tended to make the advertising sales people spend a lot of time obsessed with barter deals, and it took their time away from money deals.

Barter deals seem to be a feature of developing economies. Times have changed locally, and barter deals are now used very little at The St. Petersburg Times. The system has changed again: advertising sales people are now not paid at all for doing barter deals. As a consequence, most of the few barter deals now done are done by the senior managers (who are not working on commission) and on a case-by-case basis.

3.8 Tools: surveys, media packs, cards...

The St. Petersburg Times sales team receive a few tools to aid them in their work. But whatever else they have, their best tools remain the brain, the tongue and the fact that they have a good product to sell. No amount of expensive sales tools are more powerful than those three factors.

1. Business cards. At the most basic level, they have business cards. These give a sales person something to help introduce themselves, a physical reminder that is left behind with the client, and of course vital contact information so the client can follow up.
2. Media packs. Another physical reminder, though much more powerful and sophisticated, is The St. Petersburg Times media pack. This is a folder left with the client which can contain a variety of information including:
 - some brief general information about the newspaper
 - some brief general information about the readers
 - the price lists for display, job opportunities and classifieds advertising
 - a report giving detailed demographics information about the newspaper’s readers
 - a contract

It can also sometimes contain:

- a copy of the newspaper
- information about any special advertising deals or special supplements (see section 2.6.2, “Special features/ supplements”)
- technical information for clients who want to supply their own advertisements to the newspaper
- spec advertisements

The media pack is a powerful tool. It presents a lot of information in a concise, professional way and is left with clients to read later and digest at their own speed. The St. Petersburg Times spent a lot of money on the folders in which the information is presented and on the content itself. We felt that the money spent on equipping the sales people with sophisticated, professional looking media packs would return to us in the form of higher advertising sales.

One additional comment. I am often confronted with media packs or price lists that are so complicated that I would need a calculator and a lawyer to understand them. We tried to present sophisticated information in a simple way.

3. Survey material. I listed "a report giving detailed demographics information about the newspaper's readers" as one of the things that we included in the media pack. Advertising clients in St. Petersburg wanted to know not only how many people were reading the newspaper but who they were. When we got to the point where we could tell them, selling advertisements got a lot easier! We conducted our first survey in 1994, about a year after the paper began, and again in 1995 and 1997. (See section 4.3 "Researching the Market: Asking Them What They Want").

Not all newspaper managers agree with me, but I consider survey material a vital tool for the sales team. For a start, it gave us our true readership. There were 15,000 copies printed but each copy was read by 2.9 people, giving a readership of more than 40,000. I could tell you the age of those readers, how big their wages were and whether they owned a mobile phone. I could tell you how many times a month they ate out in restaurants, how often they traveled abroad, how many of them owned a car and how many of them intend buying one next year. These sort of details were just what The St. Petersburg Times sales people were telling their potential advertising clients every day.

A large number of our readers told us when we questioned them in our surveys that they frequently ate in restaurants. More than 50% said that they ate in a restaurant at least twice a month (almost 14% said they ate in a restaurant at least twice a week). It is no coincidence that The St. Petersburg Times made a major sales push into the restaurant market and that it was very successful.

The more sophisticated the advertising client, the less interested they will be in simply knowing your circulation and the more they will want on detailed demographics:

- if I am selling Rolls-Royce cars, I don't care that you have 15,000 circulation. I want to know how many of those 15,000 make enough money to afford a Rolls-Royce
 - if I am selling tractors, I don't care that you only have 5,000 circulation, if you can show me that all 5,000 are farmers and that 50% of them have told you that they intend to buy a new tractor within the next 18 months
4. Contracts. The media pack should contain a blank contract. That is the reason the sales person is presenting all this information to the potential client.
 5. Spec advertisements. Occasionally sales people will use a "spec advertisement" if they sense that a potential client is unsure about whether they want to buy an advertisement or not and therefore needs an extra push. The sales person will have the sales team's designers make up an attractive looking advertisement for the potential client before they meet with them. Seeing what the advertisement could look like can help get the sale.
 6. Other tools. The other tools available to The St. Petersburg Times sales team are mobile phones, (small) expense accounts to entertain clients and taxi allowances (they do not have company cars).

3.9 Answering the phone

At The St. Petersburg Times, we confirmed the old advertising law that selling advertisements face-to-face is more effective than doing it over the telephone. An active sales team should be out on the street meeting clients. Mine was. But it is also true that sometimes potential clients would call the newspaper. When they did, I expected them to be greeted with politeness, respect and efficiency. I wanted the process of selling The St. Petersburg Times to begin the moment the phone was answered, regardless of who picked it up.

A personal example will underline my point. I recently needed to buy an airline ticket to Moldova. I telephoned Aeroflot. The service I got on the telephone was appalling. I was passed from department to department for more than 10 minutes. I could hear people joking and laughing in the background. No one knew about flights to Moldova, and no one seemed to know who had that information. In fact, no-one seemed to care. I sat there holding the phone wishing that Aeroflot had a competitor. Then I remembered that it did. I called Transaero whose staff was very polite and efficient over the telephone. An hour later I was in their office paying for the ticket. I often have similar experiences.

And yet, contrast that with what I discovered when my newspaper consultancy company recently conducted a survey of newspapers in Russia and the former Soviet Union. Two hundred newspapers across the region were contacted by phone and fax. In the Baltic Republics, the phone behavior of many – but not all – of the newspapers was good. But it was fascinating to note that in the remaining areas, only two newspapers (one in Volgograd, another in Tashkent) answered their phones in a manner which I would call both polite and efficient.

The person who answers the telephone at The St. Petersburg Times is one of the most important people at that newspaper. She is the face of the organisation, the first point which most people contacting the newspaper – including potential clients – will reach. We bought the best phone system we could afford, and then we found a person who was prepared to use it in a disciplined and pleasant way – all the time. But I believe that that telephone discipline should extend throughout the newspaper. Staff at The St. Petersburg Times knew that picking up a telephone and answering “Allo!” when I was within earshot was a shooting offense! (The correct answer was “Good morning/afternoon, St. Petersburg Times,” “St. Petersburg Times, [name] here” or variations of those phrases).

Telephone discipline means making sure that every person in the newspaper:

- answers phones that are ringing (the head of the advertising department made a rule that if any person in the department heard one of the phones ring three times, they should answer it whether it was their phone or not)
- is polite and pleasant to all callers
- is as helpful to all callers as they can be
- telephone discipline also means making sure that there is an efficient system of taking messages for people who are out of the office and making sure that they get those messages - that there is a message system

I can't say that we ever reached perfection on this telephone issue during my management of The St. Petersburg Times. But I can say that anything short of perfection costs the company money.

Chapter 4: Marketing a product that people want

4.1 What do advertisers want?

What do advertisers want? The answer is so simple it is easy to lose sight of it – results. Results generally mean selling products or services. Occasionally, I observed advertisers who were looking for other kinds of results, prestige for example.

I have noticed that advertising sales people often favor big advertisements – because if they are selling on commission big advertisements can bring them more money. Advertising designers often favor simple designs which are easy to produce (if they are busy) or complicated ones which are challenging to produce (if they are bored). People who write advertising text often favor very clever texts – because it makes them look very clever and wins advertising industry prizes. Sometimes advertisers think they want these things because these advertising specialists talk them into it. But in reality advertisers only need a certain sized space, color or complicated graphics, or a clever text as a tool for getting what they really want – results.

At The St. Petersburg Times, we worked to a common newspaper advertising philosophy that says that it is not enough just to sell an advertiser a few square centimeters of space in the newspaper and then move on to another client. We must sell a service, sell solutions to advertisers' problems, sell the answer that satisfies their needs -- sell success.

What was important was having creative designers produce high quality advertisements which were placed in an attractive, quality publication which drew in large numbers of readers by providing them with reliable news and information. But it was only the beginning. Our advertising clients generally appreciated good service and our reliability with deadlines. But most of their specific concerns seemed to center on two themes.

Cost Effectiveness

Advertisers want cost-effectiveness, but, at least in St. Petersburg, they rarely know how to measure it. Awareness of an international measure of advertising effectiveness called the “cost per thousand” gauge slowly began to penetrate our St. Petersburg market during the mid-1990s. It measures how much money it costs for an advertisement to reach 1000 people. Simply multiply the advertising price (per page or per square centimeter) by 1000 and divide the result by the newspaper's circulation:

$$\frac{\text{advertising price} \times 1000}{\text{circulation}}$$

This demonstrates to the advertiser how much it costs to reach 1000 readers/potential customers using that newspaper. The same calculation can be done on a rival newspaper to compare the results. Take for example these three newspapers:

	Price per page	Circulation
Newspaper #1 --	\$1,290	86,000
Newspaper #2 --	\$1,700	100,000
Newspaper #3 --	\$2,100	150,000

In fact newspaper #3 is the most cost effective in this example, and newspaper #2 the least cost effective. Compare their costs-per-thousand:

	Cost per thousand
Newspaper #1 --	\$15
Newspaper #2 --	\$17
Newspaper #3 --	\$14

Demographic Information and Specific Targeting

The cost per thousand measure produced a poor result for the St. Petersburg Times because of our high cost relative to our low circulation. We fought back where necessary by pointing out that our specialist newspaper delivered a concentrated packet of high-income readers/potential customers. And we gave advertisers detailed information about our reader's incomes and spending habits to show how desirable they were as potential customers.

That argument keys into a theme which is becoming more and more common in more mature markets and which I believe will inevitably find its way to Russia as the advertising market becomes more sophisticated. There is now a tendency for highly cost-aware advertising buyers to demand more. They want accurate demographic information to know exactly who (which potential customers) their money is buying them access to, which is where survey data can be so valuable (see the section 4.3 "Researching the Market").

The next step tends to be that they demand that their advertisements target only those of the newspaper's readers whom they are interested in as customers – for example to city house-makers whose spouses have an income of \$5,000 a year or more. That is where newspapers which have detailed demographic data and which are prepared to work with split-runs (see section 4.5 "Pricing") or inserts (see section 4.7.3 "Types of Advertising Products – Others") or other forms of targeting, can be at an advantage over competitors. Such devices can reduce the cost to an advertiser while at the same time get his message to his key potential customers without the waste of exposing the message to thousands of others who are unlikely to become customers.

Business Solutions to Business Problems

At The St. Petersburg Times, we encouraged our staff to try to find out what the advertisers wanted, discuss with them whether their wants would meet their needs and then give them what they wanted if we could – or to suggest to the newspaper's management new ideas for advertising products if we had nothing that suited a particular group of customers (see section 4.9 "Reacting to Clients' Needs"). After all, why should advertisers spend money on a paper which does not give them what they want?

4.2 What do readers want?

That question applies equally to readers. Why should readers buy a paper which does not give them what they want? It is readers who attract advertisers: "no readers = no advertisers = no money." So any study of the advertising situation in a newspaper should also ask what readers want – and if they are getting it.

That is not to say that the advertising department at The St. Petersburg Times dictated to the editorial department what articles should be written. It did not. But as the ultimate manager of both departments, I felt that it was part of my job to make sure that they were pointing in the same direction and that they were both trying to talk to similar groups of readers (see below, section 4.4 "Targeting The Market: Matching Advertisements to Readers and Readers to Advertisements").

What do readers want? Many editors, including some at The St. Petersburg Times, feel that they know their city or town – and their readers – simply because they have lived there a long time or because of their editorial intuition. I have a healthy respect for editorial intuition but also believe in asking readers what they want, rather than assuming that I know. At The St. Petersburg Times, we regularly surveyed our readership (see the next section for details of our methods). The first thing we discovered was that our readers were not the people we had assumed they were.

Giving readers what they want can create an editorial dilemma. Should readers simply be given what they want to know or what the editor thinks they need to know? Should a newspaper

simply entertain or titillate or should it act as the social conscience of its community? That question is for discussion in a book about editorial management not advertising and budgeting, but I think the intelligent answer is to give people a mixture of both.

After we found out what readers of The St. Petersburg Times needed and wanted, we then attempted to give it to them consistently. But we discovered one crucial thing – the need to regularly check what our readership wanted. That was because our readership changed – along with its needs and wants. At one point more and more business people were saying to me, the newspaper’s manager, “the paper doesn’t cater to our needs properly, we are not getting the information we want.” Only when the editor surveyed these business people directly (see the next section) did he understand how far his business section had diverged from the wants and needs of his business readers. Initially he resisted asking the readers, saying to me that he didn’t need to ask them because he knew what they wanted. He didn’t. When he finally talked to the business readers, they told him that very strongly. To the editor’s credit, once he discovered his mistake he made major changes to the business section, which as a result became stronger and more relevant to readers than ever before, and he “promoted” business coverage placing key business stories on the front page more often.

The point was that while the newspaper’s editorial team had drifted in a direction that was relevant to itself, the composition of the readership had also been changing – in the opposite direction. Readership demographics change: older people die, and younger people move in to an area; rates of unemployment change; immigrants arrive. Readership attitudes change: yesterday’s liberals become more conservative, and new issues arise which seem more relevant today than before; others seem less relevant.

4.3 Researching the market: asking them what they want

Newspaper surveying is a highly complex science and I can not pretend to be an expert on this topic. But I can share some of our experiences, what worked for us and what did not.

The most common surveying mistake I see across Russia is that newspapers which do surveys will spend money – sometimes a lot of it – asking numerous and sometimes detailed questions about what readers like or don't like about their editorial sections and little or nothing about the readers themselves, particularly the readers' spending habits. Often the result is that it confirms the editorial department's impression that its work is pure genius (many times because the questions asked tend to produce the answer that was wanted in the first place) and the advertising department has nothing!

Let me tell you a few things that the advertising department of The St. Petersburg Times knows about the readers of the newspaper:

- 37% have wages of more than \$600 a month
- only 12.5% plan to buy an apartment in St. Petersburg during the next 5 years
- almost 14% eat in a restaurant at least twice a week
- 33% of them go to a restaurant at least once a week
- 37% have a computer at home
- 42% have a credit card
- 56% drive a car
- 14% of them will buy a car (or replace their existing one) within the next 12 months
- 64% traveled abroad in 1996
- 63% plan to travel abroad this year

We also know the age of those readers, whether they own a mobile phone, whether they use the Internet and how many of them are managers – as well as how much time they spend reading each issue of The St. Petersburg Times, which sections they read, and which other newspapers they read. These details about the readers – what they spend their money on now and what they want to spend their money on in the future – are used every day by the advertising sales staff of The St. Petersburg Times when they try to sell advertising to potential advertisers. They are a powerful sales tool.

How do we know all this and more about our readers? That's easy – we simply asked them. (At the same time the editorial department had the opportunity to ask questions relevant to it). To ask readers these questions, we used several different techniques. The most comprehensive was our survey technique.

Surveys

We conducted our first survey about 12 months after we started the newspaper. Hiring a research company can be expensive. To save money, we did our first survey ourselves by printing a questionnaire in the newspaper and asking people to fill it in and send it back to us. As an incentive, we said that each person who filled in a form would be entered into a lottery. (There was a significant prize).

It was a beginning. We had had almost no real sales information, so anything was useful. We processed the information we got back into easily digestible segments and included it in our media pack (see section 3.8 “Tools: Surveys, Media Packs, Cards...”). It formed the basis of our sales pitch for the next year. But we realised even as we were doing this first survey that, because of our inexperience, we had inadvertently biased the result. For example, by putting a survey form inside the newspaper, we automatically excluded people who did not read the newspaper. In other words, while we could ask people who liked the newspaper (actual readers) what they liked about it, we could not ask people who did not like the newspaper (potential readers) because if they did not like it they were probably not reading it and would not see the questionnaire. The lottery and prize also biased the results in a certain direction. Obviously readers who found the prize attractive were more likely to answer the survey than those who did

not. In hindsight, I think we had also focused too heavily on questions which asked readers about the newspaper and failed to gather enough information useful for the advertising department or for the distribution team.

For later surveys, which we tended to do on an annual basis, we hired a research company. It was expensive, about \$3,000 for a 400-person survey. But our experience with even the limited amount of information we gathered by ourselves doing the first survey, had proved to us how valuable the survey had been. We thought it would be worth paying for if it could be fuller and more accurate. Information gathered by the professionals was noticeably higher in quality than that we had gathered ourselves (although it was pleasing to note that we did not get anything badly wrong in our own attempt). This was partly because the research company's survey methods were far more sophisticated and reliable. We had also worked on our system of deciding what questions to ask. It seems to be a common problem of newspaper surveying in Russia that the various departments of the newspaper are not asked to submit questions while the survey is in the planning stage.

Coupons/competitions

At The St. Petersburg Times, we ran numerous competitions which included coupons in the newspaper that were cut out and handed back either to the newspaper or to an advertising client. We never used these coupons as a survey opportunity – but we should have. By asking just one or two questions (as space permits) on each different coupon run in the newspaper, it is possible to conduct miniature surveys at regular intervals. These types of survey are of course subject to some of the disadvantages described above, because the coupons are published in the newspaper.

Focus groups

Another method we did use which was simple, relatively cheap and reasonably effective was a “focus group.” This technique involved inviting a small group (for instance of readers or of non-readers; of advertisers or of non-advertisers) to spend an hour or two discussing and sharing their ideas on the newspaper. Rules for getting the most effective results from focus groups tend to be:

- keep it small, 8-12 people at most
- keep it focused on one group or theme (e.g. woman readers, retail advertisers, the newspaper's business section, etc.)
- allow conversation to flow without defensive interruptions or long explanations of why the newspaper does something in a certain way
- encourage criticism of the newspaper in the group
- it is considered better to use a facilitator who is not a member of the newspaper's staff and who is introduced to the group as a neutral referee. (We considered doing this, but in the end did not).

Meet-the-editor lunches

A variation on the focus group which we used was the “meet-the-editor lunch” in which we took groups of readers out to a focus-group style lunch. This technique proved to be a useful way for The St. Petersburg Times editor (and therefore the editorial staff) to keep in touch with readers. It was during two such lunches for readers who ran businesses that we confirmed to ourselves how far our business section had drifted from its readers and were able to identify ways to fix that problem (see section 4.2 above, “What do readers want?”).

Talking to readers one-on-one

This sort of research has obvious faults. The survey group is small to the point where it is unlikely to be totally representative of all readers. Indeed, the group is likely to be highly selective. Just as importantly, it is very easy for an individual, newspaper manager or not, to hear

what they want to hear and fail to hear the rest. But this simplest method of surveying often helped me to identify potential problems that should be studied more carefully.

In fact, I found that it was not easy for me to try to avoid using this valuable method. It seemed that, during my time as manager of The St. Petersburg Times, every time I went to a party, to a restaurant, to the theater, on a picnic or anywhere else, there was always someone who desperately wanted to tell me how I should be running the newspaper, what it was lacking. But by piecing together this intelligence and by taking these opportunities to ask questions about specific themes, I gathered some valuable insights.

Studying the business market

In addition to the various survey techniques described above, I would have staff members at The St. Petersburg Times conduct regular studies of different parts of our market. Like most newspapers, we were very interested in knowing how much our competitors were charging for their advertisements. But we also looked at other newspapers to see whether they were gaining categories of advertisers which we were not. We studied information within our own newspaper – often an under-used resource – to see where we were getting the most results for the least effort and to identify which areas were giving us little result for a lot of effort.

I should say at this point that one of the most experienced and successful publishers I have ever met thinks that surveys are a complete waste of time and money. I disagree. I think that four good reasons to conduct surveys, of whatever type, are:

1. to find out who is reading and learn about what is important in their lives
2. to get information about those readers to share with advertisers
3. to identify people who are not reading
4. to develop strategies to get some of those people reading

Three common mistakes that I have observed in both my newspaper and others in Russia:

1. that sometimes survey results come in to the office, get read once by one person and are then filed -- and never seen again
2. that results that do not fit in with the prevailing ideas of the management or editor are ignored
3. that results that do not fit in with the prevailing ideas of the management or the editor are interpreted in such a way to make them fit in, even when that interpretation is clearly either wrong or based on assumptions that are not suggested by or provable from the survey data

In this section, I have focused primarily on researching from an advertising perspective. Obviously surveys are equally valuable to the editorial department. One editorial discovery we made from our first surveys was that a significant percentage of our readers wanted a sports section, which we did not include when we started the paper. We gave it to them as a result of the survey. An American journalist and editor whom I know says that surveys are a good way to find how to “touch people’s lives with joys as well as problems – to find something that gives them a reason to buy the newspaper.”

At The St. Petersburg Times, we studied our survey results with great interest. Having good survey data was a major advantage to us once we got it. We used the information to prevent mistakes and to open up new possibilities for the newspaper. But ultimately, I believe that all surveys are merely tools. The results they bring are like military intelligence data, which should not be ignored and should have an impact on planning. Survey data should be used as a tool to aid with planning and running the company, but it should not be allowed to take over the agenda regardless of all else. There are many examples of business ideas (including newspapers and magazines) that should have failed if the surveys were to be believed. Sometimes leadership means taking risks, or following visions that might not seem desirable or logical to people who conduct surveys. I prefer the idea that a manager, whether of a newspaper or any other business, should have a vision and that surveys are one of many components of the plan with which he or she will get there.

4.4 Targeting the market: matching advertisements to readers and readers to advertisements

At The St. Petersburg Times, I discovered the simple truth about succeeding in newspaper advertising: effective advertisements which are relevant to readers should be sold to advertising clients. At various points in this book, I have discussed selling advertisements (see, for example, section 1.2 “Some St. Petersburg Times Selling Basics”), and below I will look at some simple techniques we used for making our advertisements more effective (see section 4.8 “Making Advertisements Effective For Clients”). It is relevance that I want to discuss here – making sure that the relevant advertisers are being delivered to the right readers and vice versa.

It is very easy to inadvertently attempt to sell the wrong product to the wrong people. Earlier I used the examples of Rolls-Royce cars and tractors. Publishing advertisements for Rolls-Royce cars in a newspaper read mainly by farmers would be as ineffective as publishing advertisements for tractors in a newspaper read by ultra-rich businessmen. At The St. Petersburg Times, we learned the lesson that to successfully target our market, both readers and advertisers, two factors were at work at the same time:

- our advertisers sometimes dictated which readers to write for
- our readers sometimes dictated which potential advertisers to sell to

That is not to say that the advertising department at The St. Petersburg Times dictated to the editorial department what articles should be written. It did not. But as the ultimate manager of both departments, it was part of my job to make sure that they were pointing in the same direction and that they were both trying to talk to groups (of readers and potential advertisers) who matched up.

The right readers for the advertisers

When we started The St. Petersburg Times we aimed at four groups of readers: foreign business people (living in St. Petersburg), foreign tourists (visiting St. Petersburg), Russians who speak English, and Russian students of English. We aimed our editorial material fifty-fifty at the first two groups: foreign businessmen and foreign tourists. Talking to our advertisers, however, showed us over and over again that they were far less interested in tourists than business people, so we changed the editorial content of the paper to interest those people much more (more business news, less tourist news). In this case we adapted our editorial content to target the readers whom our advertisers wanted.

The right advertisements for the readers

We had also assumed that Russian people would make up a very small proportion of our readers. We were stunned to find in our first survey that 63% of our readers were Russians. Our second survey (using superior methodology) confirmed that figure and also showed that many of those Russian readers had good wages. Based on that information we began targeting additional categories of advertisers whom we had never bothered with before (e.g. home furnishings, travel) and to spend more time on Job Opportunities section, which became the most successful advertising section in the newspaper. In this case, we adapted our advertising sales strategy to match the reality of our readership base.

As I travel to different newspapers around Russia, people often ask me where to find advertisers. I think that the answer becomes obvious if you can match up the desires of your readers with those of your advertisers. For example, if I was running a magazine aimed at top business executives, I probably would not try to sell advertisements to a hair-salon that specialized in punk haircuts. The salon would not be interested. Even if it did buy the advertisement, it would probably not be effective in attracting customers to buy the advertiser's services – there are not enough potential customers reading the magazine – and so the advertiser will not return to buy more advertisements. It works the other way around. In 1994 when the St. Petersburg magazine

“Hippyland” (a magazine written by and for the region's hippies) published an advertisement for a stock broker specialising in futures trading, I wondered how many of the magazine’s hippie readers would find the advertisement useful. The magazine would be less desirable to the readers than if it had advertised something useful for them.

A continuing process

I believe that ensuring that the newspaper's readers and advertisers match up is not something that can be done once and forgotten about. Readerships change and with it, the needs and wants change.

Periodic research can reveal these changes. (That could be surveys by the newspaper, or even something as simple as getting the latest figures about the local population from the government agency responsible for statistics). That research can be useful for strategic planning on targeting issues. For example, if a newspaper with a stable circulation number discovers one year that 75% of its readers are pensioners, and then discovers the next year that 80% of its readers are pensioners, it clearly has a problem. The results means that the newspaper is not attracting new younger readers, while the existing readers are getting older. This means that within 20 years most of the readership will be dead. No readers = no advertisers. The newspaper would need to work on a strategy to attract new readers without alienating the existing ones.

At The St. Petersburg Times, we always tried to select potential advertisers who needed to market (whether they recognized it or not) and had enough business volume and enough money to advertise. We continually tried to open new markets, not just rely on the old ones. But underlying all these factors we always tried to make sure that the advertisers we were targeting matched our readers, or that we adapted the newspaper to gain the readers we needed to get advertising. I am not saying that a newspaper needs to change from being a serious political newspaper to being a scandal newspaper. But beware the maxim that the dinosaurs failed to heed – evolve or die.

4.5 Pricing

In hindsight, it is clear to me that we under-priced our product (our advertising space) for a long time. Firstly, we were afraid to put the price up for fear that we would lose customers. But secondly, because our budgeting was poor, we really didn’t accurately realize how much we needed to charge to make the profits we were aiming at. (At one stage we did not even realize that we were losing money on our international subscriptions. When we got better at budgeting, this became obvious, and we then realized that we needed to either stop selling international subscriptions or raise the price). Obviously overpricing will kill sales, but underpricing damages profitability as well as being dangerous if it leads to losses.

Pricing method

When we started the newspaper, we charged in square centimeters as do most Russian newspapers. But we found that the method had two big disadvantages. Firstly, it created design problems. Fitting together all the different sized advertisements was sometimes difficult. And the result was a very ragged looking set of advertisements of different shapes and sizes which made the paper look messy. The second problem was not ours, but the customers’. We were working with square centimeters every day, and we learned to think in square centimeters. But we found that most customers could not easily visualize what 10 square centimeters or 120 square centimeters or 200 square centimeters actually looked like. Even explaining it is not easy because a 10 centimeter high advertisement run two-columns wide is not double the size of a 10 centimeter high advertisement run one-column wide. When you add in the space between the columns, it is more than twice as big.

American newspapers approach this problem by selling “column-inches.” A metric equivalent, a “column-centimeter,” would be the same as if we were selling blocks of space one column-wide and one centimeter high. But I think that this system contains both the faults that the square

centimeter system does. It can lead to uneven ad stacks, and it is difficult to explain and for clients to use.

To solve our problems, we copied an idea that we had seen used by a newspaper in Moscow. We introduced a system of standard-sized, symmetrical blocks or modules which the customer could build into bigger units the way a child builds something using play-blocks.

We divided a page into 30 blocks. Each block was one column wide and 6 cm high. (An example of the price list can be seen in the addenda). The smallest unit a client could buy was one block. They could buy as many blocks as they wanted. If they bought two blocks, for example, those blocks could be stacked on top of each other vertically or put alongside each other horizontally. We did not charge any extra for the space used between the columns.

Just as the clients used the blocks to build their advertisements, we built up the various advertisements on the pages using the same system of blocks which, all being of a common size, stacked together conveniently in a clean looking way.

Discounts

When we first started the newspaper, we used a system which gave discounts based on two factors: size of advertisement and the number of consecutive advertisements bought. It worked reasonably well but occasionally it gave us problems. For example, a loyal client buying small adverts every week for years on end might complain that he was getting a smaller discount than someone who bought just one full-page advertisement. It sometimes worked in reverse. A client wanting to buy a small number of large advertisements and pressuring us for a big discount might complain to us that another client buying smaller advertisements was getting a bigger discount (conveniently forgetting the reason – that the other client had committed to a long-term contract).

We looked at other systems and chose a very simple one which everyone could understand and which most people respected. The more money a client spends, the bigger discount he gets. It is very simple and easy to explain and use.

We made a second major change to our discount policy. Originally, we used to put our standard discount rates on the price list we gave to clients. We stopped doing that. Naturally, each client would immediately look at how much discount they would get and then they would start negotiating from that discounted price, rather than from the full price. That left our sales people on the defense, having to refuse.

Taking the discounts off the price-list made selling advertisements --specifically negotiating prices with clients -- far easier for the sales people. Now they can try to discover what size discount (if any) the client wants. If it is within the maximum allowable set of discounts (which are based on how much of money the client is spending, as explained above), they can give it to the client, who then feels good because he got what he asked for. On the other hand, if the client wants a discount (but doesn't know or won't say how much), the sales person can make an offer that is less than the maximum allowable discount (For example, 5% when the maximum allowable discount is 10%). Naturally, the client will push for more. "Give me 10% and it's a deal," he might say. The sales person can agree. The client feels good because he feels that he got a bigger discount because he bargained hard.

In fairness to The St. Petersburg Times sales team, I will not reveal what their maximum allowable discounts are now. What I can say is that we got much tougher on discounts than we were at the beginning. Twice in the early years of the paper we gave discounts greater than 40%, which was then our maximum standard discount. Both times I thought that we were giving too much away. In fact, I think that 40% is too much. As I mentioned above (see section 1.2 "Some St. Petersburg Times Selling Basics"), we did not feel that selling on price was the best way to sell.

Loadings

For some advertisements, we would charge more money not less. When some positions in the newspaper were clearly in higher demand, we would charge more for those positions.

- Following this rule, we charged more money for page 3 and the back page than other pages.
- When we finally decided to sell a small advertisement on the front page (I had resisted it for several years thinking that it would cheapen the look of the newspaper), we charge 2.5 times more for that space than we would have charged inside the newspaper.
- When we introduced a color (blue) to the newspaper, we charged more for advertisers who wanted blue in their advertisements.
- We charged more for advertisements in the Job Opportunities section of the newspaper than in other sections because demand for space in that section was so high that we knew that we could get the higher price

Split runs

The nature of our market in St. Petersburg Times meant we never had the opportunity to use split-runs. I would have liked to. They can be very profitable.

An example of a split-run might be that of a newspaper located in a town which is divided by a river. Let us say that the northern half of the town contains a high concentration of pensioners and the center, to the south of the river, contains a high concentration of young professionals with high incomes. An advertiser might only want to attract one of those groups. The newspaper prints two versions of the paper and allow advertisers to decide whether they wanted their advertisements to appear in the northern edition, the southern edition or both. I worked as a journalist on one paper in Australia where the first and last pages of the newspaper were split, which gave some opportunity for split run advertisements. It also gave we journalists the option of two different front pages, dealing specifically with stories from each of the two regions if we wanted it.

Split-runs have the advantage for advertisers that they can save money by targeting their potential customers more accurately. A shop in the north of a large city may not want to waste money advertising to people in the south of the city who are unlikely to visit it. A company selling office supplies may only want to advertise to the city center where most offices are located. Split-runs also have the delightful advantage for the newspaper that it means that you can sell the same advertising space twice! Of course advertisers may expect to pay less for the advertisement because it is not reaching as many people, but if the paper charges both clients 60% of the full price, that still gives more money than selling the same space once. I have seen this method used very successfully in Australia. In Russia where the 40% advertising threshold is a barrier to carrying a lot of advertising, this could be a good tactic. Of course it relies on having accurate information about your readers: who they are, where they are, and what they want.

What price level to choose

Pricing levels are always a difficult question. Of course they have to reflect the true costs of the newspaper and the need to make a profit. But I feel that from that point onward pricing is a matter of "feeling" the market rather than rigidly applying some formula. Factors I would take into account would be:

- costs of production of the newspaper
- the profit level required by owners
- the quality of service at the newspaper (higher quality, higher price)
- circulation, but even more so market penetration (the number of readers divided by the number of people in the region)
- "Quality of readers" (an advertiser may often judge that by their spending power or at least by the rate at which they consume his product)

- rival newspapers' prices (yours may not have to be lower than theirs if you are offering a better product)
- how the cost-per-thousand rate will look to advertisers (see the cost-effectiveness section in 4.1 "What do advertisers want?")
- inflation (pushing up prices faster than the inflation rate tends to be noticed by advertisers and they don't like it)
- the newspaper's price increase history (regardless of everything else, including how fair the price is, too many price increases will bring trouble)

As I said, in hindsight I can see that at The St. Petersburg Times we charged too little for our advertising for a long time. Now I would follow a capitalist maxim – charge what the market can bear. But I would add that I think it can be damaging to charge so much that customers feel the pain every time they pay their bills.

But whatever the price is, even if it is competitive, justified, fair and logical from a cost point of view, each advertiser must be sold on the idea that these things are true.

Price increases

Putting prices up is obviously a difficult maneuver. Each time we did so at The St. Petersburg Times, I was very nervous. Each time we did so, our advertising sales agents always thought it was the end of the world – it never was. In fact, in four years I can not remember losing a single advertiser because of a price rise – which is possibly indicative of the fact that we were underpricing for much of that time.

We would never put up prices suddenly but would always give advertisers a few months warning. We would send our existing advertisers a letter advising them of the price increase, when it would take effect and why we were putting up the price. The old price would apply to any existing advertising contracts, until they ended.

We would try to be sensitive to the fact that most of our advertisers' advertising budgets ran from January to December. For example we announced new price rises around October for the following year gave them time to include the new prices in their budgets.

If possible, we would also try to announce a new service or an expansion or an improvement of an existing service at the same time. For instance, when we re-launched The St. Petersburg Press as The St. Petersburg Times, we gave the paper a modern new design, added extra editorial resources and added the second color (blue). Along with these improvements to the product, which we explained to advertisers, we introduced a higher price for advertisements.

I have discussed the issue of price increases with other newspaper managers and discovered that not everyone agrees with my methods, nor each others'. There is always a debate on whether to put prices up during the newspaper's busy season when advertisers are buying a lot of advertisements (based on the idea that they need the advertisements at that time and so will buy them regardless of the new price) or during the newspaper's quiet season when many advertisers are not buying (based on the idea that this will give the advertisers time to get used to the new price). I do not pretend to know which is better!

There also seems to be two distinct schools of thought on whether a large increase should be made once or in two (or several) smaller steps. I favor making one large increase because I discovered that it was often the dislocation of a new price -- when plans had already been made based on the old price -- that was the major problem for advertisers rather than the amount of money being asked for.

4.6 An advertisement for every pocket and taste

We decided early on that we would not get into the habit of selling simply on price, or being pressured into giving huge discounts (see section 1.2 "Some St. Petersburg Times Selling

Basics”). To resist those pressures and to be more flexible for our clients, we slowly built up a system based on the philosophy that there should be a range of products on sale (in this case advertising products) so that there would always be something to match every client’s budget and taste. We never wanted to get into a situation where advertisers turned away because we didn’t have a product suitable for them. The range of advertising products is not a static thing; it continues to evolve:

- big advertisements (display advertisements) are available for large companies and other big advertisers using the block system described above
- for large clients wanting to attract even more attention and able to pay more, there are opportunities to use color in their advertisements or put their advertisements in especially prominent positions within the newspaper
- smaller, less expensive display advertisements can be bought (down to one block in size)
- even smaller advertisements (classifieds) are available for smaller companies or individual advertisers
- within the classifieds pages there are big classifieds advertisements, small ones, classifieds advertisements with pictures or without, with frames or bold text or without.

Obviously, each of these products has a different price. The more a client can pay, the more they can get.

We also tried to continually evolve new products based on the needs of our clients:

- we created a job opportunities page for companies looking for professional staff. It became the most successful (in English or Russian) in St. Petersburg. In fact, it became so successful and demand so great that we started charging more for advertisements on the job opportunities pages than on other pages
- when many restaurants said that they couldn't pay our prices, we dropped the prices of display advertisements on the restaurant pages and introduced an even cheaper option for small restaurants – they could be included in a list of restaurants on that page instead of paying for a larger, display advertisement (And even within the cheap listings section there were options with different prices: listing with a logo or without a logo).

4.7.1 Types of advertising products – display adverts

At The St. Petersburg Times, we evolved a complete range of different advertising products. As discussed above, we decided that the range of advertising products on sale should suit the budget and taste -- and needs -- of every possible client.

Our two basic categories of product were the "display advertisement" and the "classified advertisement." In some languages around the world, these two types of advertisement are called "advertisements" and "small advertisements" respectively. But I think that this is an oversimplification.

A more accurate definition might be to say that "classifieds advertisements" are advertisements for people who know what they are looking for -- they have bought the newspaper to find a car or an apartment or a travel agent. "Display advertisements" display products which the reader may or may not have heard about and may or may not feel that they want. The hope of the advertiser is that by drawing the attention of the reader to the existence of the product, or of that particular supplier of that product, there is a chance that the reader will begin to buy and use the product.

Display advertisements

Because we felt that the essence of display advertising works on the chance factor -- the chance that a reader will be exposed to a new product or supplier -- we placed these advertisements

throughout the newspaper in places of high visibility. We placed them amongst the articles which we knew readers would be looking at rather than clustering them all on one or two pages at the back of the newspaper, which could be easily ignored. In this way readers would be exposed to the display advertisements -- so giving the advertisers their "chance" at attracting them as customers -- just by opening the newspaper.

Many newspapers in mature markets put display advertisements at the bottom of the pages and build them upwards. We followed this rule. We also followed the principle that more people look at the right-hand pages of a newspaper than the left-hand pages (though I should note that this long-standing theory is now being attacked by some newspaper researchers).

We also made the display advertisements visually striking in order to increase the chance of a readers being attracted to them. We made extensive use of photographs and bold graphic elements in designing display advertisements for clients. Later we added a color (blue) to our printing process and so could then offer clients the choice of blue in their advertisements on certain pages as an extra means of attracting attention. This proved very popular.

As I mentioned in the pricing section, we sold display advertisements in a system of blocks. There were 30 blocks to a page, and so a client could buy a display advertisement ranging from one block (one thirtieth of a page) to 30 blocks (one full page).

The display advertisements were made as visually striking as possible and placed in positions of high visibility to increase the chance that they would be read by potential customers (in other words the newspaper's readers).

4.7.2 Types of advertising products – classifieds advertisements

Classifieds advertisements

The classifieds advertisement section is worth looking at in detail. It was the "Cinderella" of our newspaper in that it started out being ignored, even though it had the potential to become a major source of revenue. Looking at many newspapers throughout Russia, I see the same situation.

I have to admit that The St. Petersburg Times did not face a direct competitor which gave away free classifieds advertisements, as did – and do – many newspapers throughout Russia. But all too often the response of newspapers in the face of these competitors is to give up on their classifieds sections as a lost cause. I think that ignores the fact that newspapers all around the world continue to make huge amounts of money from classifieds advertisements and that readers like reading them as a source of news even if they don't actually want to buy anything. Also, dangerously, this passive response simply makes it easier for competitors giving away free classifieds advertisements to gain ground and become more powerful.

For the first two years at The St. Petersburg Times, we gave the classifieds advertisements section little time and attention. It gave us few results. The section did not even have its own dedicated staff member. The work and responsibility was divided among three already busy staff members. But then we appointed a classifieds advertising manager. Within a few months, she had transformed the section into a vibrant money earner. Within a year income from classifieds advertising sales rose by a factor of 14! (This was also an interesting case of staff redeployment. The woman involved had started with the newspaper as a secretary but was obviously too intelligent and full of energy to be one for the rest of her life. Rather than have the company lose her and her energy, we created a more demanding job for her within the company. She became our first classifieds advertising manager).

- **More classifieds advertisement categories**

We felt that the essence of classified advertising worked on a categorization process -- readers looking at classifieds are often looking for one particular product; therefore we clustered these

advertisements all together in one part of the newspaper. But we then split them into easy-to-navigate groupings so that readers could quickly find the particular product they wanted.

Recently, I read a newspaper from the Yaroslavl Oblast. It had ten pages of classified advertisements – an impressive amount – but had split them into only small number of categories. Three categories – buy, sell and swap – took up seven pages, making it very difficult to find anything. Coats, garages, radiators, stereo-systems, cars, furniture, apartments, computers and more were mixed in together. If I want to buy a Zhiguli car, I do not want to have to read computer and dacha (holiday cottage) advertisements -- in fact I do not even want to read Volga car advertisements. I simply want to read Zhiguli advertisements. It should be a simple process to find them.

At The St. Petersburg Times, we split the classifieds section into more and more specific, easy-to-use sections. For instance, we divided the real estate section into “Commercial Real Estate” and “Residential Real Estate.” Both sections were further sub-divided. For example, the residential real estate section, which takes up one-and-a-quarter pages, was sub-divided into these sections: Tourist Accommodation, Accommodation Wanted, Housing for Rent and Housing for Sale. There were further sub-divisions. For example, because the rental housing market was very significant for our readers, the housing for rent section was divided into: One-room Apartments, Two-room Apartments, Three-room Apartments, Four-room Apartments and Five-room (and more) Apartments.

To be honest, originally we too had only small number of categories – nine. But then we learned the value of increasing the number of categories. There are now about 40 on The St. Petersburg Times list of possible classifieds advertisements categories. More are being added all the time. Picking up the latest issue of the newspaper, I see that 29 different categories of classifieds advertisements appear in the classifieds advertising section (which makes up three of the newspaper’s 24 pages).

I mentioned one benefit in increasing the number of categories used – it makes it easier for readers to find the goods and products that they are looking for. But we learned of another valuable benefit for the newspaper in increasing the number of categories: it increased revenue because the number of advertisements being bought rose.

Why this tendency should be so, I am not 100% sure. It was almost as if we had to show our potential classifieds advertisers the possibilities before they would start to use them. It is all too easy for a potential classifieds advertiser to assume that since the newspaper does not have a section devoted to selling musical instruments, the newspaper is not a good place to sell a musical instrument. Or perhaps that person has never even considered that they could sell their instrument through the newspaper but is inspired to do so by seeing someone else do so.

Whatever the reason for the “increase-the-number-of-categories-and-classifieds-sales-increase” tendency it certainly worked for us. By intelligently but aggressively making use of this phenomenon, we increased our sales of classifieds advertisements. We also discovered that this is a universal phenomenon in the newspaper industry.

- **Tactics for developing more categories**

What were the methods that we used to increase the numbers of categories and to open up our readers to the possibilities of using them? First, we wrote a list of every possible category we could think of – there were 43 of them. We then re-structured the page, slotting existing classifieds advertisements into the new categories. If there were no existing classifieds advertisements to fill some of the new categories we had created, we introduced those categories to the classifieds section anyway.

I can already hear the objections to this idea. The three most common objections I hear are:

1. (but) our readers wouldn’t like it
2. (but) we don’t have enough classifieds advertisements to increase the number of categories
3. (but) how can we introduce a category for [for example] musical instruments for sale advertisements if we simply don’t have anyone advertising instruments

To the first objection I usually respond, “have you asked them?” As to having too few classified advertisements, we increased our numbers of advertisements from about two newspaper columns a week to about five full pages a week by slowly feeding in more and more categories a few at a time and building up those categories before adding more.

How we did that, which also answers the third objection, was by aggressively marketing the new categories to readers/potential classifieds advertisers using a range of techniques.

When we wanted to build a new category but had no advertisements for it, we wrote what we called “teaser advertisements” to put into the empty space under the new category’s title. The teaser, for example for a new “Office Equipment” category, would say something like this: *“Desks, chairs, computer software, stationary? Are you in the office equipment business? Many of our 40,000 readers are establishing new offices or expanding existing ones. You should have a classifieds advertisement in this section. Complete the form on page 18 and bring it in to our classifieds offices at [address details given] or fax it to [fax number] with payment details.”*

We would build up some categories (for example “Pets” or “Birthday Greetings”) by giving away free advertisements in those categories. After a few weeks or months when the new category had become established and when readers had become used to seeing it and advertising in it, we would start charging half-price for advertisements in that category. Of course the number of advertisements would decrease, but usually enough paid advertisements remained to keep the category going and to slowly work at growing it bigger and bigger each issue. At a later time, we would then increase the price from half-price to full-price. We regularly published the list of classifieds advertisement categories which we had created in order to show people the possibilities of how they could use the classifieds advertisement section.

It took readers and advertisers time to get used to using these new categories. It was like a skin-graft operation. A few categories just did not work, and we stopped pushing them in order to work on other categories. Others worked quickly and were soon self-sufficient. Others took longer. What seemed to be critical was to make sure that the category title appeared every issue and that something was always in that section. We noticed that if we got a few advertisements in a category for a few issues and then didn’t get any for a few more issues, it was easy for interest in that category to die away. It was like starting a camp-fire. The tiny flames had to be carefully nurtured until a certain point, at which the fire would burn by itself. For that reason, we used the “teaser advertisements” described above, and we also encouraged our staff (who get free classifieds advertisements) to use the new sections and to offer free advertisements in them to family and friends. Each time we recognised that the threshold had been reached in a certain category, we cut back on the teasers and free advertisements and then introduced a different category and started nurturing it instead.

We were not afraid to experiment with categories, to be a little crazy. “Sporting goods” never really worked for us but on the other hand, “Piano Lessons” did. A surprise success was the “Water Delivery” category. (St. Petersburg’s water quality is poor, and our readers – many of them are foreigners – are particularly sensitive to this issue. Some people buy water and have it delivered to their home or office). We let our imagination guide us – and we had fun doing it!

- **A great variety of types of classified advertisement products**

The other big lesson we learned in expanding our classifieds advertising section was the use of a variety of classifieds advertisement products.

Classifieds advertisements are relatively cheap to produce. The simpler plain text classifieds advertisements take little more time or effort to produce than simply typing them. Printing an advertisement in bold text or with a frame around it takes little additional effort. But because competition amongst advertisers could be intense on the page, with 20 or 30 individuals or companies all advertising the same product, such simple devices could make the difference between them being noticed or not. We found that advertisers liked being giving options with which they could differentiate themselves from the crowd.

Sometimes we took the lead in this by introducing new options. In addition to plain text classifieds advertisements, we offered these extras:

- bold text classifieds
- classifieds with fine frames
- classifieds with heavier frames
- framed classifieds with large fonts
- framed classifieds containing company logos

Of course each extra option was more expensive than the option before it, following our philosophy (described in section 4.6 “An Advertisement for Every Pocket and Taste”) of providing an advertising option for every budget, taste and need.

Sometimes we responded to ideas and demands from our clients. When our real estate clients (who in St. Petersburg work in a highly competitive market) wanted a new type of advertisement on the classifieds pages – larger advertisements across two or three columns and containing graphic elements and photographs - we gave it to them. My personal favorite was the real estate agency which was locked in an intense rivalry with another firm. It asked us to print its classifieds advertisements with a rough circle scribbled around each one, as if a person had been reading through the page and circled the best apartment deals with a pen or pencil so that they could find them again later. We did so. The company got a highly effective, exclusive deal – at an exclusive price. The rival soon came in with another idea. It wanted to show how effective it was by continuing to print advertisements for apartments it had already rented but printing them with a stamping across them “*Rented by* [name of the company.]” We did so. That company also got a highly effective, exclusive deal – at an exclusive price.

• **Other tactics to increase classifieds advertisement volume**

We offered some generous discount deals for businesses which bought multiple advertisements in the section. We made buying an advertisement easier (our offices were then on the fifth floor of a building with no lift) by doing deals with several first-floor shops and businesses in the city. They would accept classifieds advertisements and payments for us, and take a commission for their trouble. We arranged credit-card payment facilities so that we could accept the classifieds advertisements from people who were sending us e-mail messages from abroad saying that they wanted to advertise. In other words, we used our creativity and imagination in a focused and aggressive way.

Another idea would be to make classifieds advertising deadlines as late as possible. To my disbelief, some newspapers in Russia take two weeks to place a classified advertisement. If you want it faster, they charge extra to do the client the “favor” of placing the classifieds advertisement within one week! Rival papers could do what we did – provide a shorter deadline of a few days (or hours).

Returning to the theme of competing with free classifieds advertisements newspapers. If I were to face this potential problem, two tactics immediately come to mind. Firstly, I might use to my advantage something that the classifieds advertisements newspapers usually do not have – journalists. The journalists could add value to the classifieds pages by making them more interesting to readers than the rival’s classifieds pages by writing practical articles that match the themes of the advertisements, which could then be printed on the same pages. A series of articles about buying and selling apartments (the problems, legal dangers, best and worst methods) could be printed next to the real estate classifieds advertisements. Articles about procedures for re-registering a car could be printed next to the classifieds advertisements for buying and selling cars. That could be combined with a second tactic, which would probably be more effective in the long-term, of starting your own free-classifieds newspaper in the region before someone else does.

4.7.3 Types of advertising products – others

At The St. Petersburg Times, we relied primarily on display advertising and classified advertising for our advertising revenue. But besides these forms of advertising, we introduced others.

Advertorials

We came under a lot of pressure to write highly favorable articles about our clients and their products. This we refused to do because both our editorial and advertising philosophies were against this (see section 5.2 below, “The Issue of Hidden Advertising”). The only exceptions were in the case that our clients or their products were newsworthy and that was when we wrote the truth of the matter whether it was good or bad news.

The pressure from advertisers for articles comes from the fact that they recognise they can be very powerful in shaping the opinion of readers. That power comes from the fact that a newspaper article carries the full authority of the newspaper behind it. And that authority rests on a foundation of trust between the newspaper and the reader that takes years to build. Advertisers want to cash in on that accumulated trust. There are various answers to that pressure. The most common Russian answer in the 1990s is the “hidden advertisement” which I believe causes incredible damage to the trust between newspapers and readers – and ultimately, therefore, to the ability of newspapers to attract large numbers of readers, who in turn attract advertisers and their money. A common approach to the same problem elsewhere is to compromise by printing advertisements which look similar to articles, but not exactly like them, and which are clearly labeled as advertisements so that readers will understand that they should not be treated in the same way as the articles. They differ from the Russian concept of the hidden advertisement in one important respect. While they rely on the effectiveness of an article-style written presentation, they do not pretend to be articles. They are clearly labeled with the word “advertisement.”

At The St. Petersburg Times, we followed this model of introducing a product called an “advertorial.” The English word “advertorial” combines the first half of the English word for “advertisement” with the last half of the word for “article” – making advertising article. The St. Petersburg Times, under my management, always had the word appear at the bottom of a page (like our advertisements), separated from the articles by some sort of frame or line, and in a different font from the articles. Occasionally we would collect them together in special sections containing just advertorials. On the top of each page would be the words “Advertising supplement.”

My experience is that advertisers love advertorials. I have written them for advertisers, commissioned other people to write them for advertisers and published them at the request of advertisers. Having said all that, when I approach a newspaper as a reader I NEVER read advertorials. Nor can I ever remember an advertiser returning to buy a second one in The St. Petersburg Times. In my opinion, the reason for that is because while most advertising clients accept that a design specialist can design a graphic advertisement better than they can, they assume they can write a good advertorial text. They can’t. I have been given advertorial texts that still make me shudder with revulsion to think of them. Some I have simply refused to publish.

As you will have probably realised, I am not a fan of the advertorial. In terms of our advertising efforts at The St. Petersburg Times, we discovered that advertorials could take up a lot of the newspaper’s time and resources and often produce little result for the advertiser.

Ears

By contrast, a specialised type of display advertisement which we introduced proved very popular with advertisers and highly effective in terms of results. This was the “ear.” It refers to a small display advertisement placed in the very top corner of the page, generally the outside corner of the page, above the articles. The St. Petersburg Times has had one for a long time on the first page of its business section. The eye slides over to it after reading the section’s title “Business.” One long-running ear was for an international accounting and consulting company. Quite correctly it did not try to give the company’s contact details, just a name – Coopers & Lybrand – and a very short message “Solutions for Business,” in the same way that Coca Cola might place simply its name and slogan on a prominent bill-board on a highway.

The St. Petersburg Times’ ear advertisements were in such demand from advertisers because of their prominent positions that the newspaper could charge high prices for this exclusive advertising product. Some newspapers put them on the front page to the left and right of the newspaper’s name. I have never liked this, thinking it makes the newspaper look less serious, and so we never took our ears to the front page.

Banners

Less frequently we sold a second type of specialist display advertisement, the banner, a thin strip advertisement run at the bottom of each page. The powerful thing about a banner is that because nothing else on the page looks quite like it, the eye is automatically attracted to it. A banner run at the bottom of several pages in a row can be highly attractive.

Lists

Like many newspapers in Russia, we introduced advertising in the form of lists with the advertisements sold line-by-line (in our case, for travel agents). While The St. Petersburg Times’ experience with this form of advertising was mixed, I recognize that this is a common and effective form of advertising in Russia. It certainly can be an effective use of space, yielding a large amount of advertising revenue per page if it is priced carefully.

Inserts

Inserts refer to extra advertising material printed separately from the newspaper and inserted into it. Inserts are big business in the west. They have the advantage of not taking up any space in the newspaper. Of course, depending on the technology at the newspaper’s printing work-shop, they can take a lot of effort. At The St. Petersburg Times, we inserted them by hand during the entire four years of my management of the newspaper. Inserting 15,000 copies by hand took a team of people all night to do, but the extra revenue we got made it worth it.

We used them occasionally as a way to get full-color advertising into our black-and-white newspaper. They also have the advantage that split-run advertising principles can be applied to them (see section 4.5 “Pricing”).

At The St. Petersburg Times we did some inserts which were printed in color on glossy paper, and A3 in size – the same size as the rest of the newspaper. They certainly attracted attention in a black and white newspaper of only 24 pages printed on newsprint. The disadvantage of the A3 format was that these big inserts tended to sit too snugly inside the paper. Perhaps even more effective is to design a smaller insert which literally falls out into the reader’s lap – an attention grabbing spot for most people – when he or she unfolds the paper to read it.

Supplements

See section 2.6.2, "Getting the Advertising and Editorial Departments Working Together: Special Features/Supplements."

Other forms of advertising

New forms of newspaper advertising are developing all the time. At The St. Petersburg Times, we tried to let our imagination be our guide. There are other significant forms, which because we had no, or almost no, experience with at our newspaper, I have not mentioned. Two of the most significant are probably coupon advertising and co-operative advertising.

Coupon advertising is where readers are invited to cut out a coupon printed in the newspaper, which they can then take to the advertiser's shop and use to get a discount if they buy his products. These are hugely popular in many countries, particularly with food shops. The danger for the newspaper is that if for some reason the advertisement does not work very well (perhaps it is badly written or placed in a poor location, or perhaps the newspaper's circulation is lower than it tells its advertisers) the poor result is immediately obvious to the advertiser. Accurate monitoring of the result is easy and requires simply counting the number of coupons returned. One important note: British newspaper research has shown that coupon advertisements placed at the corner of a page are far more likely to be cut out than those which are not.

Another form of advertising which I have not described is "co-operative advertising" which is significant in many countries. This is where a big national or multi-national company gives money to shops that sell its products so that the shops can buy advertisements at a local level to get more customers into the shop to buy that company's products. It is good for the company, it is good for the shop and it is good for the local newspaper. If this form of advertising has not yet reached your region, it may do so in the future.

4.8 Making advertisements effective for clients

As I have stressed, our philosophy at The St. Petersburg Times was not simply to sell space – square centimeters – but to sell service and, ultimately, success. For that reason we wanted our clients' advertisements to be effective as much as they wanted that. To do that our designers followed some design principles when designing our clients' advertisements. The more important of them are as follows:

- Create an identity for the advertisement with distinctive artwork, design and text
- Use simple design, nothing too clever – and don't overload the advertisement with too much information
- Have a definite focus. Newspapers are a visual medium and readers' eyes are drawn to good photos or artwork
- Watch to see that design elements within the advertisement are not conflicting – e.g. photographs pointing away from the advertisement's text instead of toward it
- Feature consumer benefits. Answer the reader's question of "what benefit is there for me"
- Tell the whole story. Give the readers all the information they need as often as possible: what, where, features, color, price, store address and hours
- Specify brand, if it is a well-known and respected brand
- Urge readers to buy now -- stimulate prompt reaction
- Avoid congestion within the advertisement by using white space for additional impact
- Avoid congestion around the advertisement by using white space to separate it from surrounding elements
- Advertisement placement. Avoid putting competing companies' display advertisements on the same page unless it is a "marketplace" page specifically devoted to a particular type of product, such as a restaurant page or a real estate page. (It generally annoys advertisers)
- Editorial and advertising departments should watch for inappropriate articles next to advertisements and vice versa

4.9 Reacting to the advertisers' needs

Part of our philosophy of selling service and success to the advertisers of The St. Petersburg Times involved reacting to their needs when it was obvious that we had a gap in our service or in our range of products.

I have explained above (see section 4.6 "An advert for every pocket and taste") how we introduced special restaurant advertising pages to cater to the special needs of our restaurant advertisers and how we created a Job Opportunities section for companies looking for professional staff. These initiatives were part of an effort to continually evolve new products based on the needs of our clients.

Chapter 5: The advertising relationship

5.1 Establishing win-win advertising relationships

While I was managing The St. Petersburg Times, I slowly learned that advertising is not about design, print quality, money or clever texts -- although it includes all of those factors. Advertising is about people. People (advertising clients) buy advertising from other people (the newspaper advertising sales agents) to sell things to other people (potential customers). For me, the key element to successfully sell newspaper advertising is the relationships between these three groups of people. I worked hard to create a “win-win relationship” between these three groups (reader/customers--newspaper staff--advertising clients) that satisfied the needs of all of them. I believe that the more often a newspaper manager can satisfy all three groups the more successful the newspaper will be.

What is a win-win relationship?

A win-win relationship is a relationship in which both sides (or all sides if there are more than two) win. It is an idea which is in contrast to the idea that if someone wins something, that means that the other person involved must have lost something.

It is actually a concept that arose during the Cold War when the USSR and USA were considering launching nuclear missile strikes against each other. Military analysts on both sides were intent on winning the war, which generally involved being the first to strike. But when the numbers and destructiveness of the weapons reached the point that even the small fraction of missiles remaining to the nation that had been hit first would suffice to wipe out the aggressor (the concept of “mutually assured destruction”), the analysts moved away from “I win and you lose” strategies and developed new ways of thinking. American analysts created what they called the “win-win” model of relations, which said that there were not two possible results in any conflict (i.e. 1./ “I-win-and-you-lose” or 2./“you-win-and-I-lose”) but four possible results. The two additional results were – 3./ “we both win” (a “win-win” result) or 4./ “we both lose” (a “lose-lose” result). The matrix shown below was the result:

WIN WIN	WIN LOSE
LOSE WIN	LOSE LOSE

The idea soon entered the American and international business world as a popular way of thinking about business deals. A “win-win” situation is now a popular and commonly heard phrase in the English language.

When building the advertising philosophies and systems at The St. Petersburg Times and when supervising advertising deals at the paper, I always attempted to create win-win situations for as many of the three groups of people involved (readers/customers, the newspaper’s staff and the advertising clients) as possible.

Win-win with the reader

Of course building a win-win relationship with readers revolves primarily around providing them with timely, comprehensive and accurate information. We decided that those principles should be applied in the sphere of advertising as well as in the editorial sections of the newspaper – after all, the advertisements are directed at the readers as much as the articles are.

Below I give an example of an advertisement which we removed from the newspaper because we learned that the company was cheating its customers -- in other words, our readers. (See

section 5.3 “Advertising Ethics”). We lost money by refusing the advertisements, but we protected our readers from further exposure to the company. They won. But the newspaper also won by getting rid of a client who would lessen our readers' trust in our newspaper. This would mean that they would be less likely to react to other advertisements that we published. That meant that, indirectly, our decision also benefited all our other advertising clients. A win-win situation was created.

Win-win with the staff

In section 3.3 “Motivating the Sales Team – Other Factors,” I discussed some of the techniques we used to motivate our team. But one particular win-win incident comes to mind when thinking about staff.

One day there was an incident in which a person wanting to buy a classifieds advertisements contract (for about 10 advertisements, totally \$230 or so) managed to reduce my classified advertisements manager to tears before demanding to see her boss – me – to complain about her rudeness. That struck me as odd because my extremely talented classifieds sales manager had never to my knowledge been rude to anyone in her entire life – and certainly not to one of our customers. After 20 minutes with the advertiser, I had calmed her down and had the opportunity to observe that the advertiser was one of the most unreasonable people I had ever met. I promised her that I would talk to my classifieds advertisements manager and would personally telephone her, the client, later that afternoon to discuss her advertisements.

I did so and told her that the newspaper would not accept her advertisements at this time or any other. I had discovered what I had suspected; that my classifieds sales manager had treated the customer entirely reasonably but had been extremely badly treated in return. So badly in fact that my extremely upset manager had trouble working for the rest of the day. I decided that the effect on my staff member of having to deal with this client on a regular basis would affect her happiness, and therefore her work, so badly that the newspaper would lose far more than \$230 in the long run, so I refused the advertisements. I went a little further, asking the newspaper’s designers to create a small “medal” for Lena, the classified advertisements manager (an “Order of Lena” which is a pun on the Russian “Order of Lenin” medal). Her devastated morale, already boosted by my decision that she as a person was more important than the money involved, soared upward -- almost 18 months later she still had that silly piece of cardboard and ribbon hanging next to her desk. It was an advertising decision which resulted in a win-win situation. I sacrificed one advertiser but with the result that my staff member could deal with existing and future advertisers in a much happier, and therefore efficient, manner.

Win-win with the advertising client

At The St. Petersburg Times, we worked to a common newspaper advertising philosophy that says that to create a win-win relationship with an advertising client it is not enough just to sell them square centimeters of space in the newspaper. We must sell a service -- sell success. We must be as interested as the client in making the advertisement work for them, in making our readers respond to the advertisement. (Clearly advertisers would return and buy more advertisements if they were getting results – and would not buy more if they were not getting results). This implied a relationship beyond just taking advertising text and money from clients.

In one case, a big computer software company spent a lot of money having a half-page advertisement designed by a specialist design studio and gave it to us for publication. It was a beautiful advertisement, clever and well-designed, except for one extremely basic and obvious design fault which would render the entire advertisement much less effective. (The large photo used to attract attention to the advertisement was unfortunately working in conflict with the text, dragging the eye in to the advertisement but then away to the left, rather than to the right where the text about the company’s services lay. The problem could be easily solved by simply reversing the direction of the photograph). It was embarrassing to have to tell our advertiser that they had spent a lot of money on a design with a huge mistake in it, but we did because we knew that if it was fixed, the advertisement would be much more effective. That would be good for the advertiser and, thus, for the newspaper.

In another case, we once ran a full page advert for a Russian trading company which simply featured a huge picture of Stalin's face with a clever slogan (a pun on one of Stalin's speeches) and underneath it in small type the company's name and contact details. Our many Russian readers, mainly younger and more liberal people who did not want to be confronted with Stalin in their newspaper, were not impressed with either the advertiser or the newspaper. There were complaints. People were certainly noticing the advertisement, but we fed the negative reader reaction back to the company and talked about whether the notoriety the advertisement was generating was worth it. Together we decided that neither the newspaper nor the company wanted to continue to irritate our readers/potential customers, and Stalin was replaced in the advertisement – with Brezhnev! We felt it was our responsibility to the advertiser to inform him of the problem and discuss the issue. The solution we came up with resulted in a win-win-win situation. The readers felt better, the newspaper's reputation ceased to be damaged and the advertiser replaced an advertisement which was creating a negative image with a more effective one.

On other occasions, we have advised advertisers not to buy the full page advertisements which they have wanted but to buy smaller, half or quarter page adverts instead. This is not because we wanted to reject the instant cash that a full-page advertisement would pump into a small newspaper, but because we knew that a vital factor in newspaper advertising effectiveness is the frequency of a reader's/potential customer's exposure to an advertisement. The advertiser might get a more effective advertising deal if it spent the same amount of money on smaller advertisements that appeared more frequently. In that situation, we would sometimes discuss with the advertiser what they were trying to achieve and try to come up with a solution: perhaps an initial half page advertisement for impact followed by four ads of 1/8 of a page for frequency, for example.

At The St. Petersburg Times, we felt that building honest, trusting relationships with advertisers was crucial. We felt that we could not afford work with short-sighted tactics: \$1,000 dollars gained today might be the only \$1,000 ever gained from that advertiser if the advertisement does not bring adequate results or is not cost-effective. It is far better to get \$500 now for an effective advertisement which the advertiser then decides to repeat another 10 or 20 times.

We discovered that many small business people did not know a lot about marketing and advertising. Instead of just taking their money and forgetting about them, we trained our advertising staff to talk to their clients about their needs and goals and help them to achieve them, to help them make the advertisements work for their clients. I discovered that advertisers who are unsure about how to advertise or how to make their advertisements a success commonly needed assistance in :

- defining their objective (e.g. higher short-term volume of sales of one product, higher long-term volume of sales, creating a new image for the company, finding staff, etc.)
- identifying which segment of the market they wanted to reach (e.g. to attract teenage clients, to attract women clients, farmers, etc.)
- setting up an advertising budget (typically 2-5% of turnover)
- designing their advertisements
- planning an advertising strategy (i.e. when to advertise, how big, which pages of the paper, how often) that fitted with the company's plans and realities
- or with monitoring options to gauge the effectiveness of advertisements run (e.g. by placing different phone numbers on different advertisements and counting the calls that come in, by using coupons, by matching up product sales to advertising campaigns, etc.)

When we started The St. Petersburg Times, there were four other English-language papers and several English-language magazines in what was then a tiny market. One of the newspapers was then a direct and threatening rival. In the first months of our existence, we had a stream of that newspapers' advertisers flowing over to us. We had avoided specifically targeting the newspaper's advertisers, but they came to us anyway. It was interesting to learn why. Certainly many of them recognised that we were eclipsing our rival in terms of the quality of our product. But most of all, advertisers spoke of our superior service and of the lack of respect which the other paper had accorded them.

5.2 The issue of hidden advertising

As mentioned above, at The St. Petersburg Times we came under a lot of pressure to write paid-for articles about our clients and their products. We refused to do this because it was against both our editorial and advertising philosophies. Because of the large role that hidden advertising has played in newspaper advertising in Russia in the 1990s, perhaps this deserves additional comment.

People tend to read newspapers for information or for entertainment. Information tends to be more useful the more it is timely, comprehensive – and accurate. Information that is not comprehensive can be misleading. (Compare the statement “Milk is healthy. This is a glass of milk” with the statement “Milk is healthy. This is a glass of milk. The cow that produced this milk came from the Chernobyl region”). And information that is untruthful is, by definition, inaccurate.

Advertisers ask for hidden advertisements because they want to profit from the powerful bond of trust that exists between the newspaper and the reader. But hidden advertisements are hardly comprehensive (they usually fail to mention rival company’s products) and are often not truthful either. Nobody likes being lied to. I believe that if a newspaper prints information that is either untruthful or not comprehensive, not only does it dramatically decrease the utility of the newspaper for the reader, but it also betrays the bond between newspaper and reader. Both factors decrease the reader’s motivation for buying the newspaper. This is especially tragic because it is so unnecessary. Advertisements which are not hidden but placed openly in a newspaper can be highly effective.

The St. Petersburg Times has often been asked to place hidden advertisements and sometimes been accused of publishing them. (It has never done so). But it has sometimes written unpaid-for articles about companies which were also advertising clients, when they or their products were newsworthy events. In fact, because The St. Petersburg Times wrote the truth of the matter in those cases, whether that was good or bad news, the newspaper has sometimes lost advertisers. I have worked on newspapers in Australia which have had the same experience. I believe that that is just part of being in the newspaper business, as losing ships in storms in part of the sea transport business.

When I started The St. Petersburg Times, I and many of our potential readers had spent years being exposed to newspapers elsewhere in which hidden advertisements would have been unacceptable to both the people producing newspapers and the readers reading them. But aside from that, we also thought that hidden-advertising was, from a financial point of view, a short-sighted tactic which would have negative long-term effects on the newspaper. It would damage trust with the reader and that would lead to the following equation: Less trust = less readers = less advertisers = less money. For these reasons, we really did not seriously consider using this advertising tactic.

At The St. Petersburg Times, we created a very strong borderline between editorial matter and advertising matters and then we stuck to it. Sometimes that led to problems with advertising clients, but we believed that even if we lost a few advertisers we would gain more in the end because the following equation would be working: More trust/respect = more readers = more advertisers = more money. This idea seems to have worked.

I believe that had we allowed The St. Petersburg Times to be pressured into accepting hidden advertisements, into writing incomplete or untruthful articles about any theme – particularly about companies who were paying us money – that would have quickly caused incredible damage to the trust between the newspaper and its readers. This would have damaged the ability of the newspaper to attract large numbers of readers. Without those readers, the advertisers would not be at all interested in the newspaper. An advertiser can easily be like a person who is attracted to a beautiful but fragile plant and takes one flower from it because, having so many flowers, it can’t possibly be any the lesser for losing one. But after the next 99 people who walk past that day all doing the same thing, the plant is no longer beautiful and no-one is attracted to it anymore.

The 1990s have seen a crisis in the newspaper industry in Russia. Circulations have fallen dramatically. There are many reasons that many middle-aged and older Russian people have stopped buying newspapers and why younger Russians have never acquired the habit of doing so. Newspaper directors across Russia have given me numerous explanations. And yet none of them have ever told me what many, many newspaper readers have told me when I have asked them about this. Readers, and former readers, constantly tell me that they do not trust most of the newspapers.

I believe that it is not even necessary to view hidden advertising as an ethical issue as most visiting media experts do (although it is one). From a financial standpoint, hidden advertising is a short-sighted losing strategy which is damaging Russian newspapers more than it is benefiting them.

5.3 Advertising ethics

Even where advertisements do appear openly as advertisements, we believe that it is important to respect the readers of The St. Petersburg Times. Even before the first issue, when we planned the advertising sales strategy of The St. Petersburg Times, we set ourselves a few basic ethical guidelines. For example, we decided that we would not accept advertisements from companies advertising weapons, tobacco or prostitutes. (We found it very difficult to keep the prostitutes out of our classifieds advertisements section. I still remember the look of consternation on the face of the (male) advertising agent whom I told to check every classifieds advertisement for women wanting to meet men and identify which ones were prostitutes and which were not).

There is an English-language saying “Let the buyer beware.” It means that the person buying a product or service should be the most careful person in any deal, more careful than the manufacturer, the shop-keeper or other parties to a sales deal. In newspapers, it meant the readers had to be careful when consuming advertising. We decided that that was not a high enough standard of service for The St. Petersburg Times, that the paper had to take its share of the responsibility. (Having said that, existing and proposed Russian laws on advertising which tend to attempt to force much of the responsibility for advertisers and their products onto those media advertising them may be equally unrealistic. Newspapers do not have the time or the expertise to thoroughly check every product and service that they advertise). We decided that while we must guarantee that advertisers got a high quality advertising product and top service, if there was any conflict between our readers and our advertisers then the rights of the readers must come first.

The American Association of Advertising Agencies has produced a set of advertising ethics which I have found useful. They warn their members against producing advertisements which contain:

- false or misleading statements or exaggerations, visual or verbal
- testimonials that do not reflect the real choice of a competent witness
- price claims that are misleading
- comparisons that unfairly disparage a competitive product or service
- claims that are insufficiently documented or that exaggerate the truth
- statements, suggestions or pictures offensive to public decency

Like many newspapers, The St. Petersburg Times, at one time or another, has found itself dealing with most of these situations.

In cases where we learned of flagrant abuses of customers by companies advertising in the newspaper, we would refuse to advertise those companies in the future – after all, those customers were our readers, the people who we relied on to make our living.

One case of “false or misleading statements” involved a company selling “time-share” holidays in Spain. Unfortunately, we not only published the company’s advertisements but had been foolish enough to tie our reputation even closer to it by co-operating with it in a competition which we promoted in the newspaper. The company would provide a free trip to Spain as the prize. Complaints from readers who had been cheated by the company in the past alerted us to

the fact that the company was dishonest. It soon became obvious that it was not going to give the prize to the competition winner. We published a letter to our readers exposing the company's dishonesty, apologising for our misjudgment and promising that our newspaper would pay for the trip to Spain for the winner of the competition. Obviously, we also refused to publish any more of the company's advertisements.

In another case, we published an advertisement that (in hindsight) definitely contained "statements, suggestions or pictures offensive to public decency." A nightclub brought a troupe of American strippers to St. Petersburg. The club, a regular advertiser, bought a special half-page advertisement containing a photograph of the troupe wearing bikinis and under the slogan: "Wild and Wet." I personally looked at the advertisement before publication and thought it was acceptable. Many of the newspaper's readers did not agree with me and told us so. That advertisement was planned to appear once only, so we were not faced with having to pull it out of the newspaper. But we did ask the club to make future advertisements less suggestive. This they did. So when the same club brought a second troupe of American strippers to town a few months later (this time male strippers) and advertised them in The St. Petersburg Times, there was no negative reaction what-so-ever.

It became obvious to us at The St. Petersburg Times that deception in advertisements published in the newspaper caused readers to distrust the newspaper as well as the advertiser. To preserve the newspaper's reputation and out of respect to our readers, we tried to work to high ethical standards of advertising.

5.4 Respecting our advertising clients

Our responsibility to our readers was vital to us at The St. Petersburg Times. But at the same time, we developed a strong code of respect for our advertising clients as well. The readers drew in the advertisers, but the advertiser paid the money which paid all our wages.

What did our advertisers like? As I discussed above (see section 4.1 "What do Advertisers Want?"), they wanted results. By producing a wide range of advertising products in a strong newspaper read by a significant group of readers, we delivered those results. But our code of respect went further than that, and it was one of the key factors in our success.

From the beginning, we decided to take an approach which is all too rare in Russia. We decided to be nice to the people who were our clients. We decided to use some key techniques:

- be honest
- be fair
- be client oriented
- produce a quality product which was useful to people
- give the best service we could afford

A lot of people want to know our secret of success, our sales techniques. (I have outlined some basic sales techniques in section 1.2, "Some St. Petersburg Times Selling Basics," but that is the sort of material that can be found in most text-books on selling). When I go through the five points above, many people are actually disappointed to hear me say things which seem so obvious to everyone. If these simple rules were so obvious, everyone would be following them. But they are not.

I have always tried to be interested in The St. Petersburg Times' advertising clients – both the businesses and the people behind them. Where possible, I have tried to use their products like buying their clothes, eating in their restaurants, using their planes. Clients may not say anything. They do notice, however, and that makes a difference. I remember meeting the manager of a chain of computer accessory shops in St. Petersburg. She was delighted when I knew not only the name of her company, but I could also tell her where one of the shops was (because I regularly went to the shop and bought her products). The St. Petersburg Times' advertising agent working with that company later told me that my comments during the meeting had helped seal a new deal with the company. That experience was in stark contrast to a dinner I had with the

manager of a big real-estate company at the time when we were looking for a new office. The manager sitting opposite me casually asked which real-estate agents we were using to find our new office. I mentioned three names. "You are using every one of our rivals but not us," he said. He was genuinely upset.

As the publisher of The St. Petersburg Times, I tried to be interested the companies who were our advertising clients. If they went bankrupt, the newspaper would go bankrupt. If they grew, we would grow.

Addenda

1. Staff Organizational Chart

2. Newspaper Page Plan

3. Advertising Price List

Addenda

1. Staff Organizational Chart

Addenda

2. Newspaper Page Plan

Addenda

3. Advertising Price List

Examples of shapes created by advertisements
grouped at the bottom of a page.

Figure 1



Figure 2



Figure 3

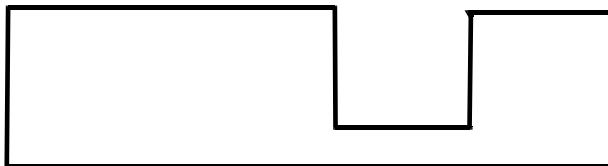


Figure 4

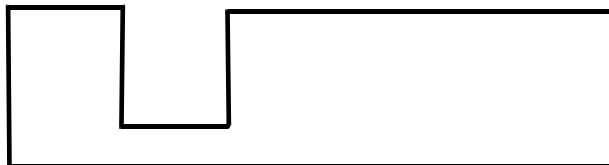


Figure 5

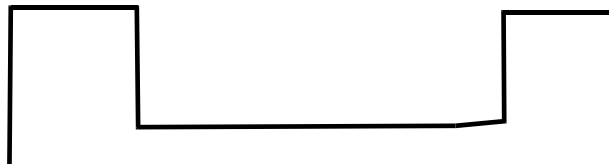


Figure 6

