

Newspaper Ad Sales: Earn More With Modular

By Ed Strapagiel
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The Strategy of Modular

Modular advertising for newspapers is about selling ad space as portions of a page, using standard, fixed sized units, such as a corner eighth of a page. This is somewhat like magazines which typically offer full, half, and quarter pages, but newspaper modular uses a broader selection of ad sizes and shapes designed on a “building blocks” model. In both cases however, the key to making modular work is pricing, whereby a full page costs less than twice a half page, and so on down the ad size chart.

Why Modular?

There is one big main reason for newspapers to use modular advertising:

- *To increase ad revenue by increasing average ad size.*

That’s it. Modular does have some other benefits, but they’re secondary. So, would you give an advertiser a 5% discount if they upsized their ad by 15%? Of course you would, because your ad revenue would be ahead 10 points. Modular is what makes this possible.

The Last Lever

At right is the newspaper ad revenue cube. Print ad revenue is the volume of the cube:

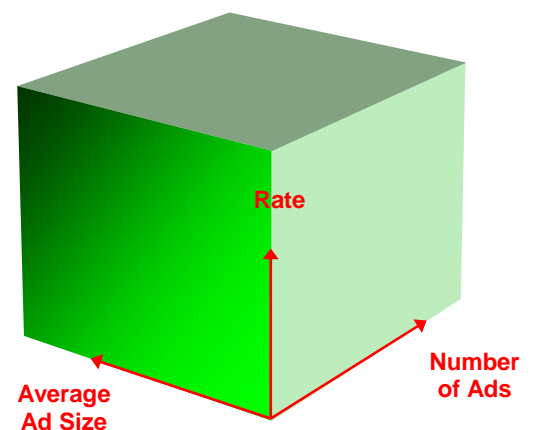
- $\$Revenue = Avg. Ad Size \times Ad Count \times Avg. Rate$

How do you grow your cube? One way would be to raise rates, but that’s just not possible these days. Another way would be to increase ad count, but that’s difficult too because the number of newspaper advertisers is declining.

What’s left is ad size – it’s the last lever available to grow your ad revenue cube. And modular is how it’s done.

Note that a 10% increase in average ad size raises total revenue by the same 10%, and is exactly as effective as a 10% increase in ad count.

On the other hand, you don’t get something for nothing. Modular has to be carefully designed complete with pricing incentives to get advertisers to run bigger ads.



Misconceptions About Modular

There are a number of misconceptions in the newspaper industry about modular advertising. Let's get these out of the way.

Advertisers aren't used to it and won't like it: FALSE

In fact, advertisers are very used to and comfortable with modular. They understand it well because almost all the other media they buy are already modular and have been for a long time. This includes radio, TV, cable, magazines, digital, outdoor, the yellow pages, coupon books, and even placemats in tourist restaurants. It's newspapers who are the holdouts and who aren't used to modular.

And we speak from experience – KubasPrimedia has done many modular advertising projects for newspapers in several countries, and the pattern has always been the same.

Advertisers will be restricted by the limited ad sizes available: FALSE

Many daily newspapers run 300 to 400 or more different ad sizes during the course of a year in ROP alone. Analysis however shows that only 30 to 40 sizes usually account for perhaps 80% of all ads, and many of the other sizes are very close to the core set. A proper modular implementation takes this into account and provides a modular ad size selection that accommodates a large majority of advertisers.

Advertisers won't be able to get any ad size they want: FALSE

Most modular programs do allow for non-modular ads, of any size that the advertiser wants. They just won't be able to get the modular ad discount. Modular is not an absolute, but instead uses pricing to achieve its aims. The advertiser still has a choice. Even in the worst case, it's still possible to float a non-modular ad in a modular space.

That an advertiser can get any ad size is an advantage for the newspaper: FALSE

Being able to get any ad size is an advantage for the advertiser, but not for the newspaper. This is more an issue of linear pricing, namely paying the same rate per line or inch regardless of ad size. Under linear pricing, advertisers simply buy the smallest ad size they need and save their money for next week or for other media. There is no incentive to buy or even consider a larger ad.

On the other hand, offering a larger "economy size" of almost anything at a lower price per unit is a widely-used, proven and effective commercial principle. Modular sets up this process, while "bulk buy" per line or inch defeats it.

Modular pricing is too confusing for advertisers: FALSE

This goes back to the first point, that advertisers are already well used to modular – and as a result, to modular pricing as well. They don't bat an eye when a 60 second radio spot costs \$50 but the 30 second spot is \$35. In some newspaper modular executions, ad sizes are even tagged with a percentage discount to clearly show what the deal is. Most of the world in fact easily understands that you usually pay less per unit when you buy the bigger package, whether it's diapers, jam, or beer. For newspaper advertising, modular defines the package sizes, and "get a better deal" is never confusing.

A Modular Example

Here's how the Sarasota Herald Tribune presented its modular advertising program introduced in 2008.

A

SELECT YOUR AD SIZE

Standard Modular Sizes - Full Run Rates

	2/3 PAGE HORIZONTAL	2/3 PAGE VERTICAL	2/3 PAGE TALL	3/4 PAGE	FULL PAGE				
DOMINANCE						These units are used for all Standard Newspaper Sections (6 columns x 21" deep*). Includes Main News, Local Sports, and more. COLUMN MEASUREMENTS: 6 col. = 11.625" 3 col. = 5.745" *Actual size 5 col. = 9.864" 2 col. = 3.782" 20.75" deep. 4 col. = 7.794" 1 col. = 1.821"			
	2/3 PAGE HORIZONTAL 6 columns x 12 inches Mon.-Wed. \$5,173.07 Thu.-Sat. \$5,827.19 Sun. \$6,872.12	2/3 PAGE VERTICAL 4 columns x 21 inches* Mon.-Wed. \$6,125.87 Thu.-Sat. \$6,827.70 Sun. \$8,128.08	2/3 PAGE TALL 3 columns x 17.5 inches Mon.-Wed. \$6,655.03 Thu.-Sat. \$7,324.36 Sun. \$8,697.36	3/4 PAGE 4 columns x 12.75 inches Mon.-Wed. \$6,081.38 Thu.-Sat. \$6,689.70 Sun. \$7,927.36	FULL PAGE 6 columns x 21 inches* Mon.-Wed. \$11,127.21 Thu.-Sat. \$12,281.41				
IDENTITY									
	1/3 HORIZONTAL 4 columns x 7 inches Mon.-Wed. \$3,263.63 Thu.-Sat. \$3,712.12 Sun. \$4,323.63	1/3 VERTICAL 4 columns x 13.5 inches Mon.-Wed. \$4,263.63 Thu.-Sat. \$4,712.12 Sun. \$5,323.63	1/3 VERTICAL 2 columns x 21 inches* Mon.-Wed. \$4,263.63 Thu.-Sat. \$4,712.12 Sun. \$5,323.63	2/5 PAGE 4 columns x 14 inches Mon.-Wed. \$4,721.83 Thu.-Sat. \$5,170.32 Sun. \$5,980.32	1/2 BOREGIONAL 4 columns x 10.5 inches Mon.-Wed. \$6,268.56 Thu.-Sat. \$6,817.05 Sun. \$7,928.42			1/2 TALL 4 columns x 13.5 inches Mon.-Wed. \$6,268.56 Thu.-Sat. \$6,817.05 Sun. \$7,928.42	1/2 VERTICAL 2 columns x 21 inches* Mon.-Wed. \$6,268.56 Thu.-Sat. \$6,817.05 Sun. \$7,928.42
IMPRESSION									
	1/6 PAGE 2 columns x 7 inches Mon.-Wed. \$1,665.28 Thu.-Sat. \$1,798.53 Sun. \$2,014.66	1/7 PAGE 2 columns x 7.75 inches Mon.-Wed. \$1,665.42 Thu.-Sat. \$1,696.26 Sun. \$2,125.87	1/6 BANNER 6 columns x 3.5 inches Mon.-Wed. \$2,215.94 Thu.-Sat. \$2,262.83 Sun. \$2,708.32	1/6 HORIZONTAL 4 columns x 3.25 inches Mon.-Wed. \$2,215.94 Thu.-Sat. \$2,262.83 Sun. \$2,708.32	1/6 VERTICAL 2 columns x 7 inches Mon.-Wed. \$2,215.94 Thu.-Sat. \$2,262.83 Sun. \$2,708.32	1/5 PAGE 2 columns x 9.75 inches Mon.-Wed. \$2,193.29 Thu.-Sat. \$2,282.13 Sun. \$2,568.71	1/4 BOREGIONAL 4 columns x 7 inches Mon.-Wed. \$2,842.33 Thu.-Sat. \$2,877.18 Sun. \$3,299.47	1/4 VERTICAL 2 columns x 12.5 inches Mon.-Wed. \$2,842.34 Thu.-Sat. \$2,847.81 Sun. \$3,299.00	
AWARENESS									
	ONE 1 column x 17.5 inches Mon.-Wed. \$190.45 Thu.-Sat. \$224.43	TWO HORIZONTAL 2 columns x 17.5 inches Mon.-Wed. \$423.00 Thu.-Sat. \$462.66	TWO VERTICAL 1 column x 3.5 inches Mon.-Wed. \$715.08 Thu.-Sat. \$760.86 Sun. \$825.86	THREE 1 column x 5.25 inches Mon.-Wed. \$524.79 Thu.-Sat. \$564.34 Sun. \$619.29	FOUR 2 columns x 3.5 inches Mon.-Wed. \$760.86 Thu.-Sat. \$800.41 Sun. \$855.36	SIX HORIZONTAL 3 columns x 3.5 inches Mon.-Wed. \$1,142.45 Thu.-Sat. \$1,201.13 Sun. \$1,267.13	SIX VERTICAL 3 columns x 3.25 inches Mon.-Wed. \$1,142.45 Thu.-Sat. \$1,181.81 Sun. \$1,267.13	EIGHT 2 columns x 7 inches Mon.-Wed. \$1,480.76 Thu.-Sat. \$1,547.81 Sun. \$1,617.76	

There is an underlying 6 x 10 grid, so there are 60 modules or "building blocks" per page. A total of 28 ad sizes/shapes are available, which our analysis indicated would satisfy the vast majority of advertisers. Shown for each ad is a name, dimensions, and three prices by day of week. And if you do the math, larger ads cost less per unit or module than smaller ads.

This "modular menu" presentation visually communicates ad impact. Ads are divided into Dominance, Identity, Impression, and Awareness. If you were an advertiser, which would you rather have?

The above is part of the retail rate card and is intended to be eye-catching. The rate card was purposely designed to be a sales tool, and not just another dry spew of rates, specs, and terms.

Additional Advantages of Modular

Increasing ad revenue by increasing average ad size is the main reason for a newspaper to go to a modular advertising program. But there are many other, secondary benefits, some of which may be particularly useful depending on a newspaper's circumstances.

Pricing and Sales Simplicity

Modular pricing is often based on a whole ad cost. In other words, ads pre-priced in the rate card, and the advertiser can easily pick what best meets their objectives and budget. There's no need to multiply some rate by the number of lines or inches. Color can be added or discounts can be applied as usual.

Streamlined Production Processes

Modular streamlines many production processes, for both the advertiser and the newspaper. Templates can be developed since there is a limited number of ad shapes and sizes. Page layout becomes easier too, because modular ads are designed to fit with each other in "building block" fashion. Modular avoids the cost and complexity of custom handling when ads can be of any size.

Better Page Makeup

This is due to the "building blocks" approach modular allows. It makes things easier for editorial and improves the look and readability of the product. And what's good for readers is good for advertisers.

Fewer House Ads

Sometimes the biggest advertiser in the newspaper is ... the newspaper. House ads like "subscribe now", "see our classifieds", etc., are used as filler for awkward, orphan spaces left over by mismatched and ill-fitting ads. Not only does it look bad, but the newspaper is the wrong place to be advertising ... the newspaper.

Revenue Protection for Format Reduction

For newspapers contemplating format reduction, the recommended first step is to go modular. The big challenge in format reduction is how to shrink the page but keep the ad revenue. Modular is the key to pulling this off, because the same modular ads can be available in the smaller format and at the same price. Only the mechanical specifications need to change.

Bigger Ads Work Better

Bigger ads are more effective for advertisers. This in turn makes the newspaper more valuable to them. Industry research shows that ad impact is proportional to the percentage of a page that the ad takes up, rather than the absolute size of the ad. This is exactly what modular is about.

Refocus Sales on Impact, Not Inches

When a sales call is about rates and lines or inches, what the conversation is really about is "how little can I pay". Modular instead emphasizes ad size as a portion of the page, and the focus is on "how much impact do I need". Modular provides an opportunity to refocus ad sales efforts to sell what advertisers really want to buy – impact, not inches. This even strengthens the case for adding digital, in order to optimize impact.

Incentive Pricing for Modular

Modular and incentive pricing go hand in hand. While it is possible to do one or the other separately, the true effectiveness comes from doing both together. This is the basic principle of “buy the larger size and get a better deal”. Both price and package are needed to really make it work.

An important consideration is what ad sizes advertisers are currently buying. We typically analyze and model a year’s worth of ads in any category to understand this fully. The objective however is not to give advertisers their old ad sizes under modular, but to bump them up to a larger size at the right price. In some cases, ad sizes may be offered that advertisers rarely use but which provide “stepping stones” or a move-up path to yet even larger ads, with pricing set to encourage the process.

Modular pricing provides a financial incentive for advertisers to increase their ad size. Of course, the additional volume gained by the newspaper has to be more than the additional discount that the advertiser gets. This is another guideline for designing modular ads and pricing.

Larger newspaper operations may have tab sections, TMCs, community publications, and so on. Modular can be integrated across publication types, but more attention has to be paid to pricing.

There are also options for how modular pricing is presented. Discounts can be embedded in the whole price of the ad, as in the Sarasota example, which allows a high degree of fine tuning. Another approach is to use graduated discounts, such as, say, 10% off for ads from 1/4 to 1/3 page. Per module pricing with quantity discounts is yet another option. In all cases however, clarity of communication is critical.

The design of a modular advertising program depends on publishing configuration, history with advertisers, and tactical sales objectives, all of which vary from one newspaper operation to the next. While the same principles apply, each program requires a custom implementation. The goal is to fit modular into the newspaper, not the other way around.

Beyond Modular

In our work, implementing a modular program is rarely a standalone project. There are a number of other beneficial ad sales and pricing initiatives that are usually undertaken at the same time. These may include spending based contracts, multi-insertion programs, smart color pricing, product packaging, digital integration, and automated ad costing. Not all of these are directly related to modular, but it makes good sense to do everything at the same time, and explain it only once to both advertisers and the ad sales team.

For a case study on the effectiveness of modular-and-more, see [this presentation](#) from the Palm Beach Post that was delivered at a newspaper industry conference.

Questions About Modular?

KubasPrimedia has worked with many newspapers over the years to successfully implement modular and related advertising revenue development programs. If you have any questions about modular or how it could help your newspaper, feel free to contact us.

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