

To: Hanley Wood Sales Force
From: Nick Cavnar, Vice President Circulation

Several publishers and sales reps have asked me about the recent BPA duplication audit report for Cygnus's Qualified Remodeler and Residential Design & Build. I'm very familiar with the duplication audit process, and produced similar BPA reports for other magazines with a previous company.

This report does show low duplication, which is not a shocker. If you have only two magazines with a combined circ of 133,000 trying to cover the whole residential construction industry, you should be able to keep duplication low.

But I don't think the duplication audit on its own tells the whole story.

Let's make a similar comparison using a few Hanley Wood magazines. Let's start with Builder and Remodeling, which cover the same markets as Residential Design & Build and Qualified Remodeler allege to do.

The combined qualified circulation of our two magazines is 223,204 (based on six month average circulation reported on the June 2006 BPA statements). The last time we ran a duplication match, we found about 8.7% of individuals who receive both magazines. So using the same calculation as in the BPA duplication audit, Builder and Remodeling combined reach 204,000 unique subscribers. That's 75,000 more unique qualified construction professionals than are reported on Cygnus's duplication audit.

So which two magazines offer advertisers the greatest combined reach into the total residential construction market? Clearly, Builder and Remodeling—with or without those subscribers who get both publications.

After all, Builder covers the whole home building industry and has a much larger circulation, while Residential Design & Build claims in its cover tag line to focus on custom home builders only. (Although it is strange that their BPA statement doesn't include any data showing that their subscribers actually build custom homes.)

For a more apples-to-apples comparison, let's look at Hanley Wood's Custom Home and Remodeling magazines. They have a combined qualified circulation of 120,523 (again, six month averages from June 2006 BPA statements). Our last duplication match between these two magazines found 10.7% individuals who receive both titles, so unduplicated recipients total about 107,000.

Now take a closer look at the actual circulation statements for the two magazines covered by the duplication audit. There we find that Residential Design & Build goes to nearly 24,000 architects. Qualified Remodeler reports no architects, but does have 1,651 building product distributors, which appears to be a lot more than Residential Design & Build.

By comparison, the total Custom Home and Remodeling circulation includes only 5,000 architects and no distributors. So right off the bat, we can see that the two Cygnus magazines have some 20,000 more subscribers who a) aren't in the contractor category and b) aren't shared between their magazines.

Hanley Wood on the other hand has dedicated publications for serving architects (Residential Architect) and for serving dealers & distributors (ProSales).

Let's take a look at another part of the BPA statement—the age and source information reported in paragraph 3b. There we find that Qualified Remodeler carries 4,535 subscribers who have never requested the magazine, but are simply a list taken from a couple of unidentified business directories.

As a circulation person, I can tell you that nothing is easier than to match a directory list against your circulation to find some additional unduplicated names—as long as you're not bothered by the fact that these individuals have shown no interest in getting your magazine.

Let's put it together: at first glance Qualified Remodeler and Residential Design & Build appear to reach about 22,000 more unduplicated subscribers than Remodeling and Custom Home. But when you consider that at least 20,000 of those unduplicated subscribers would be the extra architects and distributors, and another 4,500 may be directory names that have never shown interest in their magazine.

Let's go further—for example, by analyzing the fact that both the Cygnus magazines report about 5% more of their circulation in the two-year category than the corresponding Hanley Wood magazine. But I think our basic point is clear. No other publisher can beat Hanley Wood's reach into the residential construction market.

Hanley Wood does not lump a lot of architects and dealers into our contractor books to make it look like we reach more people. Instead, we publish separate publications focusing on all the different segments of this diverse market—Builder for the broad home building industry, Big Builder for the large production builders, Custom Home for custom home builders, Remodeling for remodeling professionals, Residential Architect for the architects, ProSales for dealers/distributors, and on and on. Each of these dedicated publications has its own editorial staff, providing dedicated, award-winning editorial for its particular audience and particular industry concerns.

Yes, a small percentage of construction professionals who work in more than one of these areas do subscribe to more than one of our magazines. Considering our high personal request and paid circulation rates, we consider that a strength. A measure of how much our subscribers value the focused, in-depth business information each magazine offers.

We could pump up our circulation with more names from outside our core business focus, or with non-request names we find in directories, and by doing that show lower duplication between particular magazines. But exactly how would that benefit our advertisers?