

2009 National FFA Delegate Process

Committee Research Findings

Committee #6-New Horizons Delivery Options

*The purpose of this committee is to examine sufficient ways to serve all members efficiently and create clear options for the production and distribution of the **FFA New Horizons** magazine.*

The FFA New Horizons Magazine has been an official publication of the National FFA Organization for more than 55 years. Every FFA member receives the magazine as a benefit of membership in the organization; in fact, the FFA membership system *is* the subscription system, and is audited consistently by the Audit Bureau of Circulations.

As you read the answers to these questions, you will note that in many instances it is difficult to provide a simple, one word answer. There are several factors that must be considered, including the interdependency of the magazine to the membership system, the contents of Public Law 105-225 and the bundled nature of content creation, website development and publishing. Many of our magazine processes are dependent upon other FFA organization systems that would be affected by any proposed change in the magazine's delivery.

Web vs. Paper Production Costs

Please refer to the numbers in Question 2. From those totals, it is difficult to break down Web costs versus production costs. Currently, the National FFA Organization invests approximately \$531,000 in publisher expenses each year, which include editorial development (identifying, interviewing, researching, writing and photographing stories and subject matter), advertising sales expense and hosting and management of ffanewhorizons.org and FFA Nation. Virtually all these expenses would exist with an online-only magazine, because an online publication would still be producing stories, selling ads and hosting the websites. In fact, because we operate under the current contract in force, we can't accurately state that a different contract for a Web-only magazine would be for the same or comparable amount. FFA remains responsible for staff to oversee and manage the online publication and pay business expenses, accounting for another \$230,000.

If the organization were to forego printing and mailing the magazine entirely, the organization could realize printing and postage savings, but additional costs related to paying for bandwidth and blast e-mail systems would then need to be paid by the magazine. Production costs to design and lay out the pages of the flip-book or online publication would need to be paid by the magazine would still be more than \$100,000 per year. Please refer to Question 7 for additional considerations with online delivery.

One significant risk of an online-only model is reduced advertising revenue, which currently supplies \$650,000 to the magazine budget. See Question 3 for additional information.

Given the constraints and unknowns, it is difficult to separate out Web production costs, but our estimate is that a Web-only magazine would still cost the organization approximately \$1 to \$1.2 million to produce and sustain within current privacy restrictions and contractual obligations.

Current Expenses and Receipts for the production and delivery of New Horizons

The 2010 budget for New Horizons includes \$1.2 million supported by subscriptions (member dues, Lifetime Alumni subscriptions, supporter subscriptions and classroom chapter packs), as well as \$650,000 supported by advertising revenue. The magazine is a \$1.85 million endeavor.

Of that total, the three biggest line items are as follows:

Approximately \$531,000 covers contractual publisher payments.

Roughly \$693,000 is postage and shipping expense. That averages out to approximately \$115,500 per issue.

Roughly \$397,000 is editorial, publishing and printing expense. That averages out to approximately \$66,200 per issue.

Those three line items account for \$1.621 million of the total budget.

The approximate remainder of \$230,000 accounts for payments to the Audit Bureau of Circulations, salary and staff time and other costs of doing business.

Survey advertisers of New Horizons to determine their sponsorship of the magazine in different forms?

Ad agencies that buy media for national advertisers will often only consider websites with 1 million or greater unique visitors yearly. The Web traffic on *New Horizons* and FFA Nation has not reached a level to support stand-alone ad campaigns from national advertisers. So the *FFA New Horizons* online advertising opportunities are offered in conjunction with the print campaign as a support, where the print features and ads encourage readers to go online.

Ad prices and therefore, total revenues reflect the usage levels of the different media. The *FFA New Horizons* online audience is less than 1 percent of the print circulation, and online revenues are currently about 10 percent of the print revenues. Virtually all online revenue is derived from online ads placed in conjunction with a print advertising campaign.

From an ad revenue standpoint, it is not financially viable to replace the print publication with an online only version, as there is no viable revenue model to support the creation and production of the magazine.

Is it more expensive to create web templates or to create the paper publication?

The cost of creating an online version of *New Horizons* is essentially the same as producing the print publication, in terms of the writers, editors, proofreaders, photographers and much of the production process in trafficking the ad materials.

Expenses of printing and postage are eliminated, but there is no meaningful reduction in the process or cost of publishing the online magazine instead of a print version.

What are the fixed costs of the magazine no matter what and what are the variable costs of production and distribution?

Please refer back to Questions 1 and 2. The fixed costs of the magazine include publisher fees, publication expenses (design, photography), salary and staff time and expenses related to doing business. Our best estimate is that these fixed costs represent \$860,000 per year operating under the current contract and with our current membership and Web systems. As noted in Questions 1 and 2, the current fixed costs do not accurately represent the fixed costs for an online-only publication.

Variable costs, for the current magazine under current contracts, represent approximately \$990,000.

Is there a per person cost for an online version of the magazine or would that be a fixed cost?

The vast majority of the online costs would be fixed costs; however the amount of site visitors may dictate increases in bandwidth at certain levels, and the number of individual e-mail addresses for blast e-mails does dictate cost.

What are the electronic distribution options (email in the form of PDF, website only, etc)?

Keep in mind that not everyone has an e-mail address or access to a computer or Internet, especially in some rural areas. We have anecdotal evidence that 50-60 percent of our members fit into this category. The magazine is to serve all FFA members.

Each issue of the printed publication is posted digitally on www.ffanewhorizons.org in a flipbook format (the link to the digital magazine is on the bottom left side of the homepage). There is a link to the digital magazine on ffa.org as well. We are in the process of creating an e-mail message for all FFA Nation members who have signed up to receive communication from FFA, alerting them as to when a new issue of the magazine is posted online. This alert can also be via RSS feed, e-newsletter or FFA Nation post. We can also alert members via other social networking avenues, including Facebook and Twitter.

It is important to understand these critical factors:

- At this time, there is not a field set up in our membership system to designate distribution preference for the magazine. To add this field to the database, the membership system software, online forms and downloadable Excel membership files would require considerable revision. We would also need to build or purchase an e-mail address verification system to make sure we had a valid e-mail address should a member opt for an electronic version of the magazine.
- Because the majority of our members are under the age of 16, we are required by law to obtain a parent's permission before collecting any electronic data and/or sending them anything electronically. Any mass e-mail to magazine subscribers would also have to strictly adhere to the Can-SPAM legislation that prevents organizations from sending unwanted junk mail.

What is the tangible product that members would get if distribution was totally electronic?

There would be no tangible product. The magazine would be viewed in a flipbook format. To view the digital magazine, go to www.ffanewhorizons.org.

One of the benefits of getting a printed magazine is the pass-along value. With an electronic publication, pass-along is somewhat limited to the type of computer/internet access available to readers.

Would it be an option to bulk mail the magazines to the school?

Yes. California FFA bulk mails the magazine to all of their chapters. The savings are marginal, however, due to freight costs. RR Donnelley prints each issue of the magazine at the company's Glasgow, Ky., plant. Once printed, a majority of the magazines are shipped to the Bolingbrook, Ill., co-mailing facility to be co-mailed with other publications to save money on postage. In the case of California, bulk-mailed magazines are loaded onto a truck in Glasgow and shipped directly to various high schools in California, incurring hefty freight fees. There are no co-mail savings when you bulk mail.

What is the pass-around readership of the magazine?

The total pass-along readership of the magazine is 1.2 million people. In addition to the member, roughly two other people read each issue of the magazine. This almost triples our reach. Parents of FFA members are the number-one pass-along reader. Not only does the magazine go to all members of FFA, it also goes to lifetime FFA Alumni members, teachers, sponsors and supporters of FFA. We also sell annual gift subscriptions to various audiences for \$12.

Is it possible to subscribe to the magazine online?

No. To fully understand this answer, it's important to realize that the magazine subscription process is 100 percent tied to the FFA membership system. Your subscription to the magazine is a direct result of your membership in FFA. When your advisor enters your membership information into our online membership system, you are automatically signed up to receive the printed magazine. As a general rule, except for helping their advisors complete some membership tasks, students do not have access to the membership system. It is not possible to subscribe to the magazine through other services such as Amazon.com or subscription clearinghouses.

How many hits does the magazine get online currently?

The website traffic on *New Horizons* averages 3,800 unique visitors a month and on FFA Nation, there are currently 3,822 members. From Aug. 1, 2008 through July 31, 2009, we've had 45,960 total site visits. The average time spent on the site is 2:12 minutes. Regarding traffic sources, 40 percent of the visits are via referring sites (50 percent of that number came from ffa.org), 33 percent of the visits are via search engines and 26 percent of the visits are via direct traffic. The most visited pages on the site are the Homepage, In This Issue section, Fun Stuff section, State Scoop section, the Virtual Magazine and the Convention page.

Survey members to see how they would prefer the magazine delivered.

There isn't time to produce a statistically valid survey in time for the delegates meeting in October. By the time we received these questions at the National FFA Center, the deadline for the October issue had already passed and we had no funds to arrange a Web or telephone survey. However, we recently completed a FFA New Horizons readership survey in which we asked members about the magazine. More than 900 respondents participated from all over the country. According to the survey, less than half, or 41 percent of the respondents have accessed the magazine online. Among those who have, 37 percent indicated they use the website at school.

Could the magazine be sent one per mailing address instead of multiple copies to the same address? What would the cost implications be on the magazine if this was done?

Based on a report run on Sept. 3, 2009, out of 444,239 total records, there were 12,924 addresses receiving multiple copies, or roughly 2.9 percent of recorded addresses, so any savings here would be minimal. In addition, the FFA membership system is not set up to consolidate multiple address entries.

Each year, we participate in a publications audit by the Audit Bureau of Circulation; this process ensures that we are providing the correct number of issues to all our subscribers and operating as a professional publication. For auditing purposes, we must know how many official magazines are received by our members.

Is the magazine printed on recycled paper?

No. We have investigated these costs but going green is much more expensive than we thought.

What is FFA's purpose for sending the magazine?

First of all, **one of the purposes of the National FFA Organization, as set forth in Public Law 105-225, is to publish an official magazine and other publications for the members of the corporation.** (Sec. 70902. Purposes. [6] – page 78 of the FFA Official Manual)

The magazine is the only vehicle the organization has to communicate with ALL members. When the magazine was created in 1952, the purpose was to reach all the members “with worthwhile and inspirational information.” The magazine also served as the connection piece for chapters, a way to get the word out about what interesting and new things chapters were doing. The magazine was a great public relations tool, showing to the outside world what FFA was all about.

In more than 55 years, little has changed. The goal of the today's magazine is to communicate the role of agricultural education in preparing young people for more than 300 careers in the diverse industry of agriculture. The magazine also highlights the programs, interests and accomplishments of the national FFA and its members through exciting features and departments. As with all FFA communications, the magazine is consistent with the organization's mission of developing the potential of students in premier leadership, personal growth and career success through agricultural education.

According to the recent readership survey mentioned above, respondents prove to be well engaged with the magazine. The typical reader has read or looked through three of the last four issues and reads/looks through half or more of a typical issue. Two-thirds of the respondents save their issues for reference.

Are the sponsors of the online version the same as the print version?

They can be, but not always. See Question 3 for more details.

Does FFA have a contract with a printing company? If so, how long is that contract?

Yes, we are currently in a contract with RR Donnelly. That contract is up for renewal in 2010. We are also under contract with Journal Communications, the publisher of the magazine, who creates the magazine for us. That contract is up for renewal in 2012.

If New Horizons were not printed at all, would that change the cost of dues per member?

No. Please refer back to Questions 1 and 2. The costs associated with producing the magazine online would remain constant or even increase slightly due to the need to increase online readership. In addition, there may be separate communication vehicles (direct mail) that would be necessary to communicate directly with members, since it's clear from the readership survey that less than half our readers are accessing the magazine online.

Does it cost more to create the magazine or the actual printing?

Currently, under our contracts, it costs more to print *and mail* the magazine than to create it.