

# Classifieds: Full-Service Implementation by Global Newspaper Solutions

During a typical week 99% of people in the market of a typical community newspaper will not see an Internet posting for a local job or house, or other stuff. Now is the time for newspapers to regain print and online classifieds advertising.

GNS is an expert at providing newspaper solutions such as fully integrated online classifieds order entry, United States Postal Service processing, graphics and video production, etc. Our latest offering is an integrated online, print and call center solution enabling newspapers to immediately build and profit from classified advertising. 800 – 1,200 ads (6 to 10 broadsheet pages) in print, online and mobile can increase your revenue and profits by hundreds of thousands of dollars each year.

**Here's how GNS's turnkey, white label solution works:**

## Phase I (1-3 weeks):

"Prime the pump" - GNS collaborates with your staff to source from the Internet 500 to 2000 classified advertisements (approximately 120 per broadsheet page at 100% ads), including photos or business logos and contact information. These are added to a shared repository (Google Sheet) and turned into classifieds pages per your print specifications. On your first print run, ensure that all classifieds advertisers receive a copy via trial subscription. Optionally we can also implement an online classifieds order entry and display system, or we can update and populate your current classifieds system. We can also setup cross selling, which enables reciprocal classifieds sales with nearby newspapers.

## Phase II (1-2 weeks):

High impact sales: Your inside sales representatives (including those working from home) blitz your market, including those who have been receiving free classified advertisements. They should attempt to convert free ads to paid ads and paid subscribers. Retail advertising leads will be turned over to your outside sales team. Organization and contact data will be captured on your behalf. GNS can help you setup the entire system including creating job descriptions, call scripts, targets and a commission strategy, training, etc. And we can even help you setup a CRM (customer management system).

## Phase III (ongoing):

Our dedicated support resources continue to provide sales support, competitive sourcing and research, update and paginate your classified advertising pages and (optionally) provide inbound customer service.

| (Weekly \$)                  | Value-Added: Weekly/Small Daily |     |            |     |            |
|------------------------------|---------------------------------|-----|------------|-----|------------|
|                              | 15-days                         |     | 90-days    |     | 1-year     |
| <b>Circulation:</b>          |                                 |     |            |     |            |
| Avg Rev                      | \$ 1.00                         | +2% | \$ 1.02    | +4% | \$ 1.06    |
| Avg #                        | 5,000                           | +2% | 5,100      | +4% | 5,304      |
|                              | \$ 5,000                        |     | \$ 5,202   |     | \$ 5,626   |
| <b>Retail:</b>               |                                 |     |            |     |            |
| Avg Rev                      | \$ 75.00                        | +2% | \$ 76.50   | +4% | \$ 79.56   |
| Avg #                        | 5,000                           | +2% | 102        | +4% | 106        |
|                              | \$ 5,000                        |     | \$ 7,803   |     | \$ 8,404   |
| <b>Classifieds:</b>          |                                 |     |            |     |            |
| # Ads (6 Pages)              | 800                             | +2% | 816        | +4% | 849        |
| % Paid                       | 5%                              |     | 20%        |     | 65%        |
| Total Paid                   | 40                              |     | 163        |     | 552        |
| Avg Full Price               | \$ 20.00                        | +2% | \$ 20.40   | +4% | \$ 21.22   |
| % Discount                   | 75%                             |     | 45%        |     | 25%        |
| Avg Price Paid *             | \$ 5.00                         |     | \$ 11.22   |     | \$ 15.91   |
|                              | \$ 200                          |     | \$ 1,831   |     | \$ 8,777   |
| <b>Total Revenue:</b>        | \$ 10,200                       |     | \$ 14,836  |     | \$ 22,844  |
| <b>Value Added (weekly):</b> | \$ 200                          |     | \$ 2,136   |     | \$ 10,144  |
| <b>Value Added (annual):</b> | \$ 10,000                       |     | \$ 111,000 |     | \$ 500,000 |

\* Per week, typical run is 4 weeks

**Costs/Value Added:**

By providing 2-4% value added each to circulation and retail advertising this solution is immediately profitable. Furthermore, gradually converting free ads to paid (initially at steep discounts, but later at full price) the total value added can be quite significant\*

**GNS Success Model:**

Time based at our standard rates ranging from \$7 to \$13 per hour (plus 30% for taxes & benefits and an additional optional 10% satisfaction bonus). For example, maintaining 800 classified ads (six broadsheet pages) with ~80% logos/photos require 16.0 hours to maintain and 4.6 hours for pagination, or 20.6 hours total at \$12 per hour or \$247 per week.

**Next steps:**

Contact us for a free evaluation, including consulting on advertising rates (including temporary discounts), options for upselling, cross selling into surrounding newspapers, deadlines, page sizes, etc. Typically, this only requires 1-2 hours of your time.

**Risks:**

**Intellectual property:** During phase I our reps will search classifieds websites for local ads. They will reduce these often-lengthy ads, typically with one or more photos and to concise 10-20-word ads with the best photo, typically improved. We will also find contact information for trial subscriptions and later calls to convert to paid advertisements. The source of these advertisements may claim that the newspaper has violated their licensing agreement. There are several defenses to this including: fair use (since we are only using a small number of ads and we are adding significant value), fair competition, the advertisements are in the public domain and that the advertisements are really the property of the advertiser (unlike when a publication would incur transaction costs by dispatching a photographer to obtain ads). Furthermore, the liquidating damages appear to not exceed \$5,000 to \$15,000, which is a fraction of the total value added to the newspapers – and this is only for Phase I.

**Do Not Call legislation:** Calling commercial advertisers is low risk or risk free. However, a private party advertiser that has been contacted may file a complaint or a lawsuit. The newspaper's first defense is that they are making professional (not robo/prerecorded) calls and they are providing genuine value to the advertiser and to the community. By first providing at no charge a temporary classified advertisement and subscription could qualify as establishing a business relationship. Lastly, newspapers by their nature are political entities, which are exempt from DNC regulations and likely protected by the First Amendment. Any violations should attempt to be addressed individually and may require a settlement for several thousand dollars, which could be considered a cost of doing business (and this should only apply during Phase I).

Newspaper agrees that GNS is only an agent working at their direction, thus the newspaper is solely responsible for defending any violations (though GNS will assist in any way possible).

**\* Total Value-Added Estimate:**

In the past many publications such as pennysavers leveraged classifieds as their content, thus enabling them to profit from retail advertising. Thus, it is important to consider the total value added to a newspaper of having a significant number of professionally managed classified advertisements back by a professional call center and expert consultants.