

Magazine Financial Ratios - Expenses

Ratios are expressed as a percentage of total revenue. While every magazine is different, you can use these ratios as a benchmark to compare your magazine's expenses against the average of other magazines in your category. Expenses include salaries, benefits and all other expenses related to that

expense line, such as print bills. See below for definitions. Start-ups typically have higher percentages in marketing and editorial and design.

Ratios will also vary from year to year, depending on how well the industry and the economy are doing.

For revenue-side ratios, see the Masthead QuickGuide for Magazine Financial Ratios - Revenue.

Source: Calculated from Statistics Canada, Periodical Publishing Survey, 2003/2004, www.statscan.ca

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Magazine Type

Expense	General Interest	Special Interest Consumer	Business or Trade	Farm	Religiious	Scholarly	All Magazines
Editorial & Design	14.4%	15.4%	17.6%	16.6%	22.1%	19.1%	16.0%
Production and Printing	28.7%	31.4%	24.3%	27.2%	30.4%	30.0%	28.3%
Circulation (fulfillment & invoicing)	15.6%	6.5%	4.4%	4.9%	5.4%	3.4%	9.2%
Advertising (marketing & promotion)	10.6%	12.2%	16.3%	9.9%	5.3%	7.6%	12.1%
Distribution	6.5%	8.6%	7.3%	9.4%	16.3%	8.5%	7.7%
Administration and General	12.7%	15.9%	13.1%	13.7%	12.9%	17.3%	13.9%
Web site/E-commerce	1.2%	0.9%	0.7%	0.3%	0.7%	1.9%	1.0%
Ancillary products	1.1%	1.8%	4.4%	0.2%	1.3%	0.6%	2.0%
Total Expenses	90.8%	92.6%	88.1%	82.1%	94.3%	88.4%	90.3%
Profit (loss) before taxes	9.2%	7.4%	11.9%	17.9%	5.7%	11.6%	9.7%

Definitions:

Editorial and design: Includes editorial and design salaries and benefits, freelance writers, photographers, illustrators, page design and assembly, editorial phone/fax, editorial travel.

Production and printing: Includes pre-press, printing, bindery and mailing preparation costs.

Circulation: Includes fulfillment, invoicing, list maintenance costs such as subscription or controlled-circulation

mailings, telemarketing, data entry, salaries and contract services.

Advertising (marketing and promotion): Unfortunately Statistics Canada lumps both circulation marketing and ad sales marketing into one group. This covers new subscription prospecting, renewals and newsstand promotion costs, as well as cost of sales for advertising, ad sales commissions, salaries, benefits, travel, promotion related to ad sales.

Distribution: Includes postage, news-

stand shipping and other forms of magazine distribution.

Administration: Includes corporate overhead, occupancy, furniture, equipment depreciation, etc.

Ancillary products: Includes (for example) book sales, consumer/trade shows, conferences, radio/TV productions, etc.