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**City, State, 0001**  
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Dear Mr/Ms. X

Section 0:

Time magazine , in a move to reduce the costs of wooing new subscribers , is lowering its circulation guarantee to advertisers for the second consecutive year , increasing its subscription rates and cutting back on merchandise giveaways . In an announcement to its staff last week , executives at Time Warner Inc. 's weekly magazine said Time will `` dramatically de-emphasize " its use of electronic giveaways such as telephones in television subscription drives ; cut the circulation it guarantees advertisers by 300,000 , to four million ; and increase the cost of its annual subscription rate by about \$ 4 to \$ 55 . In a related development , the news - weekly , for the fourth year in a row , said it wo n't increase its advertising rates in 1990 ; a full , four - color page in the magazine costs about \$ 120,000 . However , because the guaranteed circulation base is being lowered , ad rates will be effectively 7.5 % higher per subscriber , according to Richard Heinemann , Time associate publisher . Time is following the course of some other mass - circulation magazines that in recent years have challenged the publishing myth that maintaining artificially high , and expensive , circulations is the way to draw advertisers . In recent years , Reader 's Digest , New York Times Co. 's McCall 's , and most recently News Corp. 's TV Guide , have cut their massive circulation rate bases to eliminate marginal circulation and hold down rates for advertisers . Deep discounts in subscriptions and offers of free clock radios and watches have become accepted forms of attracting new subscribers in the hyper-competitive world of magazine news - weeklies . But Time , as part of the more cost - conscious Time Warner , wants to wean itself away from expensive gimmicks . Besides , Time executives think selling a news magazine with a clock radio is tacky .

Section 1:

`` Giveaways just give people the wrong image , " said Mr. Heinemann . `` That perception takes the focus off the magazine . " Time magazine executives predictably paint the circulation cut as a show of strength and actually a benefit to advertisers . `` What we are doing is screening out the readers who are only casually related to the magazine and do n't really read it , " said Mr. Heinemann . `` We are trying to create quality and involvement . " However , Time executives used the same explanation when in October 1988 the magazine cut its guaranteed circulation from 4.6 million to 4.3 million . And Time 's paid circulation , according to Audit Bureau of Circulations , dropped 7.3 % to 4,393,237 in the six months ended June 30 , 1989 . Still , Time 's move is being received well , once again . `` It 's terrific for advertisers to know the reader will be paying more , " said Michael Drexler , national media director at Bozell Inc. ad agency . `` A few drops in circulation are of no consequence . It 's not a show of weakness ; they are improving the quality of circulation while insuring their profits . " Mr. Heinemann said the changes represent a new focus in the magazine industry : a magazine 's net revenue per subscriber , or the actual revenue from subscribers after discounts and the cost of premiums have been stripped away . `` The question is how much are we getting from each reader , " said Mr. Heinemann . Time 's rivals news - weeklies , Washington Post Co. 's Newsweek and U.S. News & World Report , are less reliant on electronic giveaways , and in recent years both have been increasing their circulation rate bases . Both magazines are expected to announce their ad rates and circulation levels for 1990 within a month .