

Global magazine industry in decline, FIPP report shows

By Herman Manson: @marklives

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Magazine publishers face increasingly tough times as the category struggles to reverse declines in its share of global ad revenue, brought upon by the double whammy that was the Great Recession and a continuous shift in spend towards digital media.



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Their piece of the global ad pie is expected to continue declining over the next three years, according to [World Magazine Trends 2010/2011](#), an annual magazine market report published by FIPP Limited, the worldwide magazine media association, and will make for grim reading for magazine publishers.

Globally advertising revenue declined by 10.6% in 2009, compared to a 2% decline in nominal GDP in the same year. Spend on the magazine market alone fell by a dramatic 20.2% in the same year as luxury advertisers pulled their budgets.

This year, global ad revenue saw growth of 4.8%, with growth projections for at 4.6% and for 2010 at 5.4%. This doesn't translate to magazine adspend, though, with 2010 experiencing a 1.8% decline, a 1.4% decline in 2011 and a 0.1% decline in 2012, according to ZenithOptimedia, which contributed research on advertising figures to the report.

Expected to shrink

Ultimately, magazine publishers' portion of the global ad pie is expected to shrink 8.7% of spend by 2012, substantially down from 13.5% in 2003.

Emerging markets now account for 31% of global magazine adspend and contributes 63% of projected growth in the market. The Internet, which continues to siphon away market share from magazines, is expected to increase its share of total ad revenue to 16.5% in 2012, up from 12.8% in 2009.

Developed markets in the northern hemisphere, hardest hit by the Great Recession, will see revenue in 2010 continue to lag pre-recession levels. Money will continue to shift online and magazine publishing will see its share of total adspend continue its decline.

In North America in the US, the outlook for magazines remain grim, while Canada is seeing a slight recovery. Mexico, meanwhile, is experiencing solid growth. Magazines' share of spend in the region is expected to decline to 10.7% in 2012 - down from 14% in 2003. Online adspend overtook magazines in North America in 2009 with 14% market share, compared to 12.2%.

Picture in Europe remains bleak

The picture in Europe, says FIPP, remains bleak, with magazine closures, organisational restructuring and cost-cutting continuing. Magazine publishers in Western Europe will see their share of the advertising market drop from 18.2% in 2003 to 11.8% in 2012, while their colleagues in Central and Eastern Europe will see a decline to 8.1%, down from 15.3% in 2003.

Internet adspend in Western Europe already outstrips magazines with 15.9% of the market. This will grow to 19.6% by 2012.

The Asian Pacific markets expect growth in advertising spend, with the exception of Japan, which saw its economy slide from second biggest to third in global rankings, behind China for the first time. Even so, magazine publishers' share of ad revenue will decline from 8.1% in 2003 to 4.6% in 2012.

Asia Pacific is expected to overtake Western Europe as the second largest advertising market in 2012, representing 24.4% of global ad revenues. Japan remains the second largest advertising market in the world, even as adspend in the country continues to plunge. China is expected to overtake Germany as the third biggest advertising market in 2012, up from fourth position.

Distribution remains problematic

Distribution remains problematic for magazine owners in China and magazines represent only 2% of total adspend in that country. Even here, that figure is expected to decline to 1.6% in 2012.

Magazine publishers in Latin America were less affected by the recession than in most markets but growth is off a low base, given historically low levels of readership and adspend. Brazil remains a growing market, says FIPP, which is interesting as Naspers, which owns 30% of leading Brazilian magazine publisher Abril, reported in its latest [set of financial results](#) that the magazine advertising market here declined by 8.5% in 2010.

Even in a growing market, it seems, magazine are losing market share, with FIPP reporting magazines' share of the advertising market declining from 9.5% in 2003 to 6.3% in 2010. It's expected that number will stand at 6.2% by 2012.

Brazil is currently the seventh largest ad market in the world and is expected to overtake France for sixth position by 2012. Magazines' share of ad revenue will decline to 5.8% by 2012, down from 7.1% in 2003.

Africa lumped with Middle East, other countries

Africa gets lumped with the Middle East and "Other Countries", as usual, with South Africa, Egypt and the UAE representing major magazine markets in this category.

Africa and the Middle East accounts for around 5% of the global ad market, with the Pan Arab States ranked the 15th largest advertising market in the world and SA placed 19th.

In SA, magazine's share of adspend has declined from 11.5% in 2003 to 7.3% in 2010. In the Egyptian market, that figure fell from 6.9% in 2003 to 2.6% today.

The Egyptian magazine market is tightly regulated by government and publishers are required to distribute a minimum number of copies via the government-owned newspaper company, own a publishing licence and receive approval from the censorship department of the National Security agency. They are then taxed at 20% in addition to advertisers having to fork out 15% of the price of the ad to the taxman.

MPASA reports

In SA, the Magazine Publishers Association (MPASA) reports that, while the overall ad industry saw positive growth of 18% in the first half of 2010, thanks to the 2010 FIFA World Cup, magazine publishers experienced only a fraction of that, at 3.3%.

MPASA reports that due to little opportunity for organic growth in well-established titles, publishers (especially within the Media24 stable) have been launching standalone brand extensions to broaden their revenue base. It is a trend MPASA expects to last into the New Year.

The obvious trend emerging in the World Magazine Trends 2010/2011 report is the global decline in the portion of the advertising pie magazines publishers will manage to attract.

Even as the category continues to decline, publishers are placing their hope in tablet devices. It's premature to predict the impact these devices will have on the future of magazines.

Until a clearer picture emerges, it seems magazines will play an incrementally less important role in the media economy for the foreseeable future.

The World Magazine Trends 2010/2011 report contains adspend projections by ZenithOptimedia and is based on submissions by FIPP members ie regional magazine associations and publishers. To purchase a copy in print, digital or excel spreadsheet format, go to www.fipp.com/publications.

ABOUT HERMAN MANSON: @MARKLIVES

The inaugural Vodacom Social Media Journalist of the Year in 2011, Herman Manson (@marklives) is a business journalist and media commentator who edits industry news site www.marklives.com. His writing has appeared in newspapers and magazines locally and abroad, including Bizcommunity.com. He also co-founded *Brand* magazine.

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