

## Company news

### NEW CLIENTS

The James G. Elliott Co., Inc. (JGE) has recently added three new clients to the company's portfolio:

**Opinion Leader Network** - sales and marketing for the creation and selling of a new network comprised of *The Christian Science Monitor*, *The Nation* and the *National Review*. The union of these unique media now gives advertisers the opportunity to speak to political left, right and center audiences simultaneously, in larger numbers, with greater efficiency and creativity.

**DRG** - sales and marketing for the largest marketers and publishers of crafting information and products. With five crafting and two nostalgia magazines (*Creative Knitting*, *Crochet!*, *Crochet World*, *Quilter's World*, *CardMaker*, *Good Old Days* and *Looking Back*), catalogs (Annie's Attic, Clotilde and e-PatternsCentral.com), ten crafting clubs and 19 web content sites, DRG reaches more crafters than any other media company.

**American Legion Auxiliary** - advertising sales for the magazine and website that address the interests and values of women who support those currently in America's armed forces and its veterans.

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## MAGAZINES: MAIN COURSE OR APPETIZER?

Views from the Magazine Think Tank and Dr. Samir Husni

### President's Letter

With magazine ad sales and circulation numbers taking a hit this year, the chatter on the streets these days is often about the future of magazines. There's no doubt that the Internet has encroached on magazines' ad dollars and readership numbers. Everyone knows that some major publications have closed their doors, but there's no evidence that magazines, as a medium, will go away.



But that doesn't mean we can be successful at doing what we've always done. In fact, maybe we need to ask ourselves, is the weakness in the marketplace a factor of magazines or advertising or the economy? The short answer is all three, and the long answer involves a look at the way magazines use technology, how magazines structure their revenue streams, and what magazines need to do to attract readers and advertisers in complex times.

I had the chance to talk to Dr. Samir Husni, known as "Mr. Magazine" for his long-term work at the University of Mississippi on the tracking of the magazine industry. Recently, he announced the start of his "Magazine Innovation Center," a non-profit organization to study the future of magazines and print. Here's what he had to say about magazine content, our industry, its digital competition, and what we, as an industry, should be doing to position magazine publishing as the exciting, powerful and important industry it is.

**JE: How did the Magazine Innovation Center come about?**

**SH:** For years, I've been teaching the relationship of humans to print, and there's always been evidence that as long as we have humans, we'll have print. But in the last ten years, I've noticed the influence of technology has increased so much that people have stopped thinking in

terms of what a powerful medium print is, and instead, have glorified technology, sending people to the web for their print information. Print is used to pimp technology and technology is not pimping print. That's why I started the Magazine Innovation Center. I'm tired of someone devaluing my experience of reading a magazine by saying hey, you'll get more information and you'll get it for free by going to this website. The purpose of the MIC is to amplify the future of print. I want to use technology and digital to advance print, rather than have it keep using print for its own gain.

**JE: The MIC is a "Think Tank," right?**

**SH:** It's more of a think and do tank. We want to go beyond just talking about theory and teach a practical workshop about the future of print. The minute I announced the MIC, I got hundreds of emails from printers, advertisers, editorial people, distribution people, from all over the world, and they all said, wow, what took so long! The center is still in the process of being created, and we hope to have the first workshop in April 2010.

**JE: Do you think print is still viable?**

**SH:** Print is not dead but the people behind it are committing suicide because they've devalued our content.

**JE: So magazines aren't broken, the industry is.**

**SH:** Yes. After World War II, the American magazine industry moved from a circulation-driven model to an advertising-driven model, where 80-95% of revenue comes from advertising and we give away the magazines just to collect numbers. This model is broken. We went into a business of counting numbers to deliver to advertisers rather than delivering numbers that count. And with the nosedive on the newsstand, subscriptions almost being given away, and ad money drying up, magazine publishers need to ask themselves, is it time to change the model? I've got two sources of revenue and I've concentrated on one and ignored the other. Is this the way of the future?

**JE: So going forward, do you think magazines will be circulation driven?**

**SH:** Yes, and this leads us to ask, can we afford a mass magazine with five, six and seven million copies? Or will we be better off with a special interest or smaller magazine that answers the question "What's in it for me?" and then charges me for it. There are magazines that charge \$59.95 for four issues, and you know they are going to make money by selling it to me for \$15 a copy.

**JE: And at that price, I'm going to pay attention to it. So is technology, the economy, or that people don't have enough time to read magazines the problem?**

**SH:** Our biggest competition is time. That's what we're hearing people say. "I don't have time." Yet, there are 52 issues of a magazine I subscribe to, and it makes me feel guilty that I don't have time to read all of them, and they are stacking up, so what do I do? I cancel my subscription. So first, we, as publishers, are not valuing the time of our readers and second, we have devalued our content by putting more importance on sending you to the web "for more." We say, go to the web. But I say, I just paid \$6 for this magazine and you're sending me to the web for free? Why did I buy this magazine? You just sent me an email that says I can read all the articles on the web for free. Am I really interested in spending money on ink and paper?

**JE: The model is kind of crazy, isn't it.**

**SH:** Yes, and publishers don't have the right to complain that people aren't buying magazines like they used to when they are the ones posting their magazine's content online for free.

**JE: But the web isn't making money either, especially if you take out Search Engine Marketing (SEM). I look back at the model that AOL started where I paid \$20 a month to have access to their community and now I am paying that money to Verizon or Road Runner.**

**SH:** Yes, now you're paying the driver, the utility to be connected to what? And how much of that money comes to

you as a magazine publisher? Zero. We could have learned from cable industry and HBO. I pay a monthly fee to my cable company and half of it goes to HBO. But on the internet, some genius thought "free" was a good advertising model. They thought, let me increase traffic and money will follow, and guess what, advertising dollars didn't follow.

**JE: So what's the next step?**

**SH:** We need to put some common sense back into our business. That's the whole idea behind the MIC. How can we increase the value of our content? How can we use technology for this? My website should be like the trailer for the movie and send me to go buy the magazine. It should be like the appetizer that sends me for the meal. You don't need two Ph.D.'s in economics to know that "free" is not a good business model.

**JE: But free Internet has been the model now for 10-15 years. It's not going to change.**

**SH:** Yes, and now people have a sense of entitlement. If you don't give it to me for free, someone else will. So now we need to focus on how to create content that no one else can create, because if I'm going to charge for something, I'd better give you something of value. The web is great for information, but not for credibility. Anyone can be a "journalist" on the web and tweet or blog the who, what, where of an event, but that doesn't make him or her a journalist. We need to redefine what it is to be a journalist.

**JE: Magazines have been making extra money by selling the brand. Do you see that continuing?**

**SH:** I think some of these brand extensions have devalued the brand. With Coke you've got Diet Coke and Cherry Coke and Caffeine Free Coke and Caffeine Free Diet Coke. By extending the brands, we're devaluing them. In October alone, there were 99 new magazines and 87 were brand extensions. *Life* magazine had a brand extension on the "Biggest Mysteries of all Time," and *Time* had "Obama's First Year," and *Taste of Home* had

the "Best Casseroles Ever." Are these brand extensions helping or diluting the brand? I feel over the last few years that we've been so busy building lifeboats that we've let the ships go down. We need to turn our attention back to the main ship.

**JE: Yes, but some of these extensions are making money.**

**SH:** Yes, some do, especially when they have higher cover prices, which goes back to charging more for circulation. The average price of these extensions is \$8.66. But if you're just repurposing your edit and fishing in the same pond, the consumer is going to catch on. You need to use these extensions to reach new readers.

**JE: Do you think magazines translate well to the web?**

**SH:** This idea that readers are like rabbits, that they like to hop from one place to the other, is not necessarily true. If I enjoy the experience with a specific magazine, I may not enjoy the experience on your website, even if I like your magazine. There's no evidence yet that if I enjoy doing something with a brand in one medium that I will enjoy doing it in another medium.

**JE: Let's get back to the value of magazines. I believe they really are an effective and important medium that people have started to take for granted.**

**SH:** Exactly. When you describe magazines to someone, they say, wow, give me one. But we've lost our common sense by giving away our content and not promoting our value. If MIC does nothing but bring common sense back to the industry and focus on customers who count, and use technology, mobile and digital to amplify print products, we'll be in good shape. But we have to stop devaluing our content. And once we have the customers who count, the advertisers will come.

**JE: Has anyone done this recently?**

**SH:** *Food Network Magazine* is the success story of 2009 with a 1.1 million circulation. They asked 100 million households what they wanted and they said an ink on paper magazine.

**JE: Some major publishers are developing e-readers for magazines. What do you think of that format?**

**SH:** They will attract their audience but it will be limited. Some people like a leisurely five-course meal and others like to enter a hot dog-eating contest. Kindle and e-readers are for those who want to inhale as much information as they can as quickly as possible. The printed magazine experience, like one book at a time, is for people who want the experience of paper in hand. You can't compare this to the experience of an e-reader. Even if the e-reader hardware becomes thin and flexible, you don't get the experience of ownership or tangibility of that page. It's a page you can fold down, tear out or just turn. E-readers are a different media. They're virtual. It's like having a virtual spouse. At the end of the day, you're sleeping alone.

**JE: Do you think it would help if magazines marketed themselves better?**

**SH:** Yes, and again, over the past ten years, we've put on blinders and used dollars to chase pennies, building lifeboats and letting the ship sink. And some haven't awakened yet. Some are still dreaming of the e-paper. And history tells us that every magazine that folded in print and went to online only, will eventually fold on the web. Look at *Teen People* or *Golf For Women*. And if you think there's less competition on the web, think twice. ■

Excerpts from *The Twenty Tweetable Truths about Magazines* published by the MPA:

92% of U.S. adults read magazines.  
Source: Experian Simmons, 2009

Magazine subscriptions increased in the first half of 2009.

Source: MPA Info Center analysis of ABC First Half 2009 Fas-Fax

The top 25 magazines reach more adults and teens than the top 25 prime-time TV programs.

Source: Carat Insight, Nielsen September 2007-May 2008 (Primetime Schedule) MRI Fall 2008; MRI Twelve-plus 2008, Page 75 of MPA 2009 Magazine Handbook