



Consumer Magazines

Executive summary

The magazine business is one that has been disrupted so significantly, that defining what is or isn't a magazine is becoming difficult. For the traditional physical product, growth continues to be elusive, with the scale and frequency of titles unsustainable in an era of ubiquitous access to similar content at zero cost. The dominant Australian publishers, Pacific Magazines, Bauer Media and News Corp, have had to diversify their revenue streams so much that the masthead brand is the core product, and the medium by which it reaches consumers, be it social media, events and activations, website or the traditional magazine product, is very much secondary.

Stabilisation and/or growth for the magazine industry may come from revenue stream diversification, leveraging the strength of heritage brands to connect with audiences through multifaceted, customer-centric platforms, and using first party data and insights to increase understanding of audiences, in order to drive loyalty.

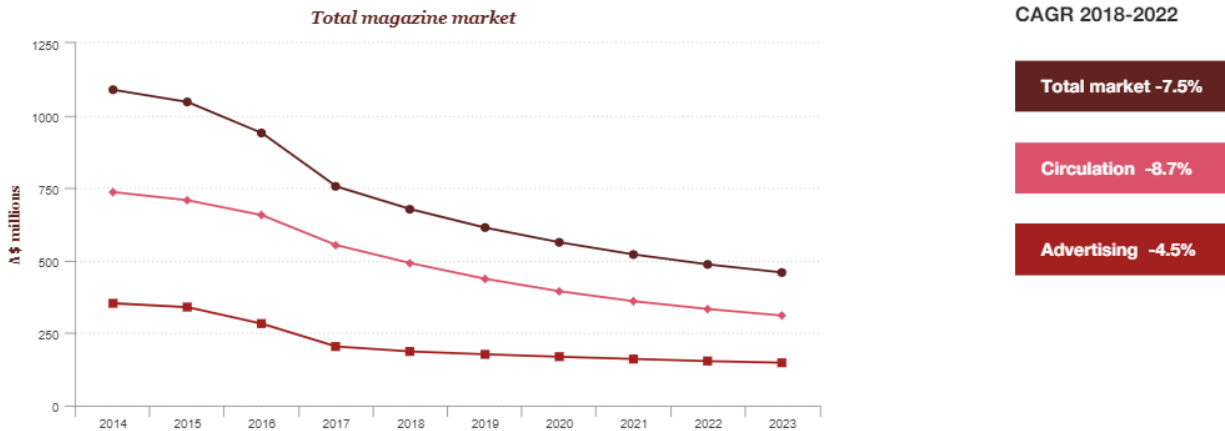


Growth Drivers

1. Revenue stream diversification
2. The strength of heritage brands
3. Application of data and analytics on improving product

Forecasts at a glance

Magazines orient towards consumer revenues as niche titles become more popular



Stabilisation at last for print

After a long period of decline, print magazines are expected to hold their readership numbers, where more than half of Australia's most popular magazines modestly increased their print readership from September 2017 to September 2018.¹ Mass women's magazines – once the beating heart of the industry – still have a loyal following with the Women's Weekly reaching over 1.5 million Australians,² with Paul Dykzeul, Chief Executive Officer of Bauer Media Australia & New Zealand explaining, 'traditional parts of the business that have been heavily criticised in the past are still going very strong.'³ The power and reach of the free-to-consumer *Coles Magazine* and Woolworths' *Fresh* magazines continues to enjoy more than ten percent readership growth in 2018,⁴ through their powerful distribution network and existing relationships with the suppliers who buy print advertising space in them.

The 'flattening out of top-line print revenue and growth in digital'⁵ will be critical in the next five years, however there is still profit to be made in the print assets in the interim where there is high quality, exclusive content.

Success lies with innovative and adaptive employees

Investment in people is front of mind in an industry where 'talent is the battle ground'.⁶ If given a dollar to drive growth, Gereurd Roberts would invest it in people, as he believes 'having the best employees is key'.⁷ Changing consumer demands and wider industry innovation requires innovative and adaptable staff to deliver success.

New skills and talents are highly sought after to continue the delivery of quality content amid evolving business models and revenue streams. As Paul Dykzeul remarks, 'it's hard to change a business if you don't have people who are willing to change'.⁸

Brands continue to be the key to success

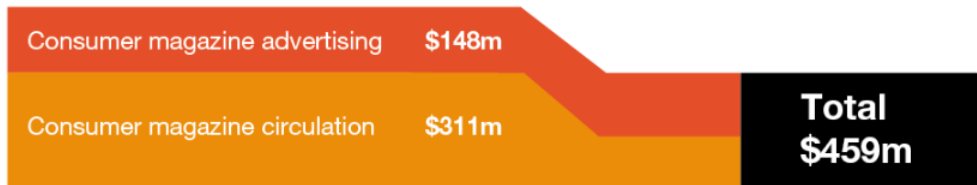
Success in the magazine industry continues to depend on brands delivering the right content, at scale. Remaining agile to changing consumer trends presents both a challenge and an opportunity, however, what will remain constant is that 'growth will take place off the back of great brands'.¹⁰

Given access to these brands is not solely via print, publishers must continue their focus on transitioning from a print-centric business model, to a multifaceted, customer-centric business model that focuses on user experience and utilises analytics to generate customer insights across all platforms.

'Growth will come from diversified revenue streams that sit on the back of great brands.'⁹

Paul Dykzeul, Chief Executive Officer Australia & New Zealand, Bauer Media

Australia's total spend by 2023 (A\$ millions)



Data and analytics offers growth opportunity

Digital platforms can generate real-time insights into audiences and can be used as a 'way of recruiting the next generation to the brand'.¹¹ As Gereurd Roberts, Chief Executive Officer of Pacific Magazines comments, 'innovation and agility is becoming more critical than ever'¹² in a digitally evolving world to ensure that readership growth opportunities are not missed.

Pacific Magazines recently invested in *Seventh Sense*, a customer data platform that 'marries brand interactions, shoppers' transactional, location and social data'¹³ to integrate tailored content to its consumers on various digital platforms. Investments such as these will help to keep traditional magazine

'Magazines are a great foundation stone, but now diversifying is becoming important.'¹⁴

Paul Dykzeul, Chief Executive Office Australia & New Zealand, Bauer Media

Revenue stream diversification

Publishers recognise that they have to step away from 'legacy thinking'¹⁵ and diversify their businesses in order to drive growth. Nicholas Gray, Managing Director of The Australian, NSW & Prestige Titles, News Corp, explains that while monthly print editions are still relevant, there are now 'many other dimensions to consider compared to when print was the only dimension that existed'.¹⁶

Publishers need to be agile and creative to maintain sustainable businesses and achieve growth. For example, events, mobile phone applications and retail have provided opportunities to step away from the traditional business model and are proving to be successful.

'We're not transitioning from 'print-first' to a 'digital-first' business but rather a 'print-centric' to 'customer-centric' business.'¹⁷

Gereurd Roberts, Chief Executive Officer, Pacific Magazines

Niche audiences are an avenue for brand development

Niche audiences continue to be important in the magazine industry. Paul Dykzeul has noticed that despite niche audiences representing a specialised area of interest, they form large groups of individuals who are extremely passionate compared to general readers.

In an era where content monetisation is becoming more of a challenge, niche audiences present a unique opportunity to develop an invested and loyal group of consumers for a selected publication. Adopting a 'long tail' business strategy, harnessing these audiences and targeting engagement through hosting consumer events has not only provided magazine publishers additional revenue but also a new avenue for brand development.

Total consumer magazine market (A\$ million)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2019-2023
	Historical data					Forecast data					CAGR
Consumer magazine advertising	353	340	283	204	187	177	169	161	154	148	
% change		-3.8%	-16.8%	-28.0%	-8.4%	-5.0%	-4.6%	-4.5%	-4.3%	-3.9%	-4.5%
Consumer magazine circulation spending	736	708	657	553	491	437	394	360	333	311	
% change		-3.8%	-7.1%	-15.9%	-11.2%	-11.0%	-9.7%	-8.8%	-7.4%	-6.6%	-8.7%
Total	1,089	1,047	940	756	677	614	563	521	487	459	
% change		-3.8%	-10.3%	19.5%	-10.5%	-9.3%	-8.2%	-7.5%	-6.4%	-5.7%	-7.5%

*2014-2017 figures have been updated to reflect most recently available information