

percent between 1989 and 1992, they dropped 1 percent in 1992 from their 1991 level. U.S. exports to Mexico, France, the United Kingdom, the Netherlands, and Bermuda recorded strong growth between 1989 and 1992. Most of these markets showed average annual growth rates of more than 25 percent during this period. Over the past few years, softness in the economies of many industrialized countries curtailed discretionary consumer purchases of items such as magazines. International distributors expect magazine sales to show substantial growth as global economic activity improves.

Some magazine publishers have found that with their revenues declining at home, they must seek readers abroad. More of them are exploring international markets not only in Europe but in Latin America, the Middle East, Africa, and Asia. Recently, Rodale Press, publisher of *Runner's World*, and General Media International, publisher of *Longevity*, launched South African editions of their publications through joint ventures. *Ms.* magazine began distributing in the United Kingdom, Australia, and New Zealand. *National Geographic* and *Time* are exploring the feasibility of launching Japanese-language editions of their magazines. Hearst Corporation has joined with Televisa S.A. of Mexico to have more of its titles translated into Spanish-language editions for the Latin American market. Currently, Spanish-language editions of Hearst's *Cosmopolitan*, *Harper's Bazaar*, *Popular Mechanics*, and *Good Housekeeping* are distributed in Latin America. A Canadian edition of *Sport Illustrated*, launched in 1993, encountered protests from Canadian magazine publishers. Under new Canadian government regulations, U.S. companies will have to obtain government approval for future Canadian editions of their magazines. For nearly 30 years, the Canadian government has imposed a number of restrictions on foreign magazines doing business in Canada.

U.S. publishers have been more cautious in approaching the Eastern European market, although a growing number of European publishers have sought business and investment opportunities in this area. These foreign publishers believe the market offers fast growth potential. The printing and publishing sector in Eastern Europe is in need of technical assistance for its publishing, printing, and distribution operations. Those foreign companies providing assistance are most likely to gain a strong foothold. *Reader's Digest* is planning to launch a Czech edition, and recently *Playboy* started a Polish edition.

Opportunities for U.S. magazine publishers in the world market continue to grow. Many U.S. publications are special-interest titles which are not available in other countries. The United States is the only country worldwide with a sufficiently large, affluent, and educated population to support a large number of special-interest titles. These titles appeal to a small segment of a country's population, and in most countries the population statistics do not support narrowly focused magazines. In addition, since English is widely read and spoken abroad, the language barrier does not greatly impede American magazine sales overseas. Ron Scott, a magazine industry consultant, notes in *Folio Magazine* that for many smaller U.S. special-interest magazines, international newsstand distribution offers an opportunity to sell a sizable number of copies and establish a presence in the international market.

U.S. imports of magazines climbed an estimated 20 percent in 1993, to about \$163 million. Major suppliers in 1992 were Canada (58 percent), the United Kingdom (15 percent), and Japan (6 percent.)

## Outlook for 1994

Publishers expect 1994 to be a better year for magazine advertising and circulation as economic activity picks up. Projected growth in Gross Domestic Product (GDP) and corporate profits should encourage companies to increase their advertising budgets. If advertisers and consumers are more confident about the economy in 1994, U.S. magazine industry receipts could rise 2 to 3 percent in constant dollars. Advertising pages will likely increase modestly for consumer and business and professional publications, in the range of 2 to 4 percent, while circulation for both magazine groups will probably be flat or up less than 1 percent.

Even though real disposable personal income is expected to grow at a slightly slower rate than in 1993, increasing consumer confidence could produce more stability in magazine circulation than has existed over the past few years. With so many new titles, the shakeout of weaker titles could continue in 1994, especially in the absence of strong advertising growth.

Major costs, such as for printing, paper, and ink, should increase an average of 2 to 3 percent in 1994, unless demand rises sharply. No postal rate increases are expected before early 1995.

## Long-Term Prospects

Magazine publishers will work harder over the next five years to maintain their share of media advertising and hold on to valuable readers. With an increasing array of media choices available to advertisers and a growing number of leisure-time options open to consumers, magazine publishers will have to be more responsive to the needs of both groups. Publishers will provide a broader range of information services to readers and advertisers in various media formats, rather than focus only on magazines as the sole advertising medium for their customers. If GDP and advertising grow at a moderate rate over the next five years, the magazine industry should increase its receipts at an average annual rate of 1 to 2 percent in constant dollars.

Narrowly targeted magazines will gain more favor among advertisers in the next few years, since more readers are being attracted to publications that mirror their lifestyles and interests. While circulation for these publications is generally small, advertisers are finding these publications give them a better opportunity to reach consumers interested in their products. The editorial content of more and more magazines will be aimed at reaching specific age or demographic groups. Publishers will concentrate on providing higher quality editorial content for their special-interest publications by offering selective sections in their magazines or supplemental editorial content geared to the specific needs and interests of readers. These selective editorial options for readers not only add more editorial value to a magazine but also give advertisers added value for their advertising dollars. Selective binding techniques that permit publishers to create a number of customized editorial editions of a single issue of a magazine will become more commonplace over the next few years.

Publishers also will make greater use of their own subscriber databases in developing information profiles of their readers that both they and advertisers can use to market a wide range of other products. Magazines that are best able to identify their readers, the interests of these readers, and advertisers who desire to reach this audience will have an advantage over other magazine and media competitors. Increasingly, magazine publishers will have to demonstrate to advertisers how magazine advertising fits into advertisers' overall marketing plans.