

Advertising gains for the business press were also more impressive early in the year but slowed during the second quarter. Advertisers were cautious in their advertising spending because of lower-than-expected consumer purchasing and their own uneasiness about the health of the economy.

Competition from television, special advertising promotions, and direct mail became more intense as publishers vied for shrinking advertising dollars. Magazines continued to fight their image as a secondary advertising medium by offering advertisers targeted markets for their products through a growing number of special-interest publications and ancillary products.

Industry cost-cutting measures implemented during the recession were expected to boost profit gains during 1993. Over the year, publishers focused on the effectiveness of magazine advertising, the profitability of circulation, and on the growing importance of pleasing their readers. In addition, publishers directed their attention to recycling issues and state and Federal tax proposals affecting magazines.

Advertising Recovery Slows

After experiencing their strongest first quarter in eight years, consumer magazines' advertising growth halted in the second quarter. Publishers Information Bureau reported that for the first quarter, advertising pages rose about 6 percent and advertising receipts climbed about 12 percent from the first-quarter 1992 level. During the first seven months of 1993, advertising pages were up nearly 2 percent from the same period in 1992, and advertising revenues increased about 6 percent, reflecting the slowdown in growth during the second quarter and advertising page and revenue declines in July. In many instances, large advertisers reconsidered their advertising commitments to magazines and canceled or cut back their scheduled advertising on short notice as business growth slowed. Publishers resorted to advertising rate discounting and special offers to attract advertisers. For the year, advertising pages grew 1 to 2 percent, and advertising receipts rose 5 to 6 percent. Consumer magazine groups recording the most growth in advertising revenues in 1992 included woman/fashion/service, outdoor and sports, national business titles, and computer magazines. In 1993, advertising recovery for magazines was spotty; some magazines in special-interest segments did well while others in the same group recorded declines.

Most of the top 10 consumer magazine advertising categories recorded revenue gains during the first half of 1993. Categories showing the largest increases were drugs/remedies, direct-response companies, business/consumer services, and toiletries/cosmetics. Computer/office equipment/stationery and cigarettes/tobacco experienced substantial declines.

Business and professional magazines as a group saw no growth in advertising pages in 1992, and very little overall growth in pages was likely in 1993. *International Business Communication's 1994 Business Press Outlook* projected an 8 to 9 percent gain in advertising revenues in 1993, based on the 250 business publications tracked. American Business Press, the major trade association for business publishers, expected advertising revenues to rise about 4 percent in 1993. Advertising recovery for business publications groups was mixed, with some sectors performing very well, and others doing poorly. Groups that did well included computers, electronics, telecommunications, and long-term health care. Those performing

poorly included aviation and aerospace, advertising and marketing, and construction-related publications.

From 1982 to 1992, advertising's share of total magazine receipts have declined slightly for both consumer magazines and the business press. In 1982, advertising accounted for 55 percent of total consumer magazine receipts. By 1992 it had fallen to 51 percent. Over the same decade, advertising receipts for business and professional publications dropped from 63 percent of total receipts to 60 percent. A growing number of business and professional magazines have gone from controlled circulation (sent free to industry executives and professionals) to paid circulation as advertising revenues have become more difficult to obtain. As their advertising receipts have become more unpredictable, consumer magazines have looked more to increasing circulation revenues.

Circulation Declines

Economic uncertainty, weak consumer confidence, and modest gains in real disposable personal income took their toll on consumer magazine circulation in 1992 and 1993. Although a record number of new magazines were started in 1992, magazine suspensions increased in a number of magazine groups in 1992 and 1993.

Audit Bureau of Circulation (ABC) data for 1992 reported that for the 570 consumer magazines tracked, total circulation fell for a second consecutive year. Annual combined circulation per issue for single-copy and subscription circulation each declined by about 1 million. Single-copy circulation totaled about 71 million per issue, while subscriptions numbered about 292 million per issue for consumer magazines. This was the first time since 1976 that subscription circulation fell for these ABC-audited magazines, although in 1991 subscription circulation was virtually unchanged from the previous year.

Newsstand magazines accounted for 20 percent of total consumer magazine circulation in 1991, but for 31 percent of total magazine circulation revenues; subscription represented 80 percent of circulation and 69 percent of circulation receipts.

Over the past decade, publishers have charged higher cover prices for newsstand editions of their publications than for subscriptions and have also increased rates on newsstand prices more rapidly. However, higher magazine cover prices in recent years have led to declining newsstand sales as consumers became more cautious in their purchasing. In the past few years, publishers have resisted increasing magazine cover prices but have attempted to make subscription sales more profitable. According to ABC data on the 50 leading magazines' cost to readers, the average single-copy price of a magazine rose from \$2.65 in 1990 to \$2.67 in 1992, an increase of less than 1 percent. By comparison, the average subscription price rose 2 percent, going from \$27.11 in 1990 to \$27.77 in 1992. During the 1987-90 period the average yearly single-copy price climbed 20 percent, as the average yearly subscription price increased 11 percent.

Changing Industry Profile

The *Gale Directory of Publications* listed 11,143 U.S. periodicals (consumer, farm, and business) for 1992, 96 fewer than in 1991. The *Consumer & Farm Magazines* publication of Standard Rate and Data Service reported a total of 2,318 consumer and farm publications in 1992, 42 more than in 1991. According to Samir Husni's *Guide to New Consumer Magazines*, a record 679 new magazine titles were launched in 1992,