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Series: Speech File Backup Files
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OA/ID Number: 13723
Folder ID Number: 13723-009

Folder Title:
Magazine Publishers Association 7/16/90 [OA 8314]

Stack:	Row:	Section:	Shelf:	Position:
G	26	20	6	4

No reference to book publishing industry?
Note could take place before remarks.

(Smith/Garney)
July 16, 1990
5 P.M.
BAL

PRESIDENTIAL REMARKS: MAGAZINE PUBLISHERS
TUESDAY, JULY 17, 1990
WASHINGTON, D.C.
11:30 A.M.

Are they there?

Chairman Diamandis, President Kummerfeld, members of the Magazine Publishers Association, ladies and gentlemen.

((Let me begin with a confession. I'm a magazine junkie. I say that even though you keep saying I have no vision. Sorry, I just don't see it. // But maybe there's a reason we don't always see eye to eye. Here I am traveling around planting trees -- and you're cutting them down to print magazines.))

insulting

Seriously, I have a brief statement to make -- and then I'll be delighted to take questions.

Yesterday, I sent a letter to the House leadership urging passage of a Constitutional Amendment mandating that government spend no more money than it takes in each year. The House will vote on this amendment today. I call on it to act to restore fiscal integrity to government.

BB

interchange

This Constitutional Amendment provides for a balanced budget for the United States government. Not somewhere -- not sometime -- but now -- period. // It will give us the tools to help solve the budget deficit. It will provide the most fundamental change needed in the Federal budget process -- and, hopefully, a change long needed in the minds of too many who measure progress

made by dollars spent. // A change, incidentally, which would make them view taxes as a last -- not first -- resort.

Already, more than 30 State legislatures have called for a constitutional convention to mandate a balanced budget. They know that such an amendment will curb debt -- protecting Americans of future generations. And help this generation by encouraging the responsibility that will let us put -- and then keep -- our financial house in order.

Today, Congress has the chance not merely to follow the States' lead -- but to take the lead. The balanced-budget amendment will make it harder -- much harder -- for Congress to approve a rise in the government's borrowing limit. Together with the line-item veto Constitutional Amendment -- which I also urge the Congress to pass -- it will acknowledge what the people already know: The time for reckoning can be postponed no longer.
The day for hard choices is here. //

The ~~balanced-budget~~ Constitutional Amendment says to each American: Government exists to do your work -- not the other way around. // So I call on Congress to pass it -- and ensure the ~~fiscal sanity that leads to~~ lower debt, lower interest rates, more jobs, and more prosperity. This magnificent Nation deserves no less -- and we, as her trustees, can afford to do no less. Now, I'll be glad to answer questions.

#

Not traditional
market-oriented Conservative ideology

Consider

amendment

new language

MPA: July 17, 1990

Report #2: July 16, 1990

Curt,

Enclosed please find a rough draft of the President's letter to House leaders, to be sent over to the Hill later this afternoon.

In the letter, the President urges "prompt adoption" of an amendment to the Constitution (H.J. Res. 268) to (1) provide for a balanced budget for the United States Government, and (2) allow for greater accountability in the enactment of tax legislation. The President writes that the Amendment is needed in order to "help restore fiscal integrity to the Government."

The President goes on to call such an amendment "the most fundamental change needed in the Federal budget process...both necessary and appropriate to protect the interests of citizens not now able to represent themselves: the citizens of future generations."

The President finally notes that 30 State legislatures have already called for constitutional conventions to discuss similar legislation.

The President further uses the letter to express his support for a (separate) line-item veto Constitutional Amendment. In reference to the line-item veto, considered along with the other proposals, the President writes that "these tools are vital to solving the problem of budget deficits."

DRAFT

[DATE]

Dear [NAME]:

I am writing to urge prompt adoption of H.J. Res. 268, which proposes an amendment to the Constitution to provide for a balanced budget for the United States Government and for greater accountability in the enactment of tax legislation. In order to help restore fiscal integrity to the Government, we need such a balanced budget amendment, along with a line-item veto constitutional amendment, and enhanced rescission authority for the President. Together with political courage and discipline, these tools are vital to solving the problem of budget deficits.

A constitutional amendment to require a balanced budget is the most fundamental change needed in the Federal budget process. A balanced budget amendment is both necessary and appropriate to protect the interests of citizens not now able to represent themselves: the citizens of future generations. The seriousness of this issue is reflected in the fact that more than 30 State legislatures have already called for a constitutional convention for this purpose.

A balanced budget amendment must also include safeguards against a resort to higher taxes as a means of complying with the constitutional mandate. Section 4 of H.J. Res. 268 includes such a safeguard, although I would replace the word "revenue" in that provision with the word "taxes," in order to avoid impeding increases in non-tax revenues such as user fees.

Section 2 of H.J. Res. 268 also includes a safeguard against inappropriate increases in the public debt. I support this provision, although I note the need for one technical change. The public debt includes Treasury securities held by Government trust funds, and rising trust fund surpluses can cause the public debt to increase even when the overall budget is in balance. In order to avoid triggering the requirements of section 2 when the budget is balanced, I recommend inserting the words "held by the public" after "United States."

I am prepared to continue working with the Congress to enact meaningful, credible, and effective budget reforms. Adoption of H.J. Res. 268 will be an important first step toward this goal, which is crucial to our Nation's long-term economic health and prosperity.

Sincerely,

[INSIDE ADDRESS]

Remarks by the President to the Magazine Publishers Association:
Tuesday, July 17, 1990; Rm. 450, OEOB.

Talking points:

I. On Magazine Publishers Association (MPA)

-MPA was founded in (1976)

-Peter Diamandis is the Chairman of the MPA, and Donald D. Kummerfeld is the President. These two men lead a staff of just 38 people.

-MPA is most involved with its annual Kelly Award for advertising, the Henry Johnson Fisher Award for contribution to the magazine community, and its Landmark Research Project. MPA is also active through its member committees such as the Postal Committee, Research Committee, Marketing Committee, Tax Committee. These committees join with the MPA staff to deal with such challenges as improving the climate for magazine sales, increasing educational opportunities for young people with an interest in publishing, or fostering more international exchange in the publishing industry.

-First Lady Barbara Bush was the featured speaker at MPA's seventieth annual conference, at which time Mr. Diamandis presented her with a check for \$20,000 which was donated in her name to the Foundation for Family Literacy.

-MPA is international: last year six new publishing members from four countries joined MPA, making a total of 41 publishers from 18 nations.

II. On magazines:

-Today's \$15 billion magazine publishing industry traces its origins to magazines that were introduced into Colonial British America: Andrew Bradford's **American Magazine**, and Benjamin Franklin's **General Magazine**. The latter was introduced three days after the former in January, 1741.

-Six months later, both magazines were defunct. By 1800, however, one hundred publications had been founded.

-Today (1989), there are 11,556 magazines in the United States, with almost 500 new magazines issued each year. (That's 1.3 new magazines launched every day.)

-People read magazines: American consumers are buying more magazines than ever before: 77% percent increase in circulation over the past twenty-five years compared to a 50% growth in U.S. adult population.

-Americans buy on average 36 magazine copies per year, compared to 30 copies per person ten years ago.

-88% of the U.S. population 18 years of age or older read one or more magazines a month, that's 156.3 million adults. (90% for women, 85% for men)

-In the ten year period ending 1989, magazine advertising revenues doubled from \$2.7 billion to \$6.6 billion. Advertising revenues jumped 580% in the past quarter century from \$.97 billion to over \$6.6 billion in 1989. (NOTE: these figures represent the larger consumer magazines measured by Publishers Information Bureau, reflecting 85% of total consumer magazine ad revenue.)

-Magazine editorial pages play a significant role in mobilizing public interest and awareness on a variety of topics. For example, editorial pages helped to create recent interest and concern among Americans regarding health and nutrition issues. (Opportunity for a good joke here on anti-Bush editorials; ie. ...help create interest on a variety of issues, including, I might just add, the limited vision of this President...)

-People trust magazines: a recent study of the media revealed that among media sources, magazines were by far the medium that consumers most counted on for their primary source of knowledge, information, and usable ideas. A majority of respondents said that magazines best fit their personal needs and lifestyles, 65% greater than television, three times greater than newspapers, and ten times greater than radio.

-Magazines are constantly improving: new technology including paper reproduction innovations, the polybag wrap, desktop computers, inkjet imaging, and involvement devices such as a 3-D viewer or voice message, all of which will allow for even more personalized and customized communications to readers in the 1990's.

III. Good language:

Every magazine has a distinct personality. A real conversation takes place between a reader and an editor. Reading a magazine is an intimate, personal, involving experience...

A magazine is a tangible enduring companion, a friend that you can enjoy at home, at work, traveling, anywhere at all. Magazines are portable, informing and entertaining. The intrinsic, informational character of a magazine makes it an integral part of daily living.

Magazines can deliver highly targeted, quality audiences with more product purchasing power than any other mass media. That is why the 90's will be a decade of great opportunity for marketing magazines to advertisers and readers. (Taken from: The Magazine Handbook, #59.)

IV. Humor possibilities:

-something about the Sports Illustrated Swimsuit issue. Perhaps in reference to the number of Americans who read magazines, ie. ...Of course this President is proud to be among the 156.3 million Americans that reads at least one magazine. In fact not once have I missed the annual SI swimsuit issue since it started coming out...

-re. nasty editorials, see above.

A Balanced-Budget Amendment?

House Supporters Expect Close Vote Tuesday; Opponents Confident

By John E. Yang
Washington Post Staff Writer

Rep. Thomas R. Carper (D-Del.), whose degree from Ohio State University is in economics, says there are times when the federal government must spend more money than it collects. But the moderate Democrat and former state treasurer wants to make federal budget deficits unconstitutional.

"We're mismanaging our fiscal state so badly, clearly we've got to do something," he said. "Clearly something is out of whack here."

Carper will get his chance to set things straight Tuesday when the House is to vote on a proposed constitutional amendment, cosponsored by Carper and a bipartisan group of 247 of his House colleagues, that would mandate that the government spend no more money than it takes in each year.

The balanced-budget amendment is a perennial issue in Congress. It is backed by lawmakers in both parties and is advocated by President Bush, as it was by then-President Ronald Reagan. All but one of the states have provisions in their constitutions requiring a balanced operating budget. Public opinion polls show wide support for adding the language to the federal Constitution, and more than half the state legislatures around the country have called for a constitutional convention to draft such an amendment.

But Congress has never approved the constitutional change and constitutional scholars and budget experts alike question whether it belongs in the nation's fundamental charter and whether it would even accomplish its goal.

Supporters of the amendment said last week that Tuesday's vote is too close to call. They said their chances are helped by the current focus on the budget deficit and the attendant political posturing. Lawmakers may find it easier to cast politically difficult votes to raise taxes or cut spending if they have already voted for a balanced-budget amendment, backers said.

But House Democratic leaders,

who oppose the proposed change, were confident the measure would not win the two-thirds majority needed for approval. Constitutional amendments must be approved by two-thirds of the House and Senate and ratified by the legislatures of three-fourths of the states.

A similar proposal is pending in the Senate. Its backers said they will wait for the outcome in the House before seeking a Senate vote.

The version the House will consider would require that Congress set into law at the beginning of each fiscal year a projection of how much money the government will collect. Spending could not exceed that estimate unless three-fifths majorities of the House and Senate approve.

It would also require a roll-call vote on any tax increase and three-fifths majorities to approve a rise in the government's borrowing limit.

Critics complained that the proposed amendment would dictate a result without offering a solution. "Even though I have read and reread the proposal, I am still unsure how it is supposed to operate," said Walter Dellinger, a Duke University law professor. "It provides no apparent mechanism for accomplishing its stated objective."

Backers acknowledged that the amendment alone would not cure the nation's fiscal woes. "This constitutional amendment is not an immediate fix," said Rep. Larry E. Craig (R-Idaho), a prime sponsor of the measure who is running for the Senate. "But it is a fundamental change in the budget environment. If the process doesn't require a balanced budget, it won't happen."

"The federal government has squandered its credibility with the American people," said Rep. Charles W. Stenholm (D-Tex.), another leading cosponsor. "Nothing short of this amendment will restore it."

Carper said the importance of the amendment lies in the hurdles it would place in the way of increasing both spending and taxes—hurdles that lawmakers would not be able to lower simply by changing a law. The Gramm-Rudman-Hollings deficit-reduction law, by contrast, ap-

pears headed this year for its second overhaul in three years.

"We will know with certainty that there's a day of accounting that's around the corner and we can't change it with a mere statute," Carper said. "It's a constitutional backstop."

But others do not see that as a virtue. "We shouldn't amend the Constitution for budget process," said Rep. Mike Synar (D-Okla.). "It is irresponsible."

Dellinger said adoption of the amendment "could be truly harmful to the Constitution" by placing "an empty promise" into the document. "It would breed deep cynicism to have an article of the Constitution of the United States that was unenforceable and could not deliver what it seemed to promise," he said.

Budget experts said a balanced-budget amendment is not a solution to the nation's fiscal problems. Many state governments have developed a wide range of mechanisms to circumvent their constitutional balanced-budget requirements, including off-budget independent agencies and classifying operating expenditures as capital spending.

"Human ingenuity knows few bounds when it comes to avoiding budget constraints when they conflict with political incentives," said Rudolph G. Penner, a former Congressional Budget Office director who is a senior fellow at the Urban Institute.

Even if the proposed amendment fails Tuesday, the vote itself represents a victory for its backers. Carper, Craig, Stenholm and Rep. Robert F. Smith (R-Ore.) were joined by 84 Democrats and 160 Republicans in introducing the proposed amendment in May. It was bottled up in the House Judiciary Committee, but sponsors forced a floor vote by collecting the signatures of a majority of House members.

Such drives rarely succeed. Since the procedure was adopted in 1931, only 43 of 482 attempts have succeeded in forcing a House vote, according to the Congressional Research Service. Only 18 have resulted in the passage of legislation.



"We're mismanaging ... so badly, clearly we've got to do something."

—Rep. Thomas R. Carper

The push for a balanced-budget amendment gained momentum in the 1970s. By 1984, 32 state legislatures—two short of the number required—had called for a constitutional convention to make the change.

Lawmakers in Washington responded by introducing amendments of their own. The closest proponents came was in 1982, when the GOP-controlled Senate approved a balanced-budget amendment 69 to 31, two votes more than necessary. Despite personal lobbying by Reagan and then-Vice President Bush, the House failed to approve the measure on a 236 to 187 vote, 46 votes shy of the two-thirds majority.

The most recent congressional vote on a balanced-budget amendment came in 1986 when the Senate defeated a proposal from Sen. Paul Simon (D-Ill.) on a 66 to 34 vote, one vote short of the needed majority.

Re To Figure

By
Washington

The White House has announced its plan to increase its budget deficit to \$10 billion. News has been reported that budget talks between leaders, accountants and congressmen.

Office of Management and Budget Director Robert G. Darman's most recent figures are generally higher than the \$159 billion deficit figure excludes interest payments and loan charges. The increase from the 1989 billion to \$227 billion.

The number of House and congressional members in talks about federal budget cuts is manageable size. The size of the House and congressional members in talks about federal budget cuts is manageable size. The size of the House and congressional members in talks about federal budget cuts is manageable size.

According to Rudman-Hollings law, the 1991 budget cannot exceed \$64 billion. Talks fail to come of that target cuts take effect. Congressional administration officials say the budget is \$60 billion adjustment in the Hollings target.

The economic impact of the release of just how wide the government's fiscal year will be. Because of the Gramm-Rudman-Hollings law, the increase in spending

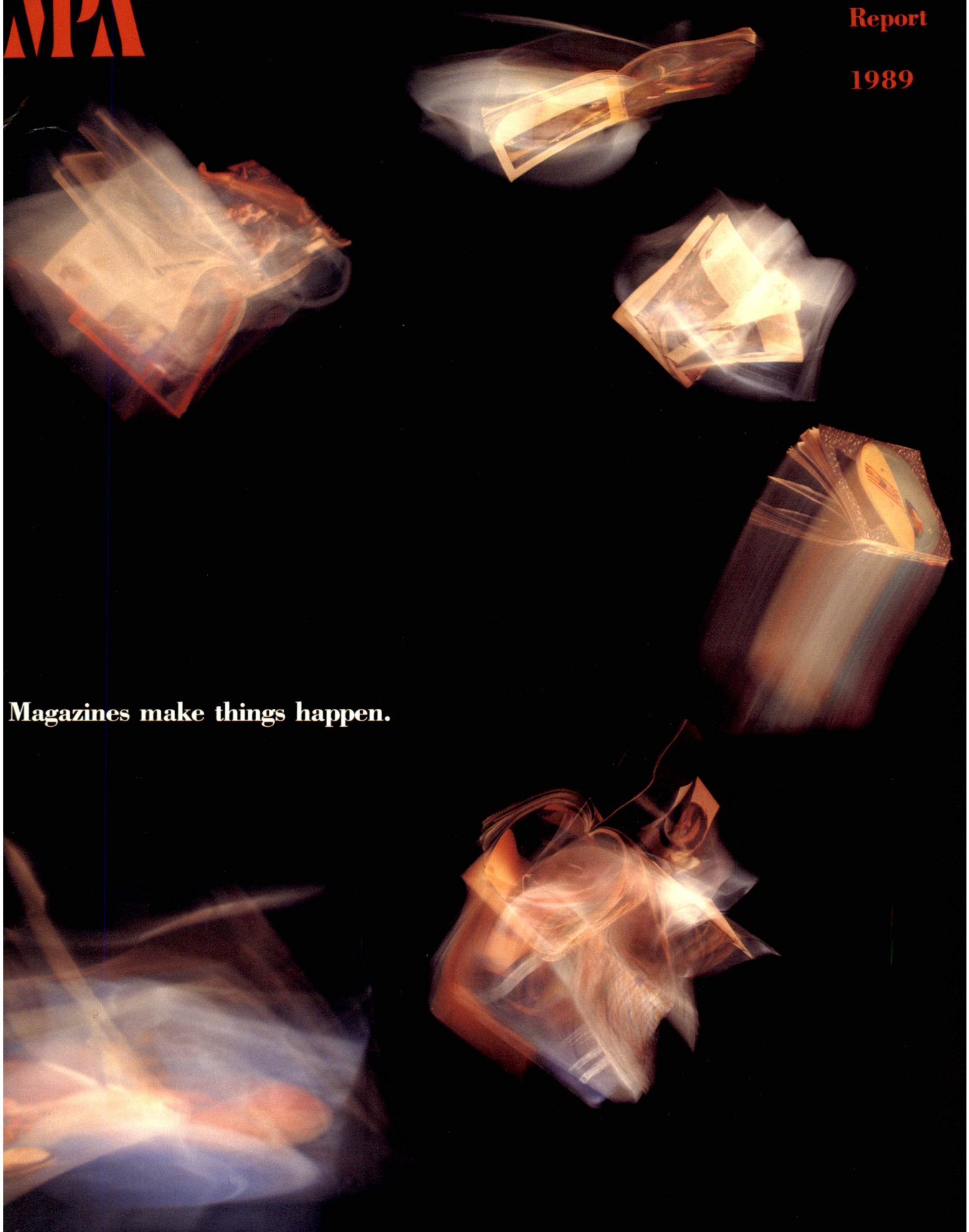
MPA


Annual

Report

1989

Magazines make things happen.





Mission Statement

To support and promote the editorial and economic vitality and the integrity of MPA member publications.

To be the marketing force to increase the share that magazines capture of advertising dollars and of reader time and money.

To defend the freedom to write and publish under the First Amendment.

To be the primary source of information and expertise about the publishing industry for both its members and the community at large.

To advocate and litigate on behalf of the industry.



Peter Diamandis, Chairman



Donald D. Kummerfeld, President

1989

was a good year for consumer magazines. For the first time since 1984 we enjoyed double-digit growth in magazine advertising — up almost 11 percent over that of 1988. We outperformed the market in 1989 and “moved the needle” by increasing our share of the advertising market. However, as the year ended, magazine advertising revenue growth dropped sharply in the context of a generally bearish economic forecast and a more cautious advertising spending environment. As a result, magazine publishers and all media anticipate less buoyant growth in 1990.

Audited circulation continued to grow at about 3 percent in 1989, outpacing the growth of the U.S. population. New magazine launches continued at unparalleled rates and the market value of magazine properties remained at historic peaks, although the pace of major magazine acquisitions declined.

For MPA, 1989 brought new leadership to our Washington office and a strengthened presence in the nation’s capital. We spearheaded a successful campaign to prevent the federal government from enacting taxes on advertising, and we worked closely with advertising associations to defeat proposed ad tax legislation in several states. We also joined with other classes of business mailers in creating the Mailers Council to attack spiraling postal costs, which inevitably result in higher postal rates.

The ambitious MPA advertising marketing program inaugurated in 1988 gained momentum in 1989. A new video presentation, “Magazines Make Things Happen,” dramatized the involvement of magazine readers in editorial and advertising content. New leadership in our Detroit office, plus an impressive new automotive presentation, “The High Performance Option,” made good things happen for magazines in our largest advertising category. New long-term research on magazine advertising effectiveness was begun. And the Kelly Award program, to stimulate more creative magazine advertising, gained new momentum with the first gala black-tie award dinner in June which starred Patti LuPone and honored the winning campaign for Absolut vodka.

Also in June, the first MPA/*Folio*: Magazine Publishing Congress in New York attracted more than 2,500 participants, providing an auspicious start to the new partnership between MPA and *Folio*:. The American Magazine Conference, held in Naples, Florida, in October and featuring First Lady Barbara Bush, Lee Iacocca and several major advertiser CEOs, was enjoyed by more than 700 members. Reports were that it was one of the best conferences ever held.

In 1989, MPA strengthened its financial condition with an operating surplus of nearly \$160,000, and a gain on sale of securities of \$158,000. This resulted in an addition to the MPA fund balance of \$318,000. We believe the association is in a sound financial position to meet the challenges of the 1990s.

As we enter a new decade, we are keenly aware of the challenges to the continued growth and prosperity of the consumer magazine industry: an expected economic downturn and reduced advertising spending; continued pressure on advertising rates; increased competition within the industry from new titles; the need to prove the effectiveness of magazine advertising; spiraling postal costs and escalating costs of circulation and production; and continuing threats from federal and state governments to tax and restrict advertising — our lifeblood.

These are serious and daunting challenges, and overcoming them will require greater cooperation among members who are highly competitive in the marketplace. MPA exists to make effective joint action possible in attacking our common problems. Magazine publishers working together through MPA do make good things happen.



Magazine Publishers of America is the industry association for consumer magazines. Established in 1919, MPA is headquartered in New York City and has offices in Washington, D.C., and Detroit. It is governed by four officers and a 35-member Board of Directors elected by member companies.

MPA has a staff of specialists in government affairs, publishing management, circulation marketing, advertising marketing, research, promotion and communications. Twenty committees composed of MPA staff and executives from member publications regularly assess developments in the industry, formulate the association's positions on issues affecting magazine publishers and plan industry seminars. In addition, MPA's New York office maintains a multiservice library for member use.

MPA membership is available to publishers of magazines distributed primarily in the United States and issued at least quarterly. Associate membership is open to suppliers and to international publishers. MPA's roster includes more than 200 publishers who produce more than 800 magazines, plus 55 associate and 41 international members.



Introduction

With limited resources — 38 people in all, including staff in Washington, D.C., and Detroit — MPA relies heavily on the expertise of member companies in formulating and carrying out the myriad of activities described in this report.

This high level of activity is, of course, the result of hard work and smart use of limited resources on the part of MPA's staff. But it is especially the product of MPA's indispensable committee system, which involves members in every aspect of MPA activities and programs. The committees are truly crucial to MPA. They provide the primary forums for member participation in the association. The concerns of individual publishers as well as general issues of the industry are considered by the appropriate committee and addressed by other members. This can lead to industry-wide initiatives that benefit all magazines.

MPA's Kelly Award program and its pending landmark research project, as well as its successful legislative and postal efforts in Washington, are examples of the actions and efforts of MPA committees. Subject to practical limitations regarding the number of people who participate at any one time, membership on MPA committees is open to any MPA member company on request.

In this report, special attention will be directed at four of our 20 committees: the Postal and Tax Committees, which meet regularly with MPA's Executive Vice President/Government Affairs George Gross; and the Marketing and Research Committees, which meet with Executive Vice President/Marketing Development James Guthrie and Vice President/Research Marian Confer, respectively.

In the following pages, you will read about these four committees in some detail. But all MPA's other committees are also busy, involving member magazine executives in vital programs that benefit the entire magazine industry.

The boardroom fills up for a guest presentation by Paul du Charme, vice president and director of print media at Grey Advertising in New York.



MPA Postal Committee

Gary Baer
Reader's Digest
Chair

Phil Alexander
Crosby Vandenberg Group, Inc.

William Allen
Hearst Magazines

Clark Cruze
Diamonds Communications Inc.

Laurence Flynn
Hearst Magazines

Jim Forsythe
Essence Communications, Inc.

Richard Funk
Meredith Corp. Magazine Group

Datra Hawkins
The Goldfish Group, Inc.

Robert Inhofe
Meredith Corp. Magazine Group

Gerald Palansky
Family Circle, Inc.

Deane Raley
The Time Inc. Magazine Co.

Robert Rhinehart
Routledge Press, Inc.

Ted Russel
The Time Inc. Magazine Co.

Howard Schwartz
Condé Nast Publications, Inc.

Kit Taylor
Times Mirror Magazines, Inc.

Wayne Tinch
Scholastic, Inc.

Tom Tully
McGraw-Hill, Inc.

Jack Widener
Newsweek, Inc.



Postal Committee

The Postal Committee, under the chairmanship of Cary Baer of *Reader's Digest*, met four times in 1989, carrying out a very busy year of activity on postal matters.

The committee's chief activity was preparing for full participation by MPA in the next postal rate case, filed in March 1990. The committee reviewed the decisions of the Postal Rate Commission on the 1987 rate case, developed tentative recommendations to the Government Affairs Council on issues likely to come up in 1990 and directed the staff to undertake a comprehensive survey of MPA member mailing activities (including information on quality of service received) to be used in the 1990 case. In the coming year, the committee will analyze the U.S. Postal Service's new postal rate increase proposals and make recommendations to the Government Affairs Council, which reviews and approves policy positions on behalf of the MPA Board of Directors.

The committee also worked with the Postal Service on new regulations on advertising supplements to second-class publications contained in polybags and on proposed limits on bound-in multipage ads. On March 19, 1989, the Postal Service issued final polybag regulations that included most of the recommendations made by MPA. It also agreed with MPA that regulations on bound-in multipage ads were not needed.

During the year the committee also heard presentations by USPS officials on Postal Service marketing activities and new first-class delivery standards to go into effect in 1990.

▲ Washington, D.C. — (left to right) Postal Committee Chairman Cary Baer (*Reader's Digest*), Rep. William D. Ford (D-MI) and MPA Executive VP/Government Affairs George Gross.

◀ Baer and Gross review their meeting with Rep. Ford, who is Chairman of the House Committee on Post Office and Civil Service.

Research Committee

The Research Committee acts as a “watchdog” to the magazine research industry and serves as a forum where research companies can present results of research studies and plans to conduct future studies.

During 1989, MPA initiated a long-term research project, in cooperation with major national advertisers and agencies, to measure the impact of magazine advertising in conjunction with television. The study’s objectives are to raise the consciousness of advertisers and their ad agencies about the need to pretest print ads to determine how well they communicate marketing objectives to consumers; and to determine the synergy between magazine and television advertising. Twelve national brands will be studied during 1990, three at a time.

MPA and Publishers Clearing House have commissioned Audits and Surveys, Inc., to conduct a study entitled “How and Why People Buy Magazines.” This quantitative study, to be conducted in 1990, is an update of a similar study conducted in 1976. The MPA Research and Circulation Marketing Committees have contributed to the development and design of the study. Results will be presented at the American Magazine Conference in October 1990.

The Research Committee is again conducting a “Survey of Ad Agencies’ Use of Syndicated Audience Services” that includes 115 ad agencies around the United States. Results will be available in late April/early May to MPA members exclusively.

“The 1990–91 Magazine Handbook: A Comprehensive Guide to Magazines for Advertiser, Ad Agency, and Magazine Marketers” is a single-source reference for information about magazines. The handbook, available in 1990, offers a comprehensive portrait of a medium that is perfectly positioned to help smart marketers communicate effectively in the decade ahead.



▲ Elmsford, New York — Research Committee members monitor a focus group on consumers’ attitudes toward magazines.

► (left to right) Don McGlathery (Petersen Publishing), Eckart Guthe (Condé Nast), MPA VP/Research Marian Confer and Executive VP/Marketing Development Jim Guthrie.

MPA Research Committee

Don McElathery
Petersen Publishing Co.
Chair

Eckart Guthe
Condé Nast Publications, Inc.
Vice-Chair

Lon Benincasa
Travel & Leisure

John Bonard
The Time Inc. Magazine Co.

David Carey
Cosmopolitan

Hugh Curley
Better Homes & Gardens

Wayne Eadie
Newsweek, Inc.

Robert Fitzpatrick
Straight Arrow Publishers, Inc.

Bruce Gershtfeld
Diamond's Communications Inc.

Anne Goldstein
The Goldfish Group, Inc.

Steve Graenberger
Times Mirror Magazines, Inc.

Jim Haughay
Cahners Publishing Company

Rick Jones
Reader's Digest

Pat Keane
Redbook Magazine

Carol Major
Smithsonian Magazine

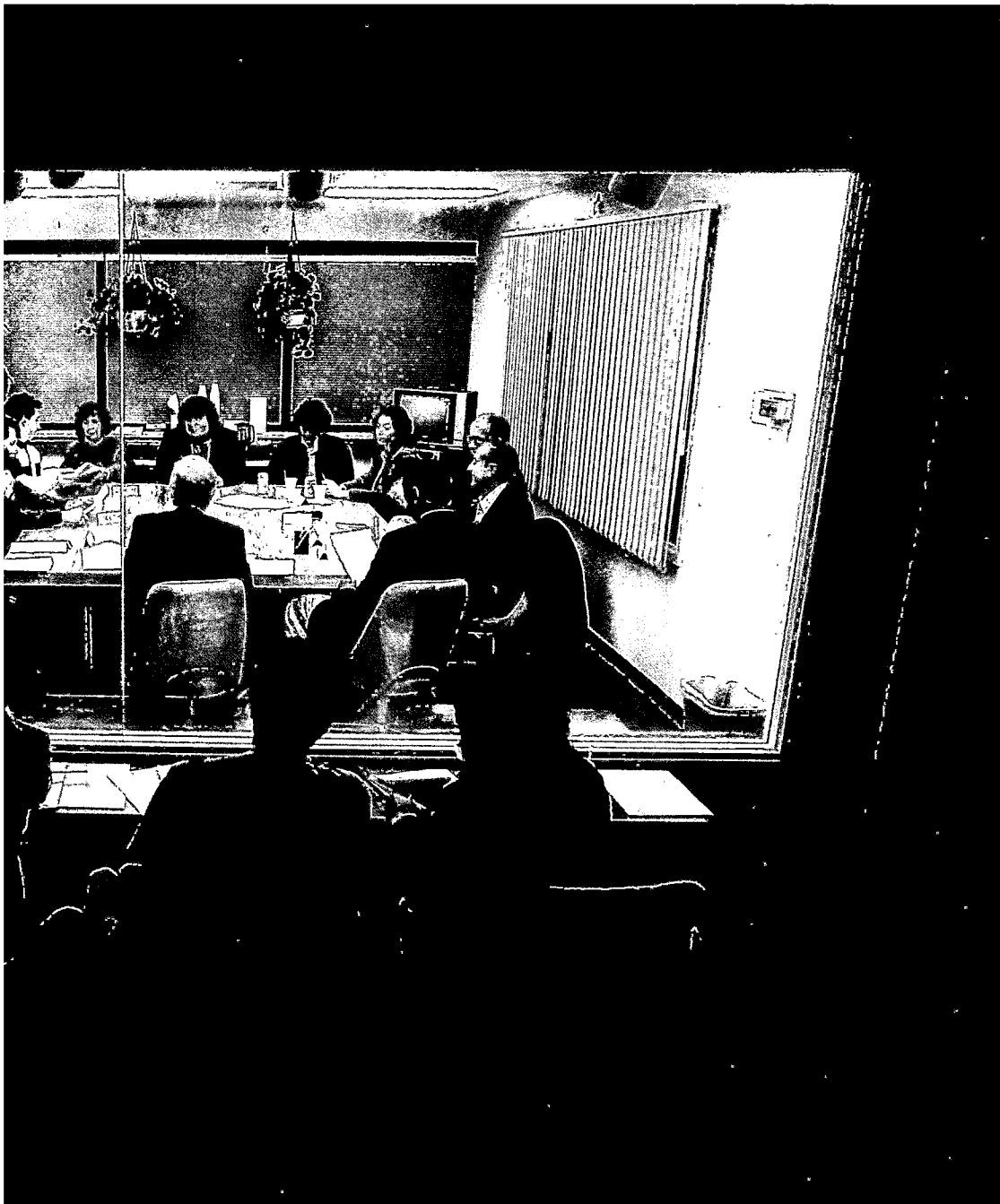
Tony Motta
Business Week

Lisa Natale
Playboy

Cary Silvers
Maturity Magazine Group

Charlene Trentham
Parents Magazine

Hugh White
The New York Times Company
Magazine Group



MPA Marketing Committee

Thomas P. Losca, Jr.
Knapp Communications Corp.
Chair

Christopher Allan
New England Monthly

Jack Badell
McGraw-Hill, Inc.

Jim Beritan
American Express Publishing Corp.

Burton S. Boersma
Meredith Corp. Magazine Group

Stephen A. Childs
Texas Monthly, Inc.

Peter F. Ciancay
Petersen Publishing Co.

Daniel Coleman
Hearst Magazines

Gregory G. Coleman
Diamantis Communications Inc.

Patricia Deneroff
Newsweek, Inc.

John Donoghue
Reader's Digest

Philip DuVal
American Museum of
Natural History

Dana Fields
Straight Arrow Publishers, Inc.

Donna Galotti
Meredith Corp. Magazine Group

John Hahn
Gruner + Jahr USA, Inc.

George Hirsch
Routledge Press, Inc.

Seth Hoyt
Hearst Magazines

Neil Jacobs
Condé Nast Publications, Inc.

John Jay
The Time Inc. Magazine Co.

James L. Kopper
Times Mirror Magazines, Inc.

Jay C. MacDonald
The Goldhirsh Group, Inc.

Nicholas Niles
American Express Publishing Corp.

R. Jeffrey Petersen
Knapp Communications Corp.



Marketing Committee

Under the leadership of Chairman Tom Losee of *Architectural Digest*, MPA's Marketing Committee continued to conceive, create and implement programs designed to fulfill the goals of the MPA Marketing Plan.

One of MPA's most visible and effective marketing programs is the Kelly Award. Given every year to the advertising agency creative team that is judged to have submitted the best magazine ad campaign, the \$100,000 first prize has become one of the most prestigious in the industry. In 1989, for the first time, the award was presented at a black-tie dinner in New York. The ceremony and the entertainment, by Broadway star Patti LuPone, were broadcast via satellite to a simultaneous cocktail party in Los Angeles. The two events were attended by about 1,000 magazine, ad agency and client guests who watched with mounting suspense as the presentation revealed the 25 nominated campaigns and, at the evening's climax, the winner: TBWA Advertising's campaign for Absolut vodka.

The Marketing Committee feels that the growing prestige of the MPA Kelly Award helps reach an otherwise elusive constituency that often exerts significant influence on media selection: agency creative directors, copywriters and art directors. Their awareness of the effectiveness of magazine advertising, as well as their appreciation of the "mystique" of the process of creating great print ads, will flow to MPA members' bottom lines in the form of more and better ads.

During 1989, "road show" versions of the Kelly Award presentation were taken to agencies around the country, as well as to Magazine Days and corporate marketing seminars. The full-scale award presentation was also given at the Western Region annual meeting of the American Association of Advertising Agencies, the first time a magazine creative presentation was on that organization's conference agenda.

In all, MPA participated throughout the country in a dozen Magazine Days in 1989, bringing MPA's "Magazines Make Things Happen" message to more than 3,600 ad agency,



▲ Marketing Committee members gather in the MPA boardroom.

◀ Committee member John Jay (*Fortune*) confers with MPA's Jim Guthrie.

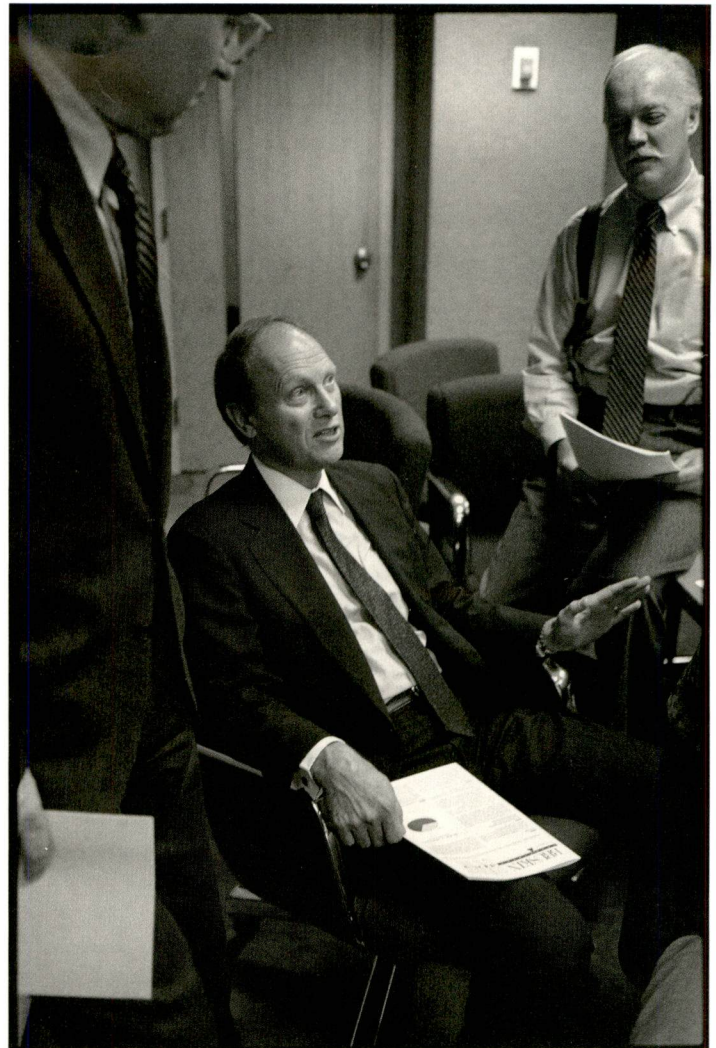
advertiser and magazine executives. MPA staff members also spoke at numerous luncheons, seminars and trade shows, such as those held by the Retail Advertising Congress, the National Automobile Dealers' Association, the National Retail Merchants Association and the Advertising Research Federation.

Automotive advertising, the largest category of magazine advertising, was the target of an aggressive promotional campaign based on "The High-Performance Option," a 10-year survey that demonstrated the effectiveness of magazines in a TV-magazines media plan. The presentation was shown extensively to automotive clients and ad agencies on both coasts and in Detroit, and a high-frequency ad campaign ran in *Automotive News* and *Adcrafter*.

The Marketing Committee also initiated the production of a six-minute promotional video, "Magazines Make Things Happen." This lively encounter with assorted magazine readers — real people interviewed in suburban shopping malls — dramatizes the intense involvement magazines generate in readers. The video is the companion piece to MPA's research brochure, "A Study of Media Involvement." The two in tandem dramatically communicate the strengths of magazines among the consumers advertisers most want to reach. Another presentation, "The '90s, The Smarter Decade," explores how marketing, advertising and magazines will evolve together in the next decade.

In 1989, the "Maggie" promotional campaign, inaugurated the previous year, continued. Phase II, which introduced the "Magazines Make Things Happen" tag line, continued to run in member consumer magazines, and Phase III, aimed at the trade press, was launched. The committee selected three advertising categories as the targets for Phase III: health and beauty aids, food and automotive.

The vigorous leadership of the Marketing Committee's chairman and the time and involvement of its members helped MPA marketing programs achieve some notable successes in 1989 and paved the way for their continued success in 1990.



▲ Don Kummerfeld (seated), Eckart Guthe and Jim Guthrie.

Tax Committee

The Tax Committee met three times in 1989, under the leadership of Eugene Farro of The Time Inc. Magazine Co., and dealt with both federal and state tax matters affecting magazine publishers.

The committee's principal activities included analyzing the federal alternative minimum tax and its impact on magazine companies; reviewing the Lexecon study of the economic value of advertising, financed by the Ad Tax Coalition for use in opposing any federal effort to tax advertising; supervising MPA efforts to defeat federal legislation to reverse the U.S. Supreme Court's 1967 *Bellas Hess* decision; and supervising MPA participation in the challenge to Florida's application of the sales tax to magazines but not newspapers.

The committee concluded that the alternative minimum tax would not have a significant impact on publishers and that the Lexecon study, prepared under the supervision of Nobel Prize winners George Stigler and Kenneth Arrow, would be very useful in defeating any attempt to change the current treatment of advertising costs (full expensing). Legislation to overturn the *Bellas Hess* decision was stalled in the House Judiciary Committee at year's end, and, in a major victory for MPA, the Florida sales tax on magazines was ruled unconstitutional, with the State appealing to the Florida Supreme Court.

In 1990 the Tax Committee will continue its efforts to ensure that Congress rejects a federal ad tax and a reversal of the *Bellas Hess* decision; and that the Florida Supreme Court invalidates discriminatory treatment of magazines by affirming the lower court's ruling.

MPA Tax Committee

Eugene Farro
The Time Inc. Magazine Co.
Chair

John Allison
Condé Nast Publications, Inc.

Nick DeCarlo
Times Mirror Magazines, Inc.

Stanley Gottlieb
Hearst Corporation

Peter K. Grantz
Crain Communications, Inc.

Jerry Hadenfeldt
Meredith Corp.

Frank Kaufman
McGraw-Hill, Inc.

Barry Liebman
Reader's Digest Association

Robert Lenzinger
Ziff Communications, Inc.

Rebecca Maskey
Playboy Enterprises, Inc.

Marc Michaelson
Meredith Corp.

Thomas Neid
The New York Times Company

Victor S. Rappa
Knapp Communications Corp.

Joseph Sampson
Newsweek, Inc.

Charles Smith
Gruner + Jahr USA, Inc.

Tom Storms
Roda Press, Inc.

Phillip E. Trimbach
Petersen Publishing Co.

Improving the Climate for Magazine Sales

Magazine circulation continued to grow in 1989, reaching the record level of 363 million ABC-audited paid copies per issue, up 4.6 percent from 1988. This growth was again subscription driven, as total single copy sales remained stable during the year.

To position the industry with retailers, MPA continued to cooperate with the Council for Periodical Distributors Associations (CPDA) in promoting magazine profitability to supermarkets, drug stores, convenience stores and discount stores/mass merchandisers.

In 1989, the magazine industry introduced new research on magazine direct product profitability (DPP) for discount stores and mass merchandisers. This authoritative landmark research, conducted by Deloitte & Touche, confirmed that magazines are one of the most profitable items carried by retailers, producing nearly twice the profit return on shelf space as the total of all goods sold by a store.

These findings were presented to the International Mass Retail Association at its annual financial and management information systems conference, as well as to selected top chains.

Among other positive results, Rose's Stores, Inc., a billion-dollar chain that had no corporate magazine program in its 265 stores, immediately implemented a plan to handle magazines. Projected average annual sales of the chain are more than \$19,000,000. As a direct result of the DPP presentation, Wal-Mart, one of the nation's leading retailers, has committed to expand its mainline space for magazines.

In 1989, a successful annual MPA Circulation Marketing Conference delivered useful information and new ideas on subscription promotion, improving renewal programs and increasing single copy sales.

MPA also supported the Federal Trade Commission (FTC) in its proposal to amend its Mail Order Merchandise (30-day) Rule to cover telemarketing. MPA favors responsible consumer protection programs that help the magazine industry retain the trust and confidence of the American people.

MPA was successful in defeating a New York State bill that would have prohibited mailing subscription renewals more than three months prior to expiration. Such a bill would create huge interruptions in continuous subscription service to readers. As such, it is against the interests of both consumers and magazine publishers.

The MPA Circulation Marketing Committee joined *Folio*: magazine in sponsoring Circulation Direct Marketing Awards. The first awards will be made in April 1990 at the Magazine Publishing Congress/Spring.

In addressing the important issue of consumer privacy, now being explored by the Special Adviser to the President for Consumer Affairs, MPA stressed the magazine industry's concern for consumer protection and subscriber list security.

Education, Professional Development and Information

Among MPA's many goals, few are more compelling or worthy of strong member support than education — seeing to the preparation of young people as they enter into publishing, as well as to the continuing professional development of seasoned staffers.

The Education Department of MPA was established as a separate and distinct association activity in October 1986. During 1989, the department organized 34 education events attracting 2,000 attendees. These events covered virtually every discipline of publishing. Entire days were devoted to the basics of circulation and sales skills. Mornings were designed for sales managers (“Turning Up the Motivation Burner”) and for public affairs professionals (“Press Coverage in a Time of Change”).

In addition to regular programs at the Magazine Center, the MPA 1989 Circulation Marketing and Financial Conferences were held in Marco Island, Florida. More than 100 executives from MPA member companies attended. Featured speakers included Peter Diamandis, chairman of MPA, and John Suhler, president of Veronis, Suhler & Associates, who spoke on "The Current Acquisition Action."

The two week-long MPA/*Folio*: Magazine Publishing Congresses (May and October) at the New York Hilton were attended by more than 5,000 publishing executives. These congresses provided more than 200 seminars covering all aspects of magazine publishing. They also included specialized all-day conferences, such as "The Financial Forum," "Multinational Publishing in the '90s" and "Mergers & Acquisitions." Also, the MPA/*Folio*: Magazine Publishing Week/Midwest in Chicago (September) included 90 educational seminars, and was keynoted by Christie Hefner of *Playboy*.

Publishing Intern Program

In 1989, its thirteenth year, the MPA Summer Internship Program, placed 32 interns (10 MBA students and 22 college juniors) in positions at 24 member companies. Interns gained experience in aspects of advertising, marketing and research, circulation, mergers and acquisitions and finance.

During the summer, the interns attended four seminar days at the Magazine Center, which included lectures from top executives and editors from the industry. For example, during the first seminar, the students heard from Dorothy Kalins of *Metropolitan Home*, Lee Eisenberg of *Esquire*, and Mark Edmiston of *The Cable Guide*, as well as from Nina Link of Children's Television Workshop and Janet Muir and Bruce Sheiman of The Jordan Group. A field trip to the Good Housekeeping Institute and an intern alumni dinner at Rodale Press, New York, were additional highlights of the program.

The participating students' resumes are currently being distributed to MPA member companies in order to promote the full-time hiring of past MPA interns in the magazine industry after graduation in 1990.

International Affairs

The International Associate membership of MPA continues to grow. Six new publishing members from four countries joined MPA in 1989, making a total of 41 publishers from 18 nations.

International publishing has grown explosively during the 1980s. Ten years ago only a handful of U.S. publishers, alone or with partners, had operations abroad. Even fewer foreign publishers were in the United States. Yet by the end of the decade, virtually every major European publisher (and some from other continents as well) had purchased U.S. publishing firms or had exported versions of home titles to the U.S. market.

In 1989 the tide started to turn, and U.S. publishers commenced their own invasion of multinational markets. The trend is likely to accelerate in 1990, fueled by the prospect of a less divided Europe and the desires of advertising global marketers to expand their reach. U.S. publishers already operating overseas will be moving rapidly to strengthen their foreign local positions, and the new foreign venturers will be looking to make alliances with established firms on a country-by-country basis.

As the tempo of global publishing increases, the fraternity of foreign members in MPA becomes even more important. Both U.S. publishers and their counterparts abroad benefit from the formal and informal interchanges at MPA conferences, as well as from publications such as MPA's *Research and Marketing Reports* and the *Newsletter of International Publishing*.

Information Center

The MPA Information Center is geared to meeting the information needs of our members. All members may take advantage of the library's extensive collection of information on advertising, marketing and magazine publishing.

The Information Center answered thousands of inquiries in 1989. To provide our members with timely, up-to-date information, more than 400 subject files, including articles on publishing, advertising, circulation, marketing and advertising effectiveness are maintained. In addition, the library has access to Nexis and Dialog databases.

In 1989 the Information Center recorded 286 new consumer magazines that publish at least four times a year. The list is compiled by information specialists who scan the trade press for announcements. A card clipping file is maintained on these new magazines, as well as cards for announcements of defunct, sold, or merged magazines.

The library maintains special collections, including Audit Bureau of Circulations (ABC) reports going back to 1920. Consumer magazine information from Standard Rate & Data Service (SRDS) is available from 1940 to the present, and advertising revenue and pages of Publishers Information Bureau (PIB) members date back to 1921.

The Information Center publishes more than 20 fact sheets a year. Among the more popular ones are those that rank the "Top 100 ABC Magazines" (combined, single copy and subscription circulation) and that provide a historical analysis of number, advertising revenue and advertising pages of magazines back to 1950. In 1989 a new fact sheet called "Total Copies Sold" was started.

The Information Center is available to all MPA members. It can be visited or contacted by telephone or fax.

Publishers Information Bureau

In 1989 Publishers Information Bureau (PIB) celebrated its forty-second year of providing detailed magazine advertising spending data to advertising agencies and magazine members. The year was generally a good one in magazine advertising. Advertising pages of 177,000 for 164 magazine members set a record, as did revenues, which reached \$6.6 billion, up 10.4 percent over 1988.

PIB keeps a page and dollar account of advertising in member publications by the title of the publication, its classification of advertising and the company and brand of service advertised. In 1989 alone, PIB tallied more than 210,000 individual advertisements.

PIB is administered by MPA, which contracts with Leading National Advertisers (LNA) to supply the service. LNA publishes the monthly "PIB Report," as well as standard and customized reports, and provides personal computer products and on-line services to PIB members and subscribers.

Over the past two years, several PIB members and advertising agencies have raised questions regarding PIB's method of reporting gross advertising dollars — a method used as long as magazines have been measured. The Board of Directors focused on the issue in 1989 and concluded that PIB will continue to measure gross advertising revenues as in the past — by multiplying one-time rates by the appropriate number of pages. A survey conducted by LNA indicated that advertising agencies, the principal users of the service, preferred to continue with the current method of measurement.

John J. Beni, president and publisher of *McCall's*, served as chairman of PIB in 1989, and Wayne P. Eadie, director of research of *Newsweek*, completed his fourth year as chairman of the PIB Directors Advisory Committee.

1989 PIB Directors

John J. Beni, *McCall's*, Chair
Adolph Auerbacher, Meredith Corp.
Magazine Group
Louis Benincasa, American Express Publishing Corp.
K. Robert Brink, Hearst Magazines
John B. Brunelle, Condé Nast Publications, Inc.
Ronald L. Cole, Reader's Digest Association
William Dietch, *TV Guide*
Don Durgin, Newsweek, Inc.
P. Robert Farley, MPA

James R. Guthrie, MPA
Donald D. Kummerfeld, MPA
James L. Kopper, Times Mirror Magazines, Inc.
S. Christopher Meigher III, The Time Inc.
Magazine Co.
Rebecca McPheters, The New York Times Company
Magazine Group
Nancy G. Shapiro, MPA
F. Robert Spillane, Diamandis Communications Inc.
John F. Sullivan, *The National Journal*

American Society of Magazine Editors

The big event of the year was the presentation of the National Magazine Awards at a lunch attended by more than 1,000 magazine editors and their guests. The award categories and the 14 winners were:

General Excellence: *American Heritage*,
Sports Illustrated, *The Sciences*,
Vanity Fair
Personal Service: *Good Housekeeping*
Special Interests: *Condé Nast Traveler*
Reporting: *The New Yorker*
Feature Writing: *Esquire*
Public Interest: *California*
Design: *Rolling Stone*
Photography: *National Geographic*
Fiction: *The New Yorker*
Essays and Criticism: *Harper's Magazine*
Single-topic Issue: *Hippocrates*

Members of the American Society of Magazine Editors (ASME) dug deeply into their editorial concerns in the course of their annual editorial conference and seminars. Topics covered at the conference included:

What Women Want — in Magazines
What's New in Design and Packaging
How to Remake a Magazine
The Editor as Manager
How Blacks View the Media and How
Media View Blacks
Tricks of the Trade — My Greatest
Successes, My Biggest Flops as Editor

The topics of five seminars were:

Copy Editing
Editorial Publicity and Public Relations
Fact Checking
Hiring, Training, Nurturing and Sometimes
Firing Editors
Legal Problems for Editors

ASME also holds monthly luncheons for members. Speakers in 1989 included:

Joseph Cece, *TV Guide*
Peter Diamandis, Diamandis
Communications Inc.
Jeff Jarvis, *Entertainment Weekly*
Terry McDonnel, *Smart*
Grace Mirabella, *Mirabella*
Adam Moss, *7 Days*
Gerry Ritterman, *Soap Opera Digest*
John Veronis, Veronis, Suhler & Associates

Robert E. Kenyon, Jr., ASME's executive director, received a special National Magazine Award for "professional and personal excellence."

The 1989 awards program attracted 1,225 entries from 285 magazines. The winners received bronze plaques and bronze reproductions of Alexander Calder's stabile, *Elephant*, ASME's symbol of the award. Certificates were given to editors of winning magazines, writers of winning articles and stories, art directors and the 58 finalist magazines.

The 1989 Magazine Internship Program placed 62 college juniors in the editorial departments of 56 magazines. The students came from 49 colleges and universities coast to coast. Most of the students were journalism majors, but 10 came from six liberal arts colleges. One editor said, "It's a well-run program involving some of today's best journalism students who contribute greatly to their future field."

ASME held its annual seminar for journalism educators. During an intensive week, 10 professors teaching magazine courses at universities across the country visited a dozen editorial and business offices.

The "Guidelines for Special Advertising Sections" was reissued for the third time since it was first published in 1982. The basic guidelines have changed only slightly in the intervening time. The response has been most enthusiastic and positive. A small committee, formed from the ASME executive committee, monitors the sections and writes letters of admonition to those who violate the guidelines. These letters elicit few arguments.

Media Credit Association

Since 1903, the Media Credit Association (MCA) has been the primary source of credit information to the magazine industry. Nineteen eighty-nine was another successful and productive year, with an increase in member involvement and improved credit service. And while the magazine industry enjoyed another year of growth in advertising revenues, it also experienced a change in the payment habits of its advertising customers. The advertising industry as a whole is taking longer to pay for the ads it places.

MCA is making every effort to provide all its members with the necessary credit information and services to effectively compete in today's difficult market.

To stimulate greater use of its credit guideline services, MCA sponsors three magazine credit conferences throughout the year. They are designed to show members how better credit management can reduce bad debt and increase profits. Since the best source of credit information is its own membership, MCA can provide a convenient forum for learning and exchanging ideas.

At each of the 1989 credit conferences, members heard from well-known and respected guest speakers, including Stephen R. Burzon, publisher of *Metropolitan Home*, and Larry Murphy, director of credit operations of The New York Times Company. In November 1989, the seventh annual workshop on credit management had a near record attendance of credit managers and controllers from all over the United States. They were addressed by MPA President Don Kummerfeld and by special guest speaker Peter Diamandis, president and CEO of Diamandis Communications Inc.

In 1989 MCA once again conducted a survey of magazine industry credit practices. For the second year in a row, the majority of members answered questions about their magazine's views on advertising and their payment terms, as well as their policies on cash discounts, service charges, write-offs and disclaimers. Even though many members are contemplating a change or have already dropped their cash-discount policy to agencies, a great variance remains between the policies of consumer and trade magazines. Seventy-six percent of MCA's consumer magazines offer a cash discount, compared to only 32 percent of trade magazine members.

MCA will offer a new service in 1990 tailored to the individual needs of members. Called the "Red Flag Report," the service will provide a comprehensive report on those agencies that concern each member. The report will track the number of times each account has been reported delinquent in the past two years, the number of telephone inquiries pertaining to each account that MCA has received in the past six months and information on the current financial statement of each account.

MCA Board of Directors

Gary Bugge, Fairchild Publications, Chair
Ron Bernstein, Hearst Magazines
Eugene Bouchard, Family Circle, Inc.
Michael Cook, *Ladies' Home Journal*
Vito Coppola, Crain Communications, Inc.
Martha A. Drew, Petersen Publishing Co.
Marcia Evans, Knapp Communications Corp.
P. Robert Farley, MPA

Kevin Gannon, Diamandis Communications Inc.
Peter Jones, American Express Publishing Corp.
Donald D. Kummerfeld, MPA
Nancy G. Shapiro, MPA
John Van de Merlen, Condé Nast Publications, Inc.
James E. Van Meter, Media Credit Association
Pam White, The Goldhirsh Group, Inc.

Special Events

Henry Johnson Fisher Award

In January of 1989, the magazine community honored Jack D. Rehm, president and CEO of Meredith Corporation, as the year's recipient of the prestigious Henry Johnson Fisher Award. The annual dinner-dance, held at the Waldorf-Astoria in New York, drew more than 700 magazine notables. The award was established in 1964 by Popular Science Publishing Company in honor of its founder and publisher, and recognizes a magazine leader who has demonstrated extraordinary leadership, skill and understanding in unifying the editorial, advertising, circulation and business aspects of magazine publishing into a successful enterprise.

The American Magazine Conference

Nearly 650 magazine executives convened at the Ritz-Carlton in Naples, Florida, for the American Magazine Conference, sponsored by MPA and the American Society of Magazine Editors (ASME). The seventieth annual conference was highlighted with a presentation by Barbara Bush. Following Mrs. Bush's remarks, MPA Chairman Peter Diamandis presented her with a \$20,000 check from MPA and ASME, which was donated to the Barbara Bush Foundation for Family Literacy.

Other distinguished participants included Lee Iacocca, chairman of the board and CEO, Chrysler Corporation; Edgar Bronfman, Jr., president and COO, The Seagram Company Ltd.; Leonard Lauder, president and CEO, Estée Lauder, Inc.; and Reuben Mark, chairman, president and CEO, Colgate-Palmolive Company.

The 1990 American Magazine Conference will be held at the Scottsdale Princess in Scottsdale, Arizona, October 7-10, 1990.

► October 23rd — MPA and ASME officers greet First Lady Barbara Bush at the American Magazine Conference. From left: MPA Vice Chairman Reg Brack (The Time Inc. Magazine Co.); Tom Ryder (American Express); Myrna Blyth (*Ladies' Home Journal*); ASME President Marshall Loeb (*Fortune*); and ASME Executive Director Bob Kenyon.



MPA Board of Directors



James A. Autry
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Meredith Corp.
Magazine Group



Ronald L. Cole
Publisher
Reader's Digest



George J. Green
President
Hearst Magazines
International



D. Claeys Bahrenburg
Executive Vice
President, Group
Publishing Director
Hearst Magazines



Elizabeth Crow
President
Gruner + Jahr USA,
Inc.



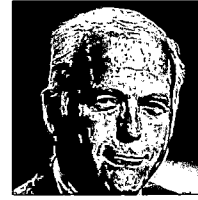
Christie Hefner
Chairman and CEO
Playboy Enterprises,
Inc.



John J. Beni
President and Publisher
McCall's



Joel Davis
President
Davis Publications, Inc.



John F. Henning, Jr.
President
Lane Publishing Co.



Joseph J. Bonsignore
Publisher
Smithsonian Magazine



Peter Diamandis
President and CEO
Diamandis
Communications Inc.



Edward E. Johnson
Group Vice President
Times Mirror Co.



Reginald K. Brack, Jr.
Chairman, President
and CEO
The Time Inc.
Magazine Company



Mark Edmiston
Chairman
TVSM, Inc.



William T. Kerr
President and CEO
The New York Times
Company Magazine
Group



Kent Brownridge
Sr. Vice President
Straight Arrow
Publishers, Inc.



Steven T. Florio
President and CEO
The New Yorker
Magazine, Inc.



Kenneth H. Koppel
President
Ziff Communications
Company



Walter Cahners
Corporate Vice
President
Cahners Publishing
Company



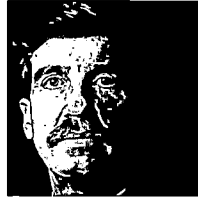
Bernard A. Goldhirsh
President and Publisher
The Goldhirsh Group,
Inc.



Dale W. Lang
Chairman
Lang Communications,
Inc.



Bernard H. Leser
President
*Condé Nast
Publications, Inc.*



Robert Nylan
President and Publisher
*New England
Monthly, Inc.*



**Ex-Officio: President,
ASME**
Marshall Loeb
Managing Editor
Fortune



Michael R. Levy
Publisher
Texas Monthly, Inc.



Linda Johnson Rice
President and COO
*Johnson Publishing
Company, Inc.*



Advisory Director
Jack D. Rehm
President and CEO
Meredith Corporation



Edward Lewis
Publisher and CEO
*Essence
Communications, Inc.*



Thomas O. Ryder
President
*American Express
Worldwide Publishing
and Merchandise
Services*



Owen J. Lipstein
President and CEO
*New American
Magazine Co.*



Alan G. Spoon
President
Newsweek, Inc.



Don Logan
President and CEO
*Southern Progress
Corporation*



Robert J. Teufel
President
Rodale Press, Inc.



Thomas P. Losee, Jr.
Vice President
*Knapp
Communications Corp.*



Frederick R. Waingrow
President
*Petersen Publishing
Company*



Phillip J. Meek
President
Fairchild Publications



Robert E. Wood
Director, Publications
Division
*American Association of
Retired Persons*

Chairs of MPA Committees

The committees are the principal means by which our members participate.

Accounting and Finance

John Vlachos
Ziff-Davis Publishing Company

Circulation Marketing

Robert Alexander
The New York Times Company Magazine Group

Conference Planning

Francis P. Pandolfi
Times Mirror Magazines, Inc.

Distribution

Clark Cruze
Diamandis Communications Inc.

Education

Adolph Auerbacher
Meredith Corp. Magazine Group

Government Affairs Council

Thomas O. Ryder
American Express Worldwide Publishing and Merchandise Services

Henry Johnson Fisher Award

William T. Kerr
The New York Times Company Magazine Group

Human Resources

Gloria Kessler
Diamandis Communications Inc.

International

Burton S. Boersma
Meredith Corp. Magazine Group

Legal Affairs

Tina A. Ravitz
Newsweek, Inc.

Marketing

Thomas P. Losee, Jr.
Knapp Communications Corp.

Membership

Joel Davis
Davis Publications, Inc.

Nominating Committee

George J. Green
Hearst Magazines International

Paper Committee

Irving Herschbein
Condé Nast Publications, Inc.

Postal Committee

Cary Baer
Reader's Digest

Production Committee

Richard T. Serafin
The Time Inc. Magazine Co.

Research

Don McGlathery
Petersen Publishing Co.

Retail Task Force

Frank Herrera
Hearst Magazines

Solid Waste Task Force

Peter Diamandis
Diamandis Communications Inc.

Tax

Eugene Farro
The Time Inc. Magazine Co.

MPA Management Staff

Donald D. Kummerfeld
President and CEO

Bonnie Cusack
Assistant to the President

P. Robert Farley
Executive VP, General Manager

George Gross
Executive VP, Government Affairs

James R. Guthrie
Executive VP, Marketing Development

David B. Lee
Senior VP, Circulation

Marian Confer
VP, Research

Charles S. Lee
VP, Automotive Marketing

Russell J. Melvin
VP, Education and International

John C. Schenck
VP, Promotion

Nancy Shapiro
VP, Controller

Peter Henderson
Director, Special Events

Judith S. Jorgensen
Director, Communications

Sharon Roccaforte
Director, Information Center

Emily Anderes
Manager, Special Events

John Roos
Manager, Printing Operations

Gabriele Zieschang
Office Manager

Chapin Carpenter, Jr.
Washington Adviser

Related Organizations

American Society of Magazine Editors

Robert E. Kenyon, Jr.
Executive Director

Marlene Kahan
Assistant Director

Media Credit Association

James E. Van Meter
Vice President

Carrie Vaughn
Manager, Operations

Legal Counsel

David Minton, Esq.
James R. Cregan, Esq.
James H. Davidson, Esq.
1211 Connecticut Ave. N.W.
Washington, D.C. 20036

John M. Hadlock, Esq.
Whitman & Ransom
200 Park Ave.
New York, N.Y. 10166

Independent Auditor

Bernard P. O'Hare
Price Waterhouse
4 Headquarters Plaza, North
Morristown, N.J. 07960-1965

Financial Statement

Magazine Publishers of America, Inc.

Operating Statement for Years Ending December 31, 1989 and 1988 (in thousands)

	1989	1988
Revenues		
Dues	\$4,753.5	\$4,678.9
Conferences, Seminars, Awards	815.0	646.5
American Society of Magazine Editors	459.6	461.0
Marketing Events	326.5	102.1
Net Investment Income	280.5	275.5
PIB Management Fee	150.0	140.0
Contributions	47.7	88.2
Miscellaneous	5.7	0.9
	<u>\$6,838.5</u>	<u>\$6,393.1</u>
Expenses		
Marketing Development	\$2,308.0	\$2,042.7
General Administration	1,703.1	1,593.8
Government Affairs	790.3	821.1
Conferences, Seminars, Awards	599.2	411.8
American Society of Magazine Editors	526.9	515.7
Education/Special Events	226.0	232.8
Circulation Marketing	188.7	352.1
Media Credit Association	138.8	138.8
Information Center	76.0	68.0
Committees	71.4	69.9
Memberships	50.7	49.3
	<u>\$6,679.1</u>	<u>\$6,296.0</u>
Excess of Revenues before Net Gain on Sale of Securities	\$159.4	\$97.1
Net Gain on Sale of Securities	<u>158.3</u>	<u>105.9</u>
Addition to Fund Balance	\$317.7	\$203.0
Fund Balance, Beginning of Year	<u>2,970.6</u>	<u>2,767.6</u>
Fund Balance, End of Year	<u>\$3,288.3</u>	<u>\$2,970.6</u>

The accompanying notes are an integral part of these financial statements.

Financial Statement

Magazine Publishers of America, Inc.

Statement of Assets, Liabilities and Fund Balance (in thousands)

	December 31,	
	1989	1988
Assets		
Cash and Short-Term Investments *	\$1,341.8	\$952.2
U.S. Government Securities at Cost **	—	786.4
Managed Portfolio at Cost ***	2,178.4	1,214.2
Accounts Receivable, net of allowance for doubtful accounts: \$13.1 — 1989; \$13.0 — 1988.	18.6	47.8
Accrued Interest Receivable	38.1	35.0
Other Current Assets	57.0	46.1
Kelly Fund Assets at Cost ****	343.9	343.9
Total Assets	\$3,977.8	\$3,425.6
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$49.7	\$260.5
Accrued Expenses	211.2	149.4
Deferred Revenues	428.6	45.1
Total Liabilities	\$689.5	\$455.0
Fund Balance		
Appropriated for Kelly Fund	\$343.9	\$343.9
Unappropriated	2,944.4	2,626.7
Total Fund Balance	\$3,288.3	\$2,970.6
Total Liabilities and Fund Balance	\$3,977.8	\$3,425.6

At December 31,

* Cash includes commercial paper of \$300.0 — 1989.

** Market value of \$832.5 — 1988. These securities were transferred to the managed portfolio account in 1989.

*** Managed Portfolio investments include corporate stocks, bonds, commercial paper and U.S. Government securities. Market value \$2,556.0 — 1989; \$1,362.4 — 1988.

**** Kelly Assets, transferred to a managed trust account in 1989, consist of U.S. Government securities. Market value \$364.0 — 1989; \$368.0 — 1988.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements, December 31, 1989 and 1988

Note one

Summary of Significant Accounting Policies

- ▷ Presentation: In 1988, the Magazine Publishers of America, Inc. (the "Association") changed its basis of accounting from cash to accrual. Accordingly, the accompanying financial statements have been prepared on the accrual basis. The cumulative effect of this change from the prior year is not considered material.
- ▷ Marketable securities: Carried at cost, realized gains and losses on marketable securities are recorded on sale and are determined on an average cost basis. Dividends are recorded as income when received and interest is recorded when earned. In 1989, U.S. Government securities held outside of the managed portfolio were transferred to the managed portfolio.
- ▷ Contributions: Contributions match costs incurred for special industry-related projects and are recognized as revenue when utilized.
- ▷ Equipment and improvements: The Association's policy is to capitalize major leasehold and fixed asset expenditures. Prior to 1988, all such expenditures were expensed in accordance with the Association's cash basis of accounting.
- ▷ Taxes: The Association is exempt from income taxes under Section 501(c) (6) of the Internal Revenue Code.

Note two

Pensions

The Association participates in a noncontributory defined benefit pension plan with an affiliated association, Media Credit Association, Inc. The pension plan covers substantially all of the Association's employees. In 1989, the Association adopted Statement of Financial Accounting Standards (SFAS) No. 87, Employers' Accounting for Pensions on a prospective basis. The Association's policy is to fund sufficient amounts to maintain the plan on a sound actuarial basis. During 1989 and 1988, \$101,000 and \$65,000, respectively, were contributed to the pension plan.

The projected benefit obligation at December 31, 1989 was determined using an assumed discount rate of 7.5 percent and assumed compensation increases of 5.5 percent. The assumed long-term rate of return on plan assets was 9.0 percent at December 31, 1989. Plan assets are invested primarily in fixed income securities.

The following is an estimate of the Association's portion of the components of 1989 net periodic pension cost:

Service cost for benefits earned during the year	\$148,482
Interest cost on projected benefit obligation	120,115
Actual return on plan assets	(333,153)
Net amortization and deferral	161,788

Net pension cost	\$97,232

The following is an estimate of the Association's portion of the funded status of the defined benefit plan at December 31, 1989:

Actuarial present value of benefit obligation:	
Vested benefit obligation	\$1,451,573
Nonvested benefit obligation	25,539

Accumulated benefit obligation	\$1,477,112
Projected benefit obligation	1,806,568
Plan assets at fair value	2,141,038

Plan assets in excess of projected benefit obligation	334,470
Unrecognized net asset arising at transition	(126,577)
Unrecognized net gain	(174,927)

Prepaid pension cost	\$32,966

Note three

Deferred Revenues

In 1989, Publishers Information Bureau, Inc. contributed \$475,000 to fund a study on the effectiveness and synergy of magazine and television advertising in combination. At December 31, 1989 deferred revenues include \$377,000 related to this study.

Note four

Commitments

- ▷ The Association has noncancellable agreements with various consultants for professional services to be provided in 1990 under which the Association is obligated to pay \$298,000. The 1989 obligation under these agreements was \$359,000.
- ▷ The Association is committed for annual rentals under noncancellable leases for office space, which expire at various dates to 1996. The minimum annual rental commitments, excluding increases in property taxes and labor, are:

Year	Amount
1990	\$385,000
1991	385,000
1992	385,000
1993	351,000
1994	48,000
Thereafter	29,000

The rental expense amounted to \$456,426 in 1989 and \$416,164 in 1988.

- ▷ The Association entered into an agreement with the Hanson Publishing Company to cosponsor conferences and trade shows for the magazine industry. The shows are held in New York, Los Angeles, Chicago and Washington, D.C. In 1988, the Association terminated an agreement with the previous show cosponsor. Under the terms of the termination agreement, the Association is obligated to pay the previous cosponsor a portion of the profits it derives from the sponsorship of shows held within three years after the termination date. The cumulative amount of such payments cannot exceed \$150,000.

Note five

Appropriated Fund Balance

The Association's Board of Directors established the Stephen E. Kelly Award Program in 1980 to recognize and encourage excellence in magazine creativity and to commemorate the memory and contributions of Stephen E. Kelly. The Program was funded with appropriations of fund balance, and contributions solicited from members. The appropriated fund balance was \$343,930 at December 31, 1989 and 1988. Interest earned on the investment of Kelly Fund assets is applied to the cost of the Program. The Kelly Fund assets are invested in U.S. Government securities and in 1989 these assets were transferred to a managed trust account.

Note six

Donated Services

During 1988, the Association launched a major advertising campaign to promote the benefits of advertising in magazines. In connection with this campaign, Association members provided pro bono advertising space in their magazines in 1989 and 1988 to run the advertising campaign.


Report of Independent Accountants

To the Members and Board of Directors
Magazine Publishers of America, Inc.

In our opinion, the accompanying statement of assets, liabilities and fund balance and the related operating statement present fairly, in all material respects, the financial position of Magazine Publishers of America, Inc. at December 31, 1989 and 1988, and the results of its operations and the changes in its fund balance for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Association's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse

Morristown, New Jersey
February 17, 1990



Produced by Jones & Janello, New York
Designer: Beth A. Crowell
Cover photography: Jerry Valente
Photos (pages 2, 3, 6, 7, 8, 9, 10): Jerry Valente
Photos (pages 4, 5): James Colburn
Photo (page 17): The White House
Printing: Eastern Press

MPA

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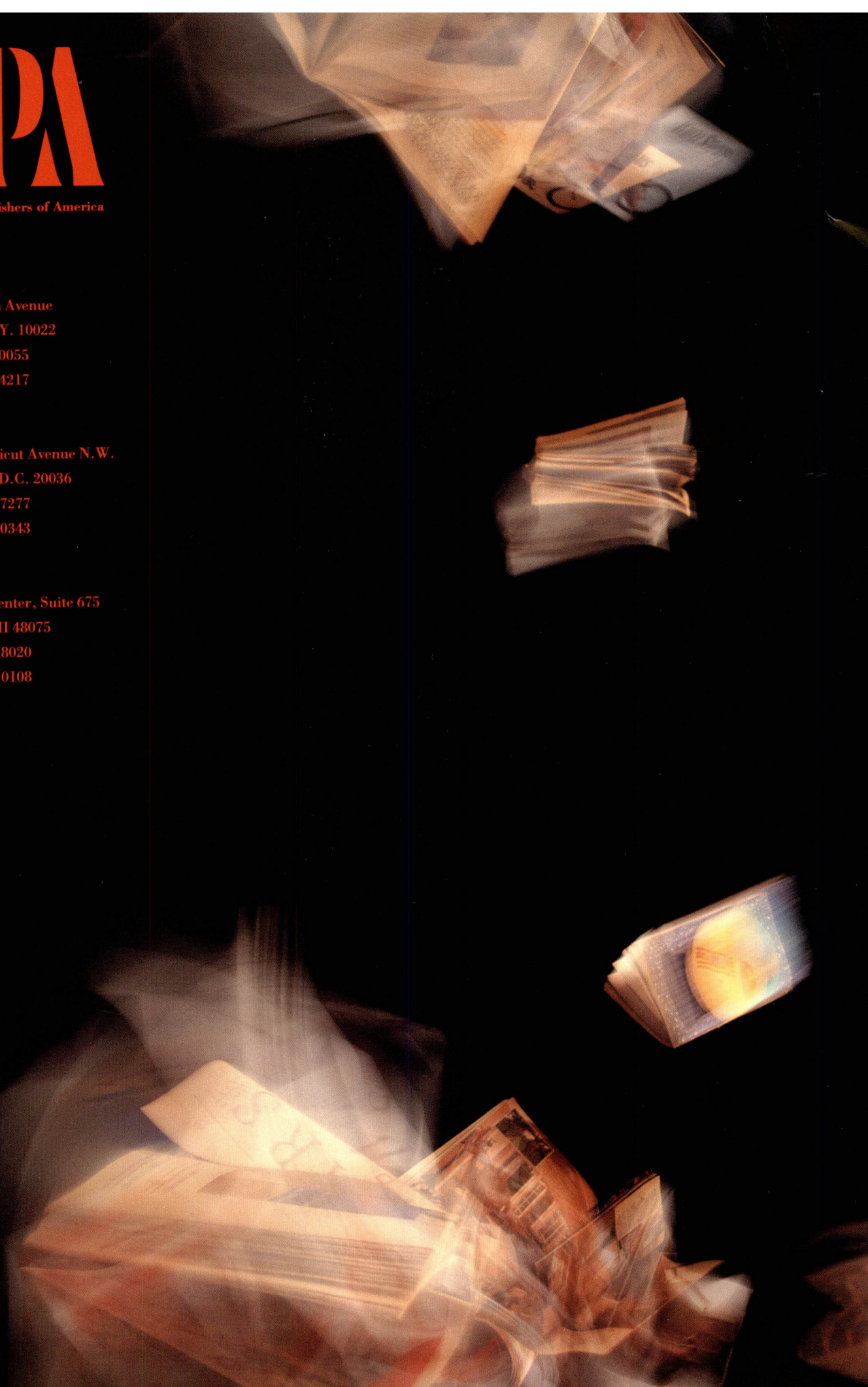
Detroit

4000 Town Center, Suite 675

Southfield, MI 48075

Tel. 313.352.8020

Fax 313.352.0108



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1991

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Magazine

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NUMBER

59

A Comprehensive Guide for Advertisers,

Ad Agencies and Magazine Marketers

MPA

The MPA Mission

Magazine Publishers of America, the industry association for consumer magazines, was organized in 1919. Membership is by publishing company, and today MPA serves more than 200 domestic and 36 international firms publishing a total of 1200 titles.

A Board of Directors, representative of the broad spectrum of membership, administers MPA through an elected president and a 36-member staff located in New York, Washington, D.C. and Detroit.

The MPA sees its mission as industry protector and promoter, as information seeker and information giver. For seven decades the association has focused on providing service to its membership.

Contents

U.S. Magazines – The Industry Today	2
Circulation	6
Magazine Advertising	11
Editorial	28
Readership	31
Magazine Economics	45
Technological Innovations in Magazines	47

The Magazine Handbook is your single-source reference for information about magazines. In it are answers to the questions we are asked most frequently, as well as many facts about magazines that are gathered in one place for the first time.

Taken all together, The Magazine Handbook is a revealing portrait of a medium that is perfectly positioned to help smart marketers communicate effectively in the decade ahead.

You'll find information about the steady growth in magazine circulation (page 6), about the attitudes readers have toward advertising in magazines (page 11), about who the big spenders in magazines are (page 18), and who's created the *best* magazine ads (page 27).

But the most important fact you can learn from this book is that magazines are indispensable, to readers and advertisers alike.

There's a Table of Contents on the opposite page. But if you can't find what you're looking for in The Handbook, give us a call at 212-752-0055 (or fax: 212-888-4217). We'd be happy to try to help.





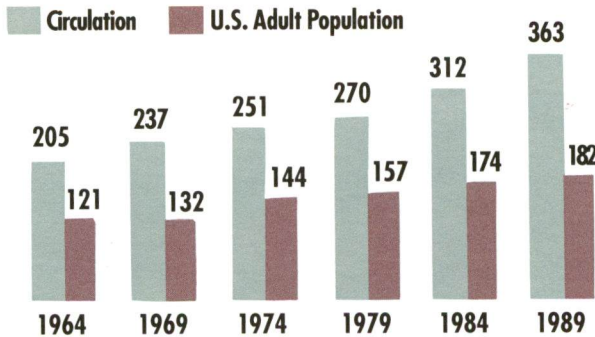
The Birth of a Medium

Three days apart in January 1741, two magazines were introduced to Colonial British America. Benjamin Franklin’s *General Magazine* was nearly the first, but Andrew Bradford, a printer, got his *American Magazine* on sale three days before Franklin’s.

Six months later, both magazines were defunct but they were the forerunners of what is today a \$15 billion publishing industry. By 1800, one hundred publications had been founded. Today in 1989, there are 11,556 magazines in the U.S. with almost 500 new magazine titles launched each year.

The U.S. population has become more affluent and better-educated, and consumers are demanding more information targeted to their individual needs, interests and lifestyles. The magazine industry has responded to this demand for more targeted information and entertainment by introducing hundreds of new magazines serving every conceivable interest category—from female motorcycle enthusiasts to computer hackers.

1) Quarter Century of Growth—Audited Paid Magazine Circulation and U.S. Adult Population In Millions



Source: ABC six-months averages ending 6/30 each year, copies per issue. U.S. Bureau of Census.

Vital Signs of Magazines’ Health

American consumers are buying more magazines than ever before.

The circulation of consumer magazines continues to grow each year with a 77% increase in the past twenty-five years compared to a 50% growth in the U.S. adult population (chart 1). This increased

penetration of the market has been particularly strong during the past ten years. Adult Americans now buy about 36 magazine copies per year on average compared to only 30 copies per person ten years ago. (Based on a weighted average magazine frequency of 18 times per year, multiplied by a per issue purchase factor of 2 copies in 1989 vs. 1.7 in 1979).

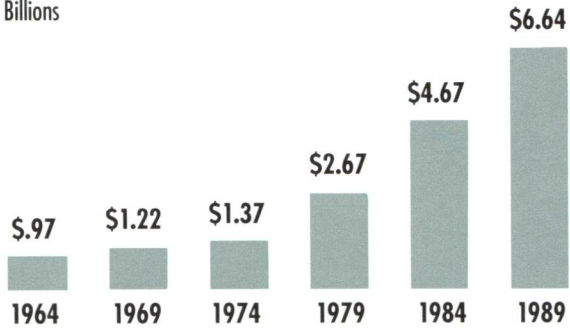
Further evidence of the current dynamics of the magazine industry is the steady increase of advertising revenue. In the ten-year period ended 1989, advertising revenues more than doubled from \$2.7 billion to \$6.6 billion. Advertising revenues jumped 580% in the past quarter of a century from \$.97 billion in 1964 to over \$6.6 billion in 1989 (chart 2).

NOTE: These figures are based on the larger consumer magazines measured by Publishers Information Bureau (PIB). It is estimated that they reflect about 85% of total consumer magazine ad revenue.

Advertising pages also enjoyed a substantial increase (+48%) from 1979 to 1989. Since 1964, ad pages jumped from 75,900 to 177,007 in 1989, a 133% gain (chart 3).

2) Quarter Century of Growth—Magazine Ad Revenue

In Billions



Source: Publishers Information Bureau

Magazines Make Things Happen!

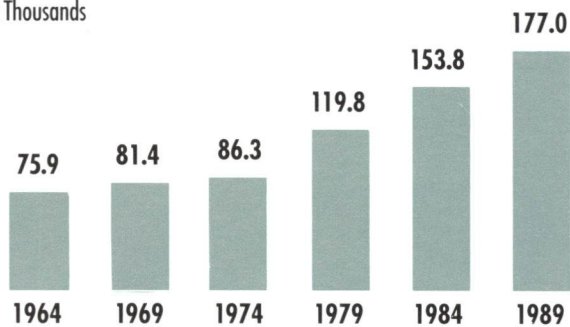
Read on. The Magazine Handbook is full of compelling reasons why magazines should be part of almost every media plan. As you'll see, magazine readers' quest for information and entertainment is

equalled only by their quest for quality goods and services.

That's why, every year, more advertisers are finding that magazines make things happen.

3) Quarter Century of Growth—Magazine Ad Pages

In Thousands



Source: Publishers Information Bureau

Are There Too Many Magazines?

Probably not. An average of 1.3 new magazines are launched every day of the year. Less than 20% will be successful but almost all are aimed at filling a perceived void or a need.

To borrow a word from Leonard Lauder, President and CEO, Estee Lauder Companies, we have become a “niche-itis” society. As groups of people begin to share a special interest or lifestyle, a niche is created, and these groups have a passionate need for magazines to help them, to inform them, to entertain them, and to provide ideas.

The chart illustrates just how wide these unique and general interests are. There literally is a magazine or two or three or four for everyone.

■ NOTE: More than half of these new magazines are published less than six times per year and 157 are published only once a year.

4) New Consumer Magazine Launches in 1988 by Interest Categories:

Category	Number of Titles
Arts & Antiques	5
Automotive	29
Aviation	4
Brides & Bridal	5
Business & Finance	12
Children's	9
Comics	6
Computers	25
Crafts/Games/Hobbies	15
Dogs & Pets	4
Dressmaking & Needlework	13
Electronics	3
Epicurean	9
Fishing & Hunting	13
Gardening	3
Gay	13
Health	11
Home Service & Home	24
Lifestyle & Service	37
Literary & Book Reviews	7
Media Personalities	10
Metropolitan, Regional & State	27
Military & Naval	10
Motorcycle	4
Music	23
Mystery & Adventure	6
Newspaper Magazines	6
Photography	4
Political	5
Puzzles	4
Religion	5
Science & Technology	2
Sex	46
Sports	42
Travel	6
Video & Movies	10
Women's	4
Women's Fashion & Beauty	18
Youth	12
Total	491

Source: Samir Husni's Guide to New Magazines, Volume 4, 1989

How Many?

There are several sources which provide the number of magazines available in the U.S., some more comprehensive than others.

5) Number of U.S. Magazines

Year	U.S. Periodicals
1969	9,434
1974	9,755
1979	9,719
1984	10,809
1988	11,229
1989	11,556

Source: Gale Directory of Publications
Gale Research Company (Annual)

■ According to the Gale Directory of Publications, in the past decade the number of U.S. magazines has increased by 1,837, or 16%, to 11,556 titles.

6) SRDS Consumer and Farm Magazines

Year	Domestic	Farm	International	Total
1972	888	227	42	1,157
1975	924	204	35	1,163
1978	1,103	209	34	1,346
1981	1,247	227	38	1,512
1984	1,455	257	39	1,751
1987	1,583	256	41	1,880
1988	1,747	264	40	2,051
1989	1,937	262	72	2,271

Source: Standard Rate & Data Service as of April each year.

■ Those magazines listed in SRDS number 2,271 in 1989, almost doubling the number of 1,157 in 1972. This is an average increase of 44 new listings each year. Since 1980, new listings have averaged 78 per year.

7) Consumer/Farm Magazines Offer Advertisers Flexibility

	1988 Number
Have Geographic/Demographic Editions	300
Have Split-Run Advertising	136
Have Group-Buy Opportunities	92
Have Mail Order/Shopping Advertising Pages	1026

Source: Standard Rate & Data Service, 12/27/88.

■ Magazines offer flexibility and special opportunities to advertisers. Fifteen percent of the magazines listed in SRDS have geographic/demographic editions, six percent offer split-run advertising, 92 publishers have group-buy opportunities and half offer mail order/shopping ad pages.

Circulation Gains— A Strong Indicator of the Vitality of Magazines

Circulation and advertising are the two primary indicators of the vitality of magazines. Consumer magazine circulation has had a robust gain in the last decade, clearly signaling the strong state of the industry. Growth in magazine subscriptions is striking, evidenced by a 57% increase to 283.6 million from 181.1 million copies per issue since 1979. Americans are reading more magazine titles every year. In 1988 alone, 491 new magazines were launched. It is predicted that 98 of these new titles will continue to be published after four years. Not a bad survival rate compared to other new product launches.

Although there has been a decline in single copy sales (-15%) in the past decade, total per-issue circulation has grown every year reaching 363.2 million in 1989. Circulation of ABC-audited magazines grew at almost twice the rate of the U.S. adult population from 1980-1989.

The following graphs and charts demonstrate just how healthy magazine circulation is today.

1) Magazine Circulation Shows Steady Growth

Year	No. of Magazines or Groups	Per-Issue Circulation	U.S. Adult Population (000)	Circulation Per 100 Adults
1954	259	162,939,903	107,990	150.9
1960	269	187,913,626	114,461	162.8
1965	279	211,659,541	123,804	171.0
1969	298	237,024,860	131,623	180.1
1974	307	250,749,387	144,152	173.9
1980	406	275,036,829	160,179	171.7
1984	466	312,005,103	173,829(a)	179.5
1988	539	346,817,152	181,657(a)	190.9
1989	551	363,194,636	181,962(a)	199.6

Sources: ABC FASFAX on General & Farm magazines for the first six months of each year/MPA. Adult population from U.S. Bureau of Census (a): U.S. Bureau of Census projected estimates - 1980 base year including Overseas Armed Forces.

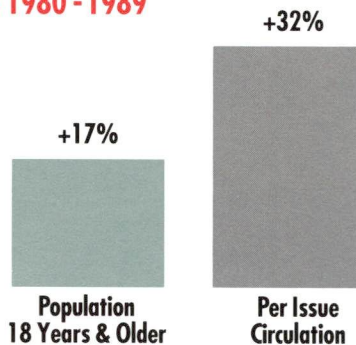
■ For the ten-year period 1980-1989, the number of ABC-audited consumer magazines grew from 391 to 551, up 41%.

During the same decade, *per-issue circulation rose 32%* to

363.2 million in 1989 from 275.0 in 1980. Circulation per 100 adults increased 16% from 171.7 in 1980 to 199.6 in 1989.

■ The U.S. adult population increased 17% between 1980 and 1989, but the *circulation of ABC-audited consumer magazines grew at almost twice that rate (32%)*.

2) Magazine Circulation Grows Faster Than U.S. Adult Population 1980 - 1989



Source: ABC FASFAX for first six months of each year; U.S. Bureau of Census.

3) Distribution of Circulation

Year	Single Copies	%	Subscriptions	%	Total	%
1955	66,466,568	40	99,820,920	60	166,286,858	100
1960	61,043,613	32	126,870,013	68	187,913,626	100
1965	63,922,805	30	147,736,636	70	211,659,541	100
1970	69,760,900	29	175,545,155	71	245,306,055	100
1975	82,290,144	33	166,845,569	67	249,135,713	100
1980	93,936,618	34	181,100,211	66	275,036,829	100
1985	80,540,013	25	240,866,025	75	321,406,038	100
1988	78,929,755	23	267,887,397	77	346,817,152	100
1989	79,609,678	22	283,584,958	78	363,194,636	100

Source: ABC FASFAX on General and Farm magazines (excluding comics and newspaper supplements) for the first six months of each year/MPA.

■ Total circulation has more than doubled in the past thirty-five years.

4) Magazine Circulation By Circulation Size Groups

Circulation Size	Number Of Magazines	%	Total Circulation Per Issue	%
10,000,000 & over	5	0.9	83,922,104	23.3
5,000,000-9,999,999	5	0.9	28,622,865	7.9
2,000,000-4,999,999	20	3.6	63,823,200	17.7
1,000,000-1,999,999	49	8.9	67,760,764	18.8
500,000-999,999	76	13.8	54,085,502	15.0
150,000-499,999	164	29.8	46,560,473	12.9
Under 150,000	231	42.0	15,655,615	4.3
Total	550	100.0	363,430,523	100.0

■ The seventy-nine magazines with a million or more circulation represent only 14% of the ABC-audited consumer magazines but account for 67% of the total per-issue circulation.

Source: ABC FASFAX for the first six months of 1989 (excluding comics and newspaper supplements)/MPA.

5) Magazines Grew Faster Than Newspapers

Year	No.	Magazines		Daily Newspapers		Sunday Newspapers	
		Per Issue Circulation (000)	No.	Per Issue Circulation (000)	No.	Per Issue Circulation (000)	No.
1950	250	147,270	1,772	53,829	549	46,582	
1955	272	179,965	1,760	56,147	541	46,448	
1960	273	196,432	1,763	58,882	563	47,699	
1965	275	215,487	1,751	60,358	562	48,600	
1970	300	244,164	1,748	62,108	586	49,217	
1975	327	250,831	1,756	60,655	639	51,096	
1980	407	286,447	1,745	62,202	736	54,676	
1985	479	326,368	1,676	62,766	798	58,826	
1987	496	336,495	1,645	62,826	820	62,890	
1988	539	346,817	1,643	62,955	834	62,940	
1989	551	363,195	1,642	62,695	840	61,474	
% Gain 1950-1989		+147%		+16%		+32%	

■ Magazine circulation enjoyed an energetic growth rate of 147% between 1950 and 1989 while daily newspaper circulation grew only 16% and Sunday newspapers by 32%.

Sources: Magazines - ABC FASFAX on General & Farm magazines for the first six months of each year/MPA. Newspapers - Editor & Publisher Yearbooks.

6) Net Paid Circulation by Months - Index

■ Seventy-eight percent of net paid circulation is subscriptions, therefore, there is little or no variance in circulation by month.

Consumers purchase magazines regularly throughout the year because each issue is fresh and different—*there are no summer reruns or repeat editorial.*

Month	Per Issue Average	Month	Per Issue Average
January	99	July	99
February	99	August	99
March	100	September	99
April	100	October	99
May	99	November	100
June	98	December	109

Source: ABC-audited paid circulation for the top 50 magazines in ad revenue for twelve months June 1987 to June 1988. Per-Issue Average June 1987 to June 1988=100.

7) Where Magazine Single Copies Are Sold in U.S.

Supermarket/Grocery Stores	53.9%
Convenience Stores	10.3%
Pharmacies	8.8%
Bookstores	7.4%
Others	19.6%
(Transportation outlets, newsstands, etc.)	

Source: Curtis Circulation Company

■ Over half of all single copies of magazines are sold in supermarkets/grocery stores, and almost one-fifth at newsstands, transportation outlets, etc.

Magazine Readers Like – Yes, Like Advertising In Magazines.

A remarkable yet fundamental characteristic of magazines is that people *choose* to read ads. The reader receptivity of the editorial leads to receptivity to the advertisers' message.

The editorial believability lends a credibility to the advertising - a rub-off affect. Readers are aware that magazines generally have certain standards of acceptance/rejection to protect their readers, thus building up a trust.

The "Study of Media Involvement," the fifth such study conducted for MPA, found that consumers often buy magazines because of the advertising, *and seven out of ten actually prefer that magazines carry ads*. Well over eight out of ten said that advertising in magazines "keeps me posted on new products," and almost 60% said that magazine ads "make me want to buy the product."

1) Magazine Advertising Revenue - 1964 - 1989

■ Magazine advertising revenue was over six times greater in 1989 than in 1964. Since 1979, ad revenue in magazines increased by 149%.

Year	# of Magazines	Ad Revenue
1964	85	\$ 971,666,981
1969	90	1,221,370,544
1974	93	1,366,328,994
1979	102	2,671,052,606
1984	137	4,667,984,386
1987	147	5,389,746,073
1989	166	6,644,173,739

Source: Publishers Information Bureau (newspaper supplements excluded).

2) Magazine Advertising Pages - 1964 - 1989

Year	# of Magazines	Ad Pages
1964	85	75,931.76
1969	90	81,378.67
1974	93	86,304.72
1979	102	119,832.27
1984	137	153,803.49
1987	147	155,636.92
1989	166	177,007.68

Source: Publishers Information Bureau (newspaper supplements not included).

■ Magazine ad pages rose 133% from 1964 to 1989 with a 48% increase since 1979.

3) 1989 Magazine Advertising by Quarter

■ In 1989, the fourth quarter accounted for almost one-third of ad revenues in magazines, with a more even distribution in the first three quarters of the year.

1989 Advertising		
Quarter	Revenue	Percent
First Quarter	\$1,452,686,018	21.9
Second Quarter	1,772,979,861	26.7
Third Quarter	1,414,082,204	21.3
Fourth Quarter	2,004,425,656	30.1
Total	\$6,644,173,739	100.0

Source: Publishers Information Bureau.

4) Full/Partial-Run Advertising

Percent of 1989 Advertising Revenue	
Full-Run	88.6%
Partial Run	11.4%

Source: Leading National Advertisers/Publishers Information Bureau.

■ 88% of magazine ad revenues are derived from insertions running on a full-run circulation basis.

5) 1989 Magazine Advertising Revenue

Classification	Percent of 1989
Automotive, Automotive Accessories & Equip.	13.3
Toiletries & Cosmetics	9.8
Direct Response Cos.	8.0
Business & Consumer Services	7.8
Food & Food Products	6.6
Apparel, Footwear & Accessories	6.1
Cigarettes, Tobacco & Accessories	6.0
Travel, Hotels & Resorts	5.7
Computers, Office Equipment & Stationery	4.4
Beer, Wine & Liquor	3.9
Publishing Media	3.2
Retail	3.0
Drugs & Remedies	2.4
Jewelry, Optical Goods & Cameras	2.1
Insurance & Real Estate	2.1
Sporting Goods, Toys & Games	2.1
Household Furnishings, Supplies & Materials	1.9
Household Equipment & Supplies	1.6
Miscellaneous Not Itemized	1.6
Building Materials, Equipment & Fixtures	1.3
Electronic Entertainment Equipment & Supplies	1.2
Miscellaneous Not Elsewhere Classified	1.1
Industrial Materials	1.0
Confectionery, Snacks & Soft Drinks	0.8
Soaps, Cleaners & Polishes	0.8
Freight, Industrial & Agricultural Development	0.8
Pets, Pet Foods, Supplies & Organizations	0.7
Entertainment & Amusement	0.5
Horticulture & Farming	0.4
Gasoline, Lubricants & Fuels	0.4
Business Propositions & Employment Recruitment	0.4
Airplanes, Aviation Accessories & Equipment	0.3
Total	100.0

Source: Publishers Information Bureau.

■ The top five advertising categories in magazines (Automotive, Toiletries & Cosmetics, Direct Response Cos., Business & Consumer Services and Food)

represented 45.5% of total ad revenues in 1989. The top ten advertising categories accounted for 71.3% of the total.

6) Top 10 Categories - 1989 Magazine Advertising Revenue by Class Totals

Category	Ad Revenue
Automotive, Automotive Accessories	\$ 882,999,850
Toiletries & Cosmetics	650,710,759
Business & Consumer Services	529,335,303
Direct Response Cos.	518,772,163
Food & Food Products	435,345,476
Cigarettes, Tobacco & Accessories	401,569,812
Apparel, Footwear & Accessories	395,094,003
Travel, Hotels & Resorts	374,524,268
Computers, Office Equipment & Stationery	288,421,338
Beer, Wine & Liquor	256,764,679
Total Top 10	\$ 4,733,537,651

Percent of Total 1989 Magazine Ad Revenue 71.3%

Source: Leading National Advertisers/Publishers Information Bureau.

■ The Top 10 advertisers invested almost \$5 billion in magazines in 1989 representing 71.3% of total magazine ad revenue.

7) Relationship of Advertising to Editorial

Year	No. of Magazines	Percent of Total Pages Advertising	Percent of Total Pages Editorial	Total
1976	98	48.1	51.9	100.0
1977	117	48.7	51.3	100.0
1978	132	49.0	51.0	100.0
1979	155	49.0	51.0	100.0
1980	158	50.0	50.0	100.0
1981	170	48.5	51.5	100.0
1982	192	48.0	52.0	100.0
1983	154	47.8	52.2	100.0
1984	172	48.7	51.3	100.0
1985	169	48.7	51.3	100.0
1986	181	48.2	51.8	100.0
1987	152	47.8	52.2	100.0
1988	167	48.4	51.6	100.0

■ The ratio of advertising to editorial pages has not changed since 1976 — about 48% advertising and 52% editorial.

Source: Price Waterhouse Annual Financial Survey, Conducted for MPA, 1989.

■ There has been little fluctuation in the share of national advertising dollars across the four media in the five year period 1983-1988. Magazines showed a slight increase to 21.8% in 1988, television and radio held their own, and newspapers were down marginally in share.

8) Share of National Advertising Dollars

Year	Percent Of Four Media			
	Magazines	Television	Newspapers	Radio
1983	21.0	58.7	13.6	6.7
1984	21.3	59.3	12.9	6.5
1986	20.9	58.8	13.3	7.0
1987	20.9	59.3	13.3	6.5
1988	21.8	58.6	12.9	6.6

Source: McCann Erickson, Robert J. Coen.

9) Media Cost-Per-Thousand Trends

	1977	1979	1981	1983	1985	1987	1988
Magazines	100	114	135	159	186	203	215
Network TV	100	124	147	180	219	236	253
Spot TV	100	120	147	176	205	222	229
Newspapers	100	116	144	172	200	227	243
Network Radio	100	121	152	183	211	233	226
Spot Radio	100	114	139	158	184	197	203
Outdoor	100	116	139	164	191	206	212

Source: McCann-Erickson, Robert J. Coen.

■ Since 1977, magazine ad CPMs have increased 115%, while CPMs for Network TV were up 153%, spot TV +129% and newspapers +143%.

10) Attitudes Toward Advertising: Advertising in Magazines/Television Is Usually...

	Men		Women	
	Magazines	TV	Magazines	TV
For Quality/Dependable Products	72%	63%	78%	64%
Informative About Product	76%	62%	79%	67%
Believable	74%	56%	74%	52%
Helpful As a Buying Guide	79%	62%	79%	60%

Source: "Study of Media Involvement", Audits & Surveys, November, 1986.

■ About three-quarters of adults perceive magazine advertising as being for high quality products; as informative, believable, helpful as a buying guide; and that makes them want to buy the advertised products.

11) Attentiveness to Advertising: Respondent Self-Rating

In Medium	Attention To Ads	
	Men	Women
Magazines	53	54
Television	43	41

Note: Rating of 0=no attention; 100=full attention

Source: "Study of Media Involvement," Audits & Surveys, November, 1986.

■ U.S. Adults rate themselves as being more attentive to magazine advertising than to television advertising.

12) Response to Magazine/Television Advertising

	Men		Women	
	Magazines	TV	Magazines	TV
Shopped For Product Or Service After Seeing Ad/Commercial For It	43%	32%	45%	36%
Ordered Product Or Service By Mail/Phone After Seeing Ad/Commercial For It	27%	14%	28%	14%

Source: "Study of Media Involvement," Audits & Surveys, November, 1986.

■ Nearly 30% more people reported that they shopped for a product/service after seeing a magazine ad for it, than did so after seeing a television commercial. And

about twice as many people ordered a product by mail or phone after seeing a magazine ad for it, as did so after seeing a TV commercial.

13) Fifty Major Advertisers Who Increased Magazine Advertising by 30% or More (1988 vs. 1987)

Company	Advertising (000)		% Increase
	1988	1987	
Franklin Mint	\$23,996,763	14,661,813	63.7%
BAT Industries PLC	11,738,582	6,303,643	86.2%
Guinness PLC	9,971,395	7,525,133	32.5%
Toshiba Corp	9,385,644	5,507,367	70.4%
Seagram Co., Ltd.	8,985,840	5,540,514	62.2%
National Dairy Board	7,878,710	5,921,533	33.1%
Allied-Lyons PLC	7,753,607	5,283,641	46.7%
HEWLETT-Packard Co.	7,440,790	4,907,676	51.6%
Rapid American Corp.	7,258,459	4,220,711	72.0%
Digital Equipment Corp.	7,159,587	5,431,139	31.8%
Media Networks, Inc.	7,088,779	5,438,721	30.3%
K Mart Corp.	7,073,927	4,210,215	68.0%
Warner-Lambert Co.	6,944,346	5,207,977	33.3%
Helene Curtis Industries	6,893,061	3,159,238	118.2%
Neutrogena Corp.	6,672,817	4,139,509	61.2%
Nynex Corp.	6,444,083	1,566,304	311.4%
Sears Roebuck & Co.	6,025,425	4,141,245	45.5%
CPC International, Inc.	5,528,518	3,903,280	41.6%
Greyhound Corp.	5,344,691	1,965,850	171.9%
Colgate-Palmolive Co.	5,194,109	1,102,354	371.2%
Cigna Corp.	5,034,229	3,033,174	66.0%
Hershey Foods Corp.	4,957,217	2,896,735	71.1%
Yves Saint Laurent, SA	4,823,528	1,652,402	191.9%
Chanel, Inc.	4,704,843	2,884,916	63.1%
Gillette Company	4,689,727	3,004,679	56.1%
Beecham Group PLC	4,537,879	2,178,085	108.3%
Clorox Company	4,081,280	2,958,959	37.9%
Unisys	4,055,942	1,583,385	156.2%
Hachette SA	3,934,345	3,003,269	31.0%
Hitachi, Ltd.	3,933,876	2,846,216	38.2%
Sharp Corp.	3,542,335	2,111,604	67.8%
Pillsbury Co.	3,427,620	2,007,468	70.7%
Fujitsu, Ltd.	3,317,387	1,953,656	69.8%
Matsushita Elec.Indus.Co.Ltd	3,303,891	1,798,940	83.7%
Cotter & Co.	3,247,255	2,101,377	54.5%
Masco Corp.	3,206,009	2,441,375	31.3%
Steelcase, Inc.	3,128,885	2,163,760	44.6%
CSX Corp.	3,044,478	2,194,359	38.7%
United Technologies Corp.	2,999,460	74,526	3924.7%
Magnetek, Inc.	2,969,496	103,180	2778.0%
Borden, Inc.	2,944,544	1,446,365	103.6%
Murata Business Systems, Inc.	2,924,507	616,939	374.0%
Federal Express Corp.	2,909,993	421,764	590.0%
Oneida, Ltd.	2,869,235	2,141,343	34.0%
Christian Broadcasting Net.	2,809,120	754,500	272.3%
Lockheed Corp.	2,805,444	864,996	224.3%
American Int'l Group Inc.	2,763,106	1,685,393	63.9%
Nike, Inc.	2,723,361	1,225,025	122.3%
Viacom International, Inc.	2,710,160	277,760	875.7%
Continental Bank Corp.	2,681,058	683,611	292.2%
Total 50 Companies	\$269,889,343	\$153,287,623	+76.0%

Source: Leading National Advertisers/Publishers Information Bureau.

■ Of fifty major advertisers who increased their magazine spending by 30% or more, the average percent increase was 76%. These fifty increased their magazine spending by \$116.6 million.

14) Top 50 Magazine Advertisers

1989 Rank	Company	1989 Ad Dollars In Magazines
1	Philip Morris Companies, Inc.	\$293,729,514
2	General Motors Corp.	222,982,534
3	RJR Nabisco, Inc.	158,462,443
4	Chrysler Corp.	139,523,437
5	Ford Motor Co.	135,504,445
6	Proctor & Gamble Co.	97,891,355
7	Nestle SA	80,417,777
8	American Telephone & Telegraph Co.	76,405,642
9	Unilever NV	73,964,629
10	Grand Metropolitan PLC	73,046,949
11	Franklin Mint	72,281,843
12	Sony Corp.	71,033,586
13	American Brands, Inc.	67,063,691
14	Revlon Group, Inc.	66,523,034
15	Time Inc.	59,716,284
16	Media Networks	59,697,118
17	Honda Motor Co., Ltd.	57,479,588
18	Toyota Motor Corp.	53,838,211
19	BAT Industries PLC	53,495,618
20	Itoh C. & Co., Ltd.	52,038,517
21	Eastman Kodak Co.	49,412,860
22	National Syndication Inc.	49,238,733
23	Bristol-Myers Co.	44,775,468
24	Dupont De Nemours E.I. & Co., Inc.	42,995,516
25	Brown-Forman Co.	41,232,025
26	K Mart Corp.	40,974,700
27	Bertelsmann AG	39,627,233
28	Sara Lee Corp.	39,566,570
29	General Electric Co.	39,026,301
30	Guinness PLC	37,422,359
31	International Business Machines Corp.	36,403,267
32	U.S. Government	35,767,791
33	Ralston Purina Co.	35,468,525
34	Capital Cities/ABC, Inc.	35,133,442
35	Loews Corp.	35,010,582
36	CBS, Inc.	34,628,972
37	Schering-Plough Corp.	33,812,381
38	Estee Lauder Companies	33,144,148
39	Nissan Motor Co., Ltd.	32,073,311
40	Sears Roebuck & Co.	31,822,372
41	American Express Co.	31,375,088
42	Johnson & Johnson	30,883,258

14) Top 50 Magazine Advertisers (Continued)

1989 Rank	Company	1989 Ad Dollars In Magazines
43	Seagram Co., Ltd.	30,596,016
44	Warner-Lambert Co.	28,914,975
45	Canon, Inc.	28,622,357
46	Allied Lyons - PLC	28,141,480
47	Gillette Co.	26,991,559
48	MBI, Inc.	26,862,061
49	Quaker Oats Co.	24,719,898
50	Neutrogena Corp.	24,549,025
Dollars		\$2,996,830,240
Total Magazine Ad Dollars		\$6,644,173,739
% Top 50 of Total		45.1%

Source: Leading National Advertisers/Publishers Information Bureau.

■ The top fifty magazine advertisers invested almost \$3.0 billion in 1989, 45.1% of total magazine ad dollars. The top five magazine advertisers accounted for one third of the spending of the top fifty.

15) Magazine Share of Agency Billing - Top 75 Agencies

Agency	Percent of 1988 U.S. Media Billings	Agency	Percent of 1988 U.S. Media Billings
AC&R Advertising	22%	Kallir, Philips, Ross	NA
Admarketing Inc.	0.5%	Keller - Crescent Co.	2%
Ally & Gargano	23%	Ketchum Communications	12%
Ammirati & Puris	27%	Kobs & Draft Advertising	NA
Ayer	14%	Laurence, Charles, Free & Lawson	20%
Backer Spielvogel Bates Worldwide	10%	Levine, Huntley, Schmidt & Beaver	9%
BBDO Worldwide	11%	Lewis, Gilman & Kynett	4%
Bloom Companies	19%	LGFE Inc.	31%
Bozell	15%	Lintas: Worldwide	13%
Earle Palmer Brown Cos.	5%	Lowe Marschalk	NA
Leo Burnett Co.	13%	Martin Agency	NA
Campbell Mithun Esty	16%	McCaffrey & McCall	13%
CCG/TCA	NA	McCann Erickson Worldwide	11%
Chiat/Day/MOJO, Inc.	20%	McKinney & Silver	17%
Dailey & Associates	10%	Medicus Intercon International	8%
D'Arcy Masius Benton & Bowles	8%	Nationwide Advertising Inc.	6%
Davis, Ball, Colombatto Advertising	3%	Ogilvy & Mather Worldwide	10%
DDB Needham Worldwide	13%	Ogilvy & Mather Direct Response	NA
Della Femina McNamee WCRS	15%	Rapp Collins Marcoa	NA
Direct Marketing Group	NA	Hal Riney & Partners	NA
WB Doner & Co.	8%	Rosenfeld, Sirowitz, Humphrey & Strauss	33%
Doremus & Co.	3%	Ross Roy Group	10%
Eisaman, Johns & Laws	35%	Rubin Postaer & Associates	22%
Evans Communications	12%	Saatchi & Saatchi Adv. Worldwide	9%
Fahlgren & Swink	8%	Scali McCabe Sloves	NA
Fallon McElligott	15%	Sudler & Hennessey	NA
Foote Cone Belding - Publicis	8%	Tatham Laird & Kudner	19%
Thomas G. Ferguson Associates	1%	TBWA Advertising	33%
Gardner Advertising	NA	Telephone Marketing	NA
Geer Dubois	30%	J. Walter Thompson, Inc.	13%
Grey Advertising	11%	Tracy - Locke	6%
Griffin Bacal	5%	Tucker Wayne/Luckie & Co.	11%
GSDM	NA	Warwick Advertising	14%
HDM	25%	Wells, Rich, Greene	19%
Hill, Holiday, Connors, Cosmopulos	21%	Wunderman Worldwide	NA
Bernard Hodes Group	10%	Wyse Advertising	34%
Ingalls, Quinn & Johnson	23%	Y&R	13%
Jordan, McGrath, Case & Taylor	8%		

■ In the top 75 ad agencies based on 1988 billings, the magazine share of media billings ranged from a high of 35% to a low of less than 1%.

Source: U.S. Advertising Agency Profiles, Ad Age, March 29, 1989. NA=Not Available

Ad Position: Does It Make A Difference?

Right-hand, far forward
urgently requested.”
Sound familiar? Of course.
It is the most commonly
requested ad position in
any magazine, and has
been for as long as anyone
can remember. But is it al-
ways the “best” position?

In general, position *alone*
does not affect readership
of an ad or increase aware-
ness for a brand. *A strong
creative execution will per-
form well regardless of its
placement in the magazine.*

A “bad ad” will not per-
form well even if it is in
the front-of-the-book.

The primary source on ad
positioning is Starch
INRA Hooper, Inc. For
several decades, Starch has
measured the readership
of magazine advertising
(including the effective-
ness of the use of color,
size of ad, ads with “reader
offers” and bleed vs. non-
bleed), on the basis of per-
sonal interviews with a
sample of men and women
who have read the issue in
which the ad appeared.

Keep in mind, however,
that the Starch measure-

ment does not account for
several key variables
which affect ad aware-
ness, such as interest in
the product category,
creative execution of the
ad, reader involvement in
a specific magazine,
placement of ad elements
(brand name, visual com-
ponents, length of copy,
etc.).

Starch measures three degrees of readership:

NOTED: The percent
who remember having
previously seen the ad in
the issue.

ASSOCIATED: The per-
cent who saw any part of
the ad that clearly indi-
cates the brand or adver-
tiser.

READ MOST: The per-
cent who read 50% or
more of the written mate-
rial in the ad.

Based on Starch Tested
Copy results, the graphs
on the next four pages
explode some long-held
assumptions, beliefs and
propositions about posi-
tioning, size and color of
magazine ads.

■ *An ad that appears in the back of a magazine has as good a chance of being seen and read as an ad that appears in the front.* This chart disputes the prevailing belief that far-forward positioning in a magazine has a significant advantage over those in the back.

Although READ MOST scores remain fairly constant throughout the terciles, NOTED and ASSOCIATED scores fall slightly from the first through the third tercile, though the differences are not as great as many have assumed.

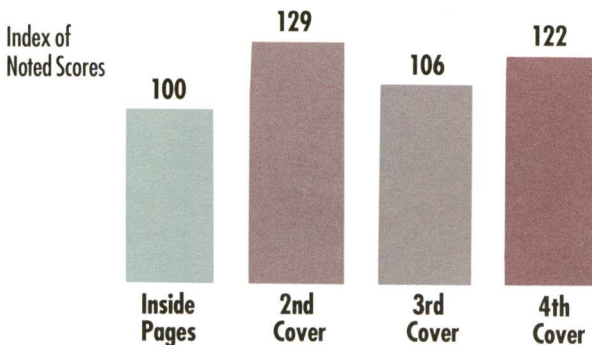
This chart, of course, does not answer the question of how an *individual* ad would score in any particular position. Again, it depends on the strength of the creative execution.

1) Page Position in Magazines - Average Readership of All One Page 4/C Ads

	3 Business Magazines & Sports Illustrated			10 Women's Magazines		
	Noted	Associated	Read Most	Noted	Associated	Read Most
First Third	107	105	110	106	107	100
Middle Third	100	100	100	100	100	100
Last Third	95	97	100	92	100	100

Source: Starch Tested Copy - Volume 1, No. 5 - June 1989.

2) Covers vs. Inside Pages



Based on the average for 5 types of magazine audiences.

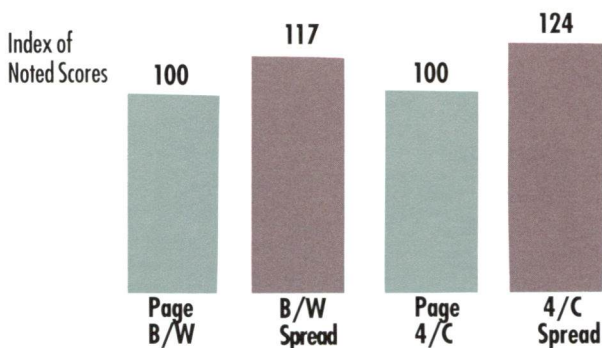
Source: Starch Tested Copy, Volume 1, No. 9 - October 1989.

■ If an advertiser places an ad in a specific cover position, does the ad obtain more exposure and attention than if they spent less money and placed it inside the publication?

Starch addressed this question in a recent Tested Copy, and found that *ads on the second cover had the highest average Noted Scores with the greatest increases over run-of-book pages (29%)*. Ads on the

third cover had only a 6% average advantage over inside pages, and fourth cover ads were 22% higher than those ads inside the magazine. (Fourth cover ads are not entirely measurable because who knows how many non-readers see a fourth cover ad when the magazine is placed down on a table or held up exposing the cover to anyone in proximity?)

3) Size of Ad

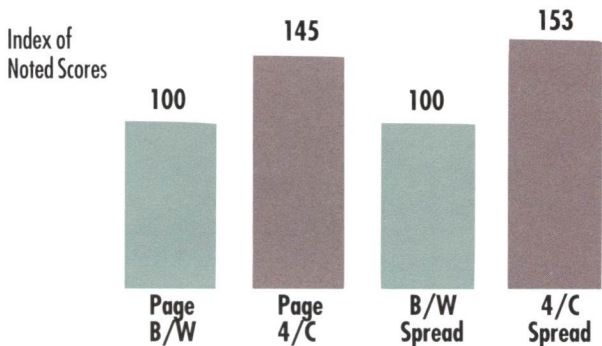


Source: Starch Tested Copy, Volume 1, No.1 - February 1989.

■ *The size of an ad does make a difference, according to Starch findings. Both black-and-white and four-color double-page spreads have substan-*

tially higher NOTED scores than single page ads of the same coloration, 17% and 24% respectively.

4) Color of Ad

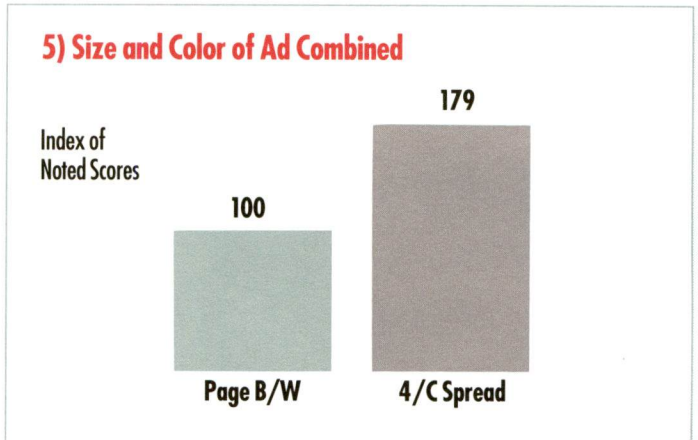


Source: Starch Tested Copy, Volume 1, No.1 - February 1989.

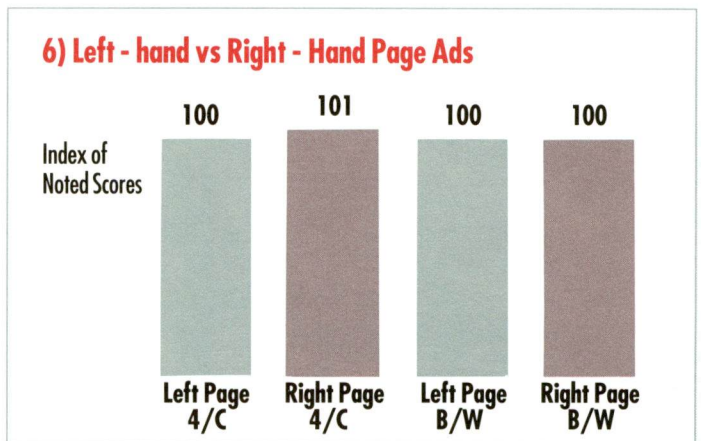
■ *Four-color ads have a significant impact on the readership of an ad as compared to black-and-white ads whether the ad is a page or a double-page spread. A four-color page ad has a*

45% higher NOTED score than a black and white page, and a four-color spread outperforms a black and white spread by 53%.

■ When size and color of an ad are both taken into consideration, a four-color double-page spread has a overwhelming 79% higher noted score than a single-page black-and-white ad.



Source: Starch Tested Copy, Volume 1, No.1 - February 1989.

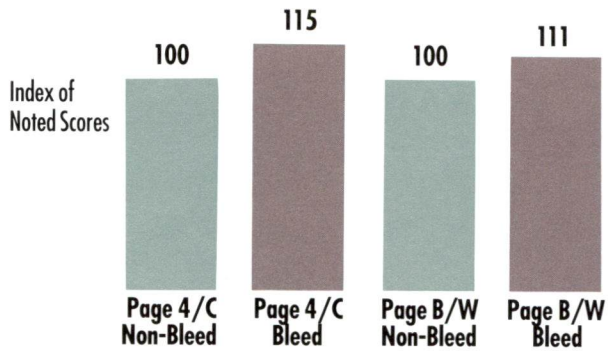


Source: Starch Tested Copy, Volume 1, No.5 - 1981.

■ Right-hand versus left-hand page ads show no difference at all in NOTED scores regardless of whether the ad is four-color or black-and-white.

■ *Bleed ads have a definite advantage over non-bleed ads.* Page four-color bleed ads obtained a 15% higher NOTED score than non-bleed ads, and the NOTED score for page black-and-white bleed ads was 11% greater than non-bleed.

7) Bleed vs. Non-Bleed Ads

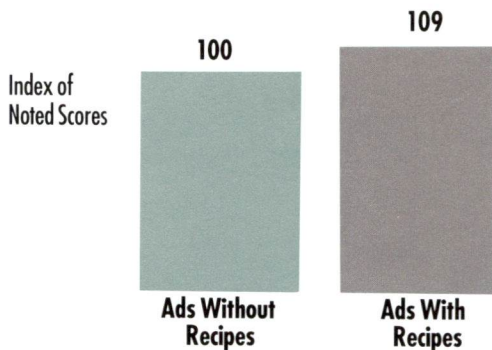


Source: Starch Tested Copy, Volume 1, No. 8 - 1981.

■ *Ads with recipes have more drawing power than those without a recipe.* Ads with recipes earned an average of a 9% higher NOTED score.

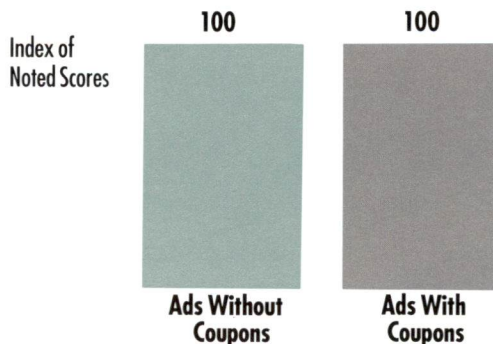
As in the case of any other type of advertisement, the manner in which the ingredients of the ad work together determines an ad's ability to gain maximum readership.

8) Reader Offer Ads - Recipes



Source: Starch Tested Copy, Volume 1, No. 8 - September 1989.

9) Reader Offer Ads - Coupons



Source: Starch Tested Copy, Volume 1, No. 8 - September 1989.

■ Not all "reader offer" magazine ads are attention-getters, however. Contrary to past findings by Starch, more recent measurements found that, in general, *magazine ads with coupons have lost their former advantage over ads without coupons.*

What Makes a Magazine Ad Effective?

The Pretesting Company for the past six years has tested ads and commercials in a controlled “real world” simulation. Patented systems allow comparisons between TV, Print, Radio, Outdoor and FSI advertising.

Beyond ad recall, tests also measure involvement, competitive imagery and impulse change in purchase selection.

Based on tests of between 4,000-5,000 magazine ads over a six-year period, The Pretesting Company has uncovered some interesting and perhaps startling findings about magazine advertising.

- Up to 40% of readers do not start from the front-of-the-book. Many “fan” a magazine with their left hand and will look at ads and articles starting from the back-of-the-book. In fact, according to a report from Time Marketing, 67 percent of magazine readers start reading a publication from some other place than the front-of-the book.

- With 18,000 products currently available in a typical supermarket (versus 10,000 only four years ago), *print advertising has been found to be the strongest*

medium in terms of helping a respondent be aware of a new variety of product or what the product looks like on the shelf.

- Few fifteen-second television commercials have been able to communicate competitive imagery. *The use of print and television has been found to be a far better solution to the problem of poor communication (if the print ad is a good one).*

- What fails to hold reader attention and gain a high level of communication:

- Metallic paint

- White copy on white background

- Black copy on black background

- Copy that is too large

- Copy that is too small

- Little space between the words

- Print ads that are used as “billboard” ads, simple reminders of television commercials, are an ineffective and inefficient use of magazines, and usually do not increase communication. Print ads *must* stand on their own, communicate the advertiser's objectives, and support the marketing strategy to be effective.

- Descending order of magazine advertising size impact:

1. Three single-page ads following each other on the right side.
2. Two single-page ads in different sections of the same magazine on the right side.
3. Double-page spread.
4. Single-page ads on right.
5. Single-page ads on left with strip on right.
6. Single-page ads on left.
7. Checkerboard ads on right.
8. Checkerboard ads on left.
9. Half-page ad, upper right.
10. Half-page ad, lower right.
11. Strip on both right and left sides.
12. Half-page ad, upper left.
13. Half-page ad, lower left.
14. Third-page block, lower right.
15. Strip (one-column), extreme right.
16. Strip, extreme left.

- *An exceptionally strong ad will usually perform well no matter where it is placed in a magazine.*

The MPA Kelly Award

The Kelly Award was established in 1980 to recognize the most creative advertising to run in magazines. It was named for the late Stephen E. Kelly—a President of MPA and Publisher of *McCall's*, *Holiday* and *The Saturday Evening Post*. Each year, a cash prize of \$100,000 is awarded to the

members of the creative team that produced the winning campaign. There are 24 nominated campaigns. Nominees receive trophies and extensive publicity, but there is only one winner for the Kelly Award. Since the program's inception, those winning campaigns have been:

1981 - Ogilvy & Mather, Inc.

PAR Parfums, Ltd.
PACO Rabanne Cologne

1982 - Ogilvy & Mather, Inc.

International Paper Company

1983 - Doyle Dane Bernbach Group, Inc.

Foodways National, Inc.
Weight Watchers Frozen Foods

1984 - Chiat/Day, Inc.

Nike Apparel

1985 - Ogilvy & Mather, Inc.

American Express - Retail

1986 - McKinney & Silver

North Carolina Travel & Tourism

1987 - Ogilvy & Mather, Inc.

American Express "Green" Card

1988 - TBWA

Absolut Vodka

What's So Special About Magazines?

Every magazine has a distinct personality. A real conversation takes place between the reader and the editor. *Reading a magazine is an intimate, personal, involving experience*, an activity which is usually experienced alone.

The editorial product of a magazine is the best of all media at fulfilling personal needs and values of the reader. It creates a mood, a focused interest. Magazines communicate positive social values and have been influential in initiating or accelerating political and social initiatives, consumer trends and lifestyle movements such as outdoor living, fashion, new technology, and health and fitness.

A magazine is a tangible enduring companion, a friend that you can enjoy at home, at work, traveling, anywhere at all. Magazines are portable, informing and entertaining. The intrinsic informational character of a magazine makes it an integral part of daily living.

1) Magazines Educate and Inform The Citizen and The Consumer

Type of Editorial	1988 Editorial Pages Distributed* (000)	%	1988 Editorial Pages Per U.S. Household
National Affairs	16,621,789	7.7	183
Foreign Affairs	9,823,743	4.5	108
Amusements	13,633,079	6.3	150
Beauty & Grooming	7,584,345	3.5	83
Building	5,393,633	2.5	59
Business & Industry	6,743,442	3.1	74
Children	4,447,805	2.0	49
Gardening & Farming	3,670,737	1.7	40
Food & Nutrition	20,665,797	9.5	227
Health/Medical Science	15,152,345	7.0	167
Home Furnishing/Management	12,363,684	5.7	136
Sports	17,697,510	8.2	195
Travel & Transportation	10,866,236	5.0	120
Wearing Apparel/Accessories	10,539,768	4.9	116
Culture/Humanities	33,003,596	15.2	363
General Interest	16,049,022	7.4	177
Miscellaneous	8,510,841	3.9	94
Fiction & Stories	3,750,841	1.7	41
Total Editorial	216,518,309	100.0	2,382

*Editorial pages by subject matter for each of the 75 measured magazines (not including newspaper supplements) multiplied by the circulation for that magazine equals editorial pages distributed. This indicates the total editorial impact of the 75 magazines on the reading public.

Sources: Editorial Pages — The R. Russell Hall Co.

Circulation — The Audit Bureau of Circulation, SRDS—Feb. 1988

Households — Sales & Marketing Management Survey of Buying Power, 1988.

■ The 75 magazines measured by The R. Russell Hall Co. published *216.5 billion editorial pages in 1988* on a wide variety of topics. For example, the editorial pages of magazines helped to create the interest and concern about health and nutrition among the general public, and in 1988 alone these

magazines contributed almost 36 billion editorial pages on this subject.

These 75 measured magazines provided an astonishing 2,382 editorial pages per U.S. Household in 1988. See the section on Readership to find out *who* is reading all these editorial pages.

■ The “Study of Media Involvement” revealed that of four media, magazines were, by far the medium that consumers most counted on for their main source of knowledge, information and usable ideas. This was true across the board for 19 important areas of their lives, from cars to raising children to careers.

■ Respondents in this study were asked which of four media best fit their personal needs and lifestyles. Magazines were their first choice, in fact, 65% greater than TV, over three times greater than newspapers and almost ten times more than radio.

2) Contributes Most Knowledge and Usable Ideas

Interest Area	Percent of U.S. Adults			
	Magazines	TV	Newspapers	Radio
Automobiles	53	12	18	2
Beauty & Grooming	66	16	8	1
Careers	52	10	20	1
Clothing & Fashions	60	17	17	-
Consumer Education	52	19	23	2
Cultural Interests	52	19	20	2
Entertaining	48	19	19	4
Farming, Gardening, Landscaping	71	9	11	1
Food	55	11	26	1
Health	56	23	11	2
Hobbies	68	13	9	1
Home Buying, Bldg. Remodeling	61	10	20	1
Home Decorating, Furnishings & Management	78	6	9	1
Money Matters	50	12	21	2
Raising Children	53	14	6	1
Raising & Caring For Pets	54	13	9	1
Self-Improvement	60	15	11	3
Sports (personal participation)	49	22	11	1
Travel	45	20	25	2

Source: “Study of Media Involvement,” Audits & Surveys, November 1986.

3) Medium That Best Fits Personal Needs and Lifestyle

Medium	Percent Of U.S. Adults
Magazines	48%
Television	29
Newspapers	15
Radio	5
No Opinion	3
Total	100

Source: “Study of Media Involvement,” Audits & Surveys, November 1986.

Nearly Everyone Reads Magazines

Not only does nearly everyone read magazines, but magazine readership is heaviest among demographic, thought and lifestyle leaders.

Adults...

- 156.3 million adults, or *88% of the U.S. population* 18 years of age and older, read one or more of the 136 MRI-measured magazines during the average month.
- They read an *average of 10.0 different issues* per adult reader during the month.

Men...

- 72.6 million adult men, or *85% of U.S. men*, read at least one issue. They read an *average of 9.7 different issues* during the average month.

Women...

- 83.7 million adult women, or *90% of U.S. women*, read at least one issue. They read an *average of 10.3 different issues* during the average month.

Source: 1989 Spring MRI weighted to population.

■ Educated, upscale adults read more magazines than the U.S. average. *College-educated and those with household incomes exceeding \$50,000 read an average of over 11 issues in the average month.* Professional/Managers are serious magazine readers. They read an average of over 13 issues each month. These are the adults who have more purchasing power and are better prospects for the products and services advertised in magazines.

■ Educated adults are heavy readers of magazines and prime prospects for purchasing a multitude of products. These *educated readers* also read each magazine more thoroughly—*are exposed to the average magazine page more frequently*, and also *see the ads more frequently*.

1) Magazine Readers by Target Demographics

Adults	Average Month	
	Read 1+ Magazines	Average # Of Issues
18-44 Years Old	89.7%	11.8
25-54 Years Old	88.4%	11.3
Attended/Graduated College+	94.4%	11.1
HHI \$40,000+	92.6%	11.1
HI \$50,000+	93.8%	12.3
Professional/Managerial*	95.0%	13.3
3-or-More Person Households	88.9%	10.1
Total U.S. Adults	87.6%	10.0

* Based on employed adults

Source: Reach & Frequency Analysis of 1989 Spring MRI, magazines published in a 4 week period.

2) Prime Prospects Read a Magazine More Thoroughly

Adults By Education	Magazine Page Exposure (MPX)	Index
High School or Less	1.6	94
Some College	1.7	100
Graduated College+	1.9	112
Total Adults	1.7	100

Source: MPX-A Study of Magazine Page Exposure, by Audits & Surveys, Inc. 1981.

3) Total Adult Reading of Average Magazine Copy

Number of Adult Readers	4.8
Reading Days Per Reader	3.2
Total Adult Reading Days (4.8 readers × 3.2 reading days)	15.4
Reading Time Per Reader	51 minutes
Total Adult Reading Time	245 minutes
(4.8 readers × 51 minutes)	or 4.1 hours
Copy Kept Accessible	28.8 weeks
Percent Exposed To Average Ad page	85%
Per-Reader Exposures To Average Page (MPX)	1.7X

Total Adult Exposures Per Page

(4.8 readers × 1.7X) **8.2**

Sources: MRI, Spring 1989.

MPX-A Study Of Magazine Page Exposure Audits & Surveys, Inc., 1981 and Changing Channels, Audits & Surveys, Inc. 1984; TGI, 1977.
Eyes On Study for Newsweek by Audits & Surveys, Inc., 1978.

■ The demographic profile of the average magazine reader is 39.4 years old, married, educated, and 55% are the head of their household. More than five out of ten live in a household with three or more persons.

Almost 60% are employed with a median household income of \$33,398. Sixty-nine percent own their own home with a median value of \$77,867.

Over seven out of ten live in a Metropolitan Area and A/B Counties.

■ The average magazine copy has 4.8 readers, with 3.2 reading days per reader. Each reader spends 51 minutes reading the copy, for a total of 245 minutes (4.1 hours) of adult reading time per copy.

Each reader is exposed an average of 1.7 times to the average page in the copy, for a total of 8.2 adult-reader exposures per page. Each reader keeps the copy of the magazine accessible for an average of 28.8 weeks.

4) Profile of Average Reader Of Average Magazine Copy

- Median Age: 39.4 (U.S. Median=40.4)
- 40% are at least High School graduates.
- 62% are Married
- 55% are the Head Of Household.
- 58% live in a 3-or-more-Person Household.
- 59% are Employed Full-Time.
- Median Household Income: \$33,398 (5.3% above U.S. average of \$31,730)
- 69% Own their home with a \$77,867 median value.
- 78% Live in Metropolitan Area (MSA).
- 73% Live in A/B County.

Source: MRI Spring 1989.

Explanation of Media Imperatives (SMRB) and Media Comparatives (MRI)

Media Imperatives/ Media Comparatives is a concept that divides the total marketplace into segments that are based on the amount of exposure by each individual to television *and* to magazines. It provides a realistic basis for comparisons of media exposure and marketplace activity.

Respondents exposed to these media are segmented into quintiles, each containing approximately twenty percent of the total population, for each of the media. Quintiles are designated as quintile I (the highest exposed group) through quintile V (the lowest exposed group). These are cross-tabulated for each of the paired media and mutually exclusive groups result - an Imperative/ Comparative group for each of the paired media.

One group of people who are *heavy readers* (based on quintiles I and II) of magazines and *light viewers* (based on quintiles IV and V) of television are called “*Magazine Imperatives*” in SMRB or “*Magazine Comparatives*” in MRI.

They are called “Magazine Comparatives/ Imperatives” because it is imperative or essential that magazines be used in a significant way to reach and influence these people at any reasonable budget level.

Another group who are *heavy viewers* of television and *light readers* of magazines are called “*Television Imperatives*” or “*Television Comparatives*” — they cannot be reached without television.

5) Media Profiles

Demography Age :	Media Comparatives	
	Magazine	Television
18-24	134	72
18-44	121	77
25-34	110	81
25-44	117	79
25-54	114	83
35-44	125	76
35-59	111	88
45-54	107	94
55-64	72	123
55+	54	149
65+	39	171

Education:

Attended/Graduated College+	128	68
Graduated High School	95	102
Did Not Graduate High School	57	149

Household Income:

HHI \$40,000+	142	66
HHI \$50,000+	151	57
HHI \$60,000+	161	49

Occupation:

Professional/Managerial*	151	50
Technical/Clerical/Sales*	126	74
Precision/Craft*	95	103
Other Employed	102	89
Not Employed	63	142

Household Size:

1 Person	70	136
2 Persons	84	117
3+ Persons	115	83

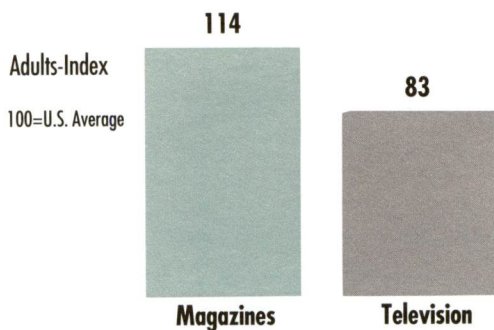
* Based on employed adults.

100=U.S. Average

Source: MRI, Spring 1989

■ Based on Media Comparatives, magazine reading is heaviest among the age groups 18-44 and 35-44, those with a college education, a high income, a professional/managerial occupation and a household size of three or more — valuable consumers. The profile of the heavy television viewer is just the reverse of the magazine reader.

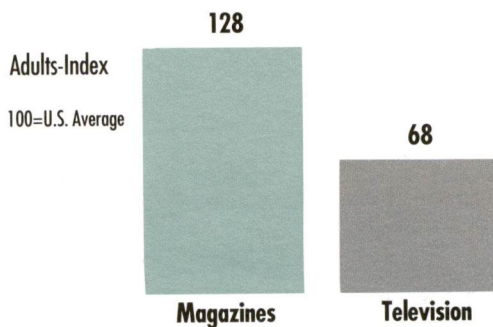
6) Media Comparatives of 25-54 Year Olds



Source: MRI, Spring 1989.

■ Adults between the ages of 25-54 are 37% more likely to be in the Magazine Comparatives group than in the Television Comparatives.

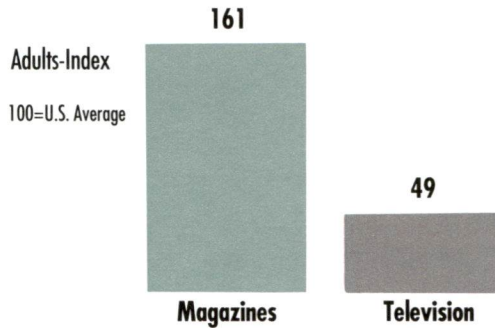
7) Media Comparatives of College Educated+



Source: MRI, Spring 1989.

■ College-educated adults tend to be heavy magazine readers and light TV viewers; in fact, 88% more so.

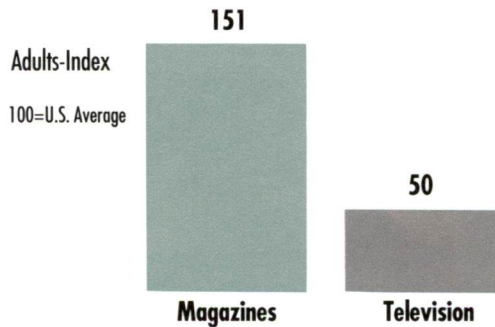
8) Media Comparatives of \$60,000+ Household Income



Source: MRI, Spring 1989.

■ Adults with household incomes exceeding \$60,000 are over three times more inclined to be heavy magazine readers and light viewers of television.

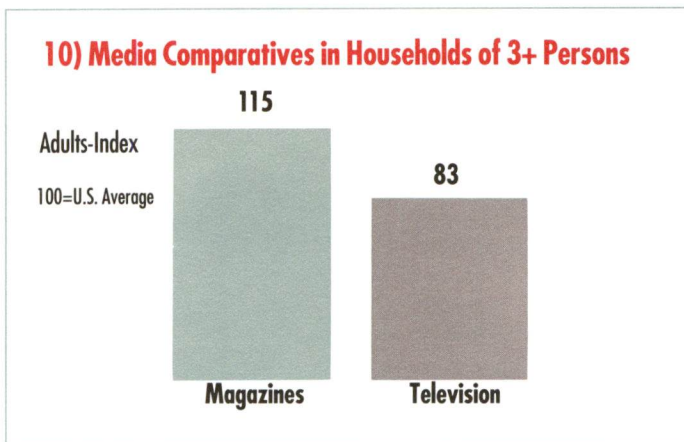
9) Media Comparatives of Professional/Managerial



Source: MRI, Spring 1989.

■ Professional/Managerials are three times more liable to be in the Magazine Comparatives group than in Television Comparatives (heavy viewers of TV and light readers of magazines).

■ Adults who live in a household of three or more persons are 40% more likely to be heavy magazine readers and light TV viewers.



Source: MRI, Spring 1989.

11) Share of Market by Media Imperatives

	Dual	Magazine	Television	Non
U.S. Adults	21%	34%	31%	15%
	Heavy & Heavy	Heavy Magazines & Light TV	Light Magazines & Heavy TV	Light & Light
Professionals & Managers	20%	48%	17%	15%

Source: SMRB 1989.

■ Magazine Imperatives, the heavy readers of magazines and light viewers of television, account for 34% of total U.S. adults; but account for a much larger share of target audiences, e.g. 48% of

professional/managers. This target comprises only 17% of the Television Imperatives, heavy viewers of TV and light readers of magazines.

12) Reading by Place

Place	Percent
In Own Home	62.8
Someone Else's Home	8.0
Place of Work	10.6
Doctor's/Dentist Office	6.4
All Other	12.2
Total	100.0

Source: MRI, Spring 1989.

■ Two-thirds of magazine reading occurs in the home.

13) Reading by Day of Week

Day	Index
Sunday	82
Monday	103
Tuesday	111
Wednesday	88
Thursday	97
Friday	106
Saturday	113

100 = Daily Average

Source: "The Level Of Magazine Reading,"
Mediamark Research, Inc. March 1980.

■ Monday, Tuesday and Friday are popular days for reading magazines, however, it peaks at 13% above average on Saturday.

14) Reading by Time of Day

Time	Percent
Wakeup through Breakfast	10
After Breakfast through Lunch	19
After Lunch through Dinner	35
After Dinner to Retiring	42
In Bed before Sleep	5
Total	111*

*Adds up to more than 100%, since a magazine could be read in more than one daypart.

Source: "The Level of Magazine Reading," Mediamark Research, Inc. March 1980.

■ The favorite time to read magazines is the time between dinner and before sleep (47%). Thirty-five percent of magazine reading is enjoyed after lunch through dinner.

■ Magazine reading varies only slightly by quarter with an average of 9.8 issues read per month throughout the year.

15) Seasonal Variation in Magazine Reading

Quarter	Issues Read Per Month	
	Number	Index
First(Jan-March)	9.2	93
Second(April-June)	10.2	102
Third(July-Sept.)	10.1	101
Fourth(Oct.-Dec.)	9.7	98
Year	9.8	100

Source: MRI, Spring 1989.

■ 98% of the average weekly magazine's total measurable audience is accumulated within four weeks of on-sale date. For the average monthly magazine, 89% of its total measurable audience is accumulated within eight weeks after on-sale date.

16) Total Audience Accumulation

After On-Sale Date	Percent of Total Audience Reached by a Typical Magazine	
	Weekly	Monthly
One Week	60	40
Two Weeks	80	60
Three Weeks	92	65
Four Weeks	98	70
Eight Weeks	100*	89
Twelve Weeks	*	100*

* A "watershed point." Magazines continue to accumulate additional readers, but relevant research measurements are not made after these points in time.

Sources: Estimate based on Politz, Simmons & Audits & Surveys Studies.

17) Percent of Total Adult Demographics by Media Imperatives

Target Demographics - Adults	Media Imperatives	
	Magazine	Television
Attended/Graduated College+	46%	20%
Professional/Managers*	48%	17%
\$30,000 or More I.E.I.	46%	19%
\$50,000 or More HHI	48%	17%
18-49 Year Olds	40%	25%
3+ Person Households	37%	27%
Parents	38%	26%
\$100,000+ Residence Owned	43%	22%

* Based on employed adults

Source: SMRB 1989.

■ Magazine Imperatives, heavy magazine and light television exposure, represent at least twice the number of TV Imperatives with common advertising target demographics.

18) Index of Public Activity

Media Imperatives

Activity in Past Year	Magazine	TV
Voted In Election	109	92
Wrote Magazine/Newspaper Editor	121	83
Wrote/Telephoned Radio/TV Station	114	85
Wrote to Elected Official	123	82
Wrote Something Published	117	85
Visited Elected Official	121	83
Addressed Public Meeting	127	77
Active in Local Civic Issue	119	85
Worked for Political Party/Candidate	120	85
Did Fund Raising	122	78
Volunteer Work (non-political)	129	77
Memberships:		
School/College Board	116	73
Church Board	122	74
Business Clubs	143	53
Union	119	87
Fraternal Orders	118	86
Religious Clubs	94	91
Civic Clubs	140	62
Country Club	125	86
Health Club	151	64
Environmental Organization	136	75

100=U.S. Average

Source: SMRB 1989.

■ Magazine readers are active, concerned and involved in community, civic, public and social affairs. The indices for Magazine Imperatives range from 65% more likely to address a public meeting to 2 1/3 times more likely to belong to a health club than Television Imperatives.

■ The financial profile of adults who are heavy magazine readers and light TV viewers (Magazine Imperatives) is much brighter than those adults who are heavy television viewers and light magazine readers (TV Imperatives). Those adults who fit in the Magazine Imperatives are more likely to have Investment Property, Tax Sheltered Annuities, and own an American Express Gold Card than those in the TV Imperatives group.

■ Those adults who are in the Magazine Imperatives group travel more both domestically and overseas than those who fall into the TV Imperatives. Magazine Imperatives took twice as many domestic business trips, 75% more foreign trips and were twice as likely to have attended a conference/convention than TV Imperatives.

19) Financial Profile Index

	Magazine	TV
Regular Checking Account	116	86
Interest-Bearing Checking Account	111	90
Savings Account	111	90
Individual Retirement Account	121	82
Investment Property	132	72
Tax Sheltered Annuities	141	68
Brokerage Account	120	77
U.S. Savings Bonds	127	75
Common Stock (not employer)	123	79
\$100,000+ Homeowners Insurance	126	75
\$30,000+ Life Insurance	125	79
Credit Cards:		
American Express Green	124	70
American Express Gold	133	64
Discover	121	72
Master Card	119	82
Master Card Gold	124	77
VISA	125	79
VISA Gold	132	75

100=U.S. Average

Source: SMRB 1989.

20) Index of Travel Activity

	Magazine	TV
Domestic:		
Took Domestic Trip	117	85
Took Domestic Business Trip	134	66
Frequent Flyer Member (Domestic)	134	70
Foreign:		
Took Foreign Trip	131	75
Valid Passport	131	73
Visited Europe	131	74
Total Travellers (Past Year):		
Bought Travellers' Checks	128	75
Attended Conference/Convention	140	67
Rented Car	136	68

100=U.S. Average

Source: SMRB 1989.

21) Target Demographics by VALS Typologies

Typology	% U.S. Adults	%	Att./Grad. College Index	%	\$40,000+ H.H. Income Index	%	Professional Managerial Index
Survivors	4.0	0.6	14	*	*	*	*
Sustainers	7.0	2.1	30	0.9	13	*	*
Belongers	38.0	16.6	44	14.1	37	4.0	11
Emulators	10.0	4.5	45	5.2	52	4.0	40
Achievers	21.0	33.1	158	49.7	237	42.1	201
I Am Me	3.0	3.5	118	3.6	120	0.2	6
Experientials	5.0	10.7	215	5.0	100	6.2	124
Societally Conscious	12.0	28.8	240	21.4	179	43.2	360
Total U.S.	100.0	100.0	100.0	100.0	100.0	100.0	100.0

100=U.S. Average

Source: 1988 SMRB/VALS.

■ By VALS (Values and Lifestyles) typologies, the prime target adults, college-educated, HHI \$40,000+ and Professional/Managerial, are heavily concentrated among the Achievers, I Am Me, Experientials, and Societally Conscious.

22) Target Demographics by VALS 2 Typologies

Typology	% U.S. Adults	%	Att./Grad. College Index	%	\$40,000+ H. H. Income Index	%	Professional Managerial Index
Actualizer	7.2	17.2	240	18.3	255	20.7	288
Fulfilled	10.4	21.8	210	14.5	140	24.5	236
Experiencer	13.5	12.6	94	11.6	86	9.7	72
Achiever	13.3	29.1	219	32.4	244	28.8	217
Maker	12.0	6.7	56	6.4	53	4.5	37
Striver	13.9	9.3	67	7.9	57	7.2	52
Believer	18.0	2.4	14	8.8	49	3.8	21
Struggler	11.8	0.8	7	0.0	0	0.8	7
Total U.S.	100.0	100.0	100.0	100.0	100.0	100.0	100.0

100=U.S. Average

Source: 1988 SMRB/VALS 2.

■ By VALS 2 Typologies, the prime target adults are concentrated among Achievers, Actualizers, and Fulfilleds. Achievers are those successful, career-oriented individuals who are deeply committed to work and family. Actualizers are those successful, "take-charge" people with high self-esteem and abundant resources. Fulfilleds are mature, reflective people who value order, knowledge and responsibility.

■ Magazine reading is also most heavily concentrated among the prime-prospect Achievers, I Am Me, Experientials, and Societally Conscious. Whereas, the reverse is true for television viewers who are concentrated among the Survivors, Sustainers, and Belongers.

23) Media Exposure By VALS Typologies

Typology	Mean Levels Of Exposure			
	Magazines	Television	Radio	Newspapers
Survivors	53	137	87	55
Sustainers	83	108	113	63
Belongers	87	114	89	92
Emulators	100	89	108	91
Achievers	119	89	106	124
I Am Me	119	92	116	91
Experientials	126	79	109	107
Societally Conscious	118	78	104	128
Total U.S.	100	100	100	100

100=U.S. Average

Source: 1988 SMRB/VALS.

■ Magazine reading is most heavily concentrated among Actualizers, Fulfilleds, Experiencers and Achievers. These individuals are characterized as successful, motivated, and well-educated. Television Viewers are concentrated among the Strivers, Believers, and Strugglers; these people are poorly educated with limited social, economic, and emotional resources.

24) Media Exposure By VALS 2 Typologies

Typology	Mean Levels Of Exposure			
	Magazines	Television	Radio	Newspapers
Actualizer	143	86	98	140
Fulfilled	124	96	98	125
Experiencer	112	101	104	90
Achiever	116	87	106	120
Maker	103	90	116	120
Striver	92	95	104	92
Believer	82	112	93	99
Struggler	55	123	81	71
Total U.S.	100	100	100	100

100=U.S. Average

Source: 1988 SMRB/VALS 2.

Magazine Revenue – Where It Comes From and Where It Goes

Revenues

Consumer magazines got 54% of their revenue from advertising and 46% from circulation in 1979. By 1988 circulation revenue had grown to 52% while advertising revenue was only 48%. This represents a significant shift toward more reliance on readers as a source of revenue (Chart 1).

Readers have been willing to pay more for their magazines. Over the past decade, average single copy prices have increased 72% and average subscription prices have gone up 61% while the consumer price index went up 63% (Chart 4).

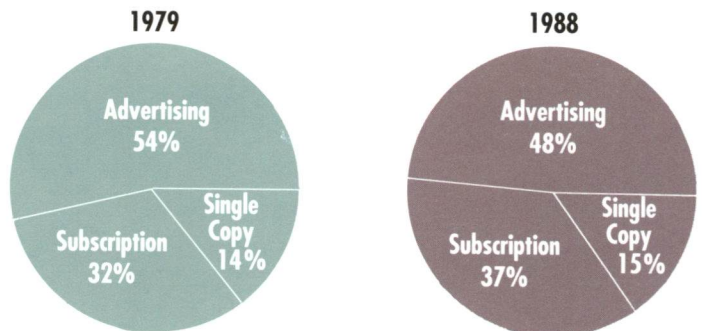
Costs

Consumer magazine costs grew an average of \$.88 per net paid copy in the past decade, an increase of 85%. The most significant changes in the components of magazine cost in the 1979-1988 period were paper, printing and distribution, down from 49% to 38% and circulation marketing, up from 25% to 32% (Charts 2 & 3).

Profits

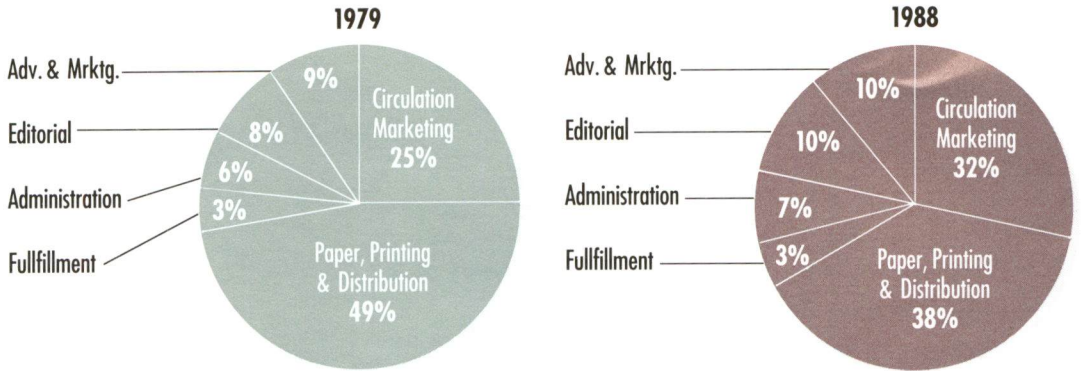
Pre-tax operating margins for consumer magazines participating in the MPA/Price Waterhouse Survey have improved during the past ten years from about 8% on average at the beginning of the decade to about 12% in 1987-88. This is below the average pre-tax margin for all communication companies (14.3%) and well below the average margins for newspapers (17.2%) and television (16%) as reported by the Veronis & Suhler Communications Industry Report for 1988 (Chart 5).

1) Changing Sources of Magazine Revenue



Source: Price Waterhouse Annual Financial Survey, Conducted for MPA, 1989.

2) Changing Components of Magazine Costs



Source: Price Waterhouse Annual Financial Survey, Conducted for MPA, 1989.

3) Cost Per Net Paid Copy

	Cost	Index	CPI
1979	\$1.03	100	100
1988	1.91	185	163

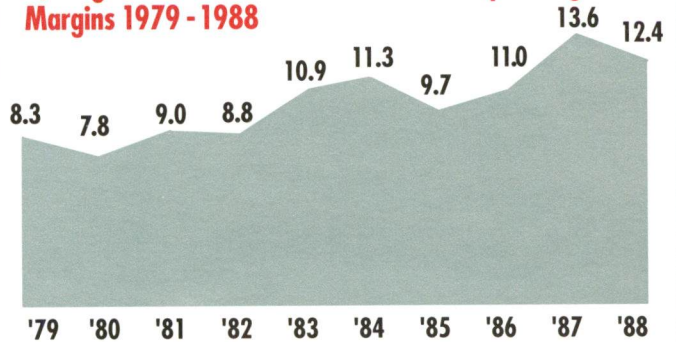
Source: Price Waterhouse Annual Financial Survey, Conducted for MPA, 1989.

4) Subscription and Single Copy Prices Compared to CPI, 1979 - 1988

	CPI	Subscription price	Cover Price
1979	100	100	100
1988	163	161	172

Source: Price Waterhouse Annual Financial Survey, Conducted for MPA, 1989.

5) Magazine Profits – Trends in Pre-Tax Operating Margins 1979 - 1988



Source: Price Waterhouse Annual Financial Survey, Conducted for MPA, 1989.

The 90's: The Smarter Decade

Magazines have always offered the greatest options for targeting, involving and persuading tightly defined market segments. New technology will allow even more personalized and customized communications to readers in the 1990's.

Paper/Reproduction Innovations

Paper and reproduction quality innovations have certainly influenced readers of highly successful upscale magazines in lifestyle, home and fashion categories. As paper grades have improved, inks have kept pace, resulting in glossier, crisper reproduction. And, *quality* will be the most critical determinant of a brand's long-term image and leverageable point-of-difference in a more fragmented market.

Polybag Wrap Innovations

The polybag wrap has created new marketing opportunities for maga-

zines. Both editorial and advertising messages can be offered selectively to readers outside the bound magazine but within the same package.

Desktop Computer Innovations

The desktop computer has also become an integral part of almost every publisher's operation. Computer-aided design allows major magazines to quickly and efficiently tailor or revise graphics. In fact, entire new major magazines have been designed with the help of a computer as have customized editions.

Selective Binding Innovations

Selective binding, for customized editions, will allow editors and advertisers alike to target and address specific groups within a magazine's circulation. It provides the effectiveness of national audiences in customized editions that match a marketer's database with that of a magazine.

Inkjet Imaging Innovations

The added technological ability of ink-jet imaging easily allows co-op or dealer listings as well as personalized messages to readers.

Involvement Devices Innovations

The 1980's brought us interactive technologies or "involvement devices" such as a coupon, or a scent, a product sample, pop-ups, a 3-D viewer, a tune, even a voice message. And imagine how these technologies might work for marketers with a precise database of target audience characteristics. How about an ad that addresses *you* by name? Not just by inkjet printing—*by voice*.

Electronic/Passive Measurement of Magazine Audiences

The next decade will find that magazine audiences are likely to be measured through passive electronic means providing more accurate and improved data.

This is just a sampling of what's going on in magazines. Magazines can deliver highly targeted, quality audiences with more product purchasing power than any other mass media. That is why the 90's will be a decade of great opportunity for marketing magazines to advertisers.

It promises reassurance that the 90's will be the smarter decade, with smarter marketing, smarter communications programs.

*And, reassurance that
"Magazines Make Things
Happen."*

And that's smart.

Newsletters of Research—Back Issues

Partial listing of available back issues:

- #33 Taking the Measure of Magazines-Facts, Trends & Perspectives
- #34 PRIZM-New Light on Market Spectrum
- #35 Impact index by Media Imperatives
- #36 Pinpointing the Elusive New Car Buyer with PRIZM
- #37 New Research Confirms Magazine Reader Exposed to Average Page More Than One Time
- #38 Qualitative View of Television
- #39 Magazine Almanac...Facts, Trends and Perspectives
- #40 VALS-As A Media Evaluation Tool
- #41 When Discretionary Dollars Talk, Do Advertisers Listen?
- #42 Changing Levels of Automobile Advertising Effectiveness
- #43 Some Basic Magazine Values for the Advertiser
- #44 Now You See It! Now You Don't!
- #45 Advertising Exposure in Cable Homes
- #46 Magazine Almanac...Facts, Trends & Perspectives That Can Work For You
- #47 Magazine Infobasics 1 * 2 * 3: A Program For Increased Sales Of Microcomputers And Software
- #48 Segmenting Markets and Media with Cluster-Plus
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