

Ad spending fuels global magazine publishing revenues to more than \$115 billion by 2010

By Kara Hartig

Marked growth in advertising revenues will drive worldwide spending on magazine publishing, expanding to \$117.6 billion in 2010 at a 3.6 percent compound annual growth rate (CAGR), according to PricewaterhouseCoopers' *Global Entertainment and Media Outlook: 2006–2010*.

The *Outlook* defines the magazine publishing market as advertisers' spending in magazines (i.e., consumer, business-to-business, trade). It also includes readers' spending on magazines through either subscriptions or retail outlets.

Europe, the Middle East, and Africa (EMEA) will continue to command the largest global magazine publishing revenues during the forecast period, rising to \$49 billion in 2010 at a 3.3 percent CAGR. Boasting the second-largest market, the U.S. will increase to \$42.9 billion in 2010 at a 3.7 percent CAGR. Although Latin America's market will remain modest in size, it will expand the fastest—at a 5.8 percent CAGR to \$3.7 billion in 2010. With Asia Pacific advancing to \$20.7 billion in 2010 at a 3.9 percent CAGR, it will claim the third-highest revenues. Meanwhile, Canada will expand at a 1.8 percent CAGR to \$1.4 billion in 2010.

In the U.S., rising disposable income, reserved price escalation, and new low-cost titles will boost consumers' spending on single-copy sales in the near term. Although postal increases will result in subscription price hikes, this growth will eventually moderate. Combined with increased attraction to new titles for niche markets, consumer circulation spending will rise at a 2.4 percent CAGR to \$11.8 billion in 2010. With business circulation spending mounting to \$1.9 billion in 2010 at a 0.8 percent CAGR, total circulation revenues will expand at a 2.2 percent CAGR to \$13.7 billion in 2010.

Modest increases in paid circulation after 2006 will also have positive impact on consumer magazine advertising. Aided by attractive cross-media packages and increasing reach of online editions, consumer magazine ad spending will rise to \$16 billion in 2010 at a 4.5 percent CAGR. Moreover, expanding corporate profits will continue to boost business magazine advertising, counterbalancing an increasing emphasis on trade shows in business communications. Business ad spending will thus grow at a 4.4 percent CAGR to \$13.2 billion in 2010, with total ad spending escalating to \$29.2 billion in 2010 at a 4.5 percent CAGR. Regarding the market overall, consumer magazine spending will expand at a 3.6 percent CAGR to \$27.8 billion, and business title spending, at a 3.9 percent CAGR to \$15.1 billion.

In EMEA, advertisers will continue to leverage magazines to reach high-income readers in countries with growing affluence. Bolstered by launch of new high-end titles and custom titles contracted by advertisers, total magazine advertising will reach \$24.8 billion in 2010 at a 4 percent CAGR. Regarding the consumer market, rising affluence in various

countries and appeal of new titles and genres, combined with interest in new distribution channels and digital editions, will drive total circulation spending to \$24.2 billion in 2010 at a 2.6 percent CAGR—offsetting the declining size of the industry’s target demographic.

Western Europe will lead with the largest overall spending, increasing to \$43.1 billion in 2010 at a 2.7 percent CAGR. With an 8.8 percent CAGR, Central and Eastern Europe will expand the fastest to \$4.6 billion in 2010. By country, France will command the highest spending—reaching \$9.7 billion in 2010 at a 2.4 percent CAGR—followed by the U.K. (\$8.5 billion) and Italy (\$6.3 billion), both with increases of 3 percent compounded annually. Boasting the fastest growth, Russia will rise at a 13.6 percent CAGR to \$1.6 billion in 2010.

In Asia Pacific, rising affluence in various countries will expand the upscale market and fuel ad spending, reaching \$8.1 billion in 2010 at 5 percent compounded annually. Moreover, India and the People’s Republic of China (PRC) have adopted new strategies for attracting capital investment to publishing, producing 53 percent of Asia Pacific’s market growth during the next five years. Further aided by population expansion of the target demographic and distribution improvements, overall circulation spending will increase to \$12.5 billion in 2010 at a 3.2 percent CAGR.

By country, Japan will continue to represent the largest market, rising to \$10.7 billion in 2010, albeit at a reserved 1.3 percent CAGR. With the second-largest market, the PRC will show rapid expansion to \$3.6 billion in 2010 at 13 percent compounded annually. Australia will follow with the third-highest revenues of \$1.9 billion in 2010 at a 4.2 percent CAGR. Expanding the fastest, India will reach \$567 million in 2010 at a 13.3 percent CAGR.

In Latin America, a generally stable and growing economy will fuel spending on magazine advertising. Combined with a resultant increase in new titles and foreign investment, the category will rise to \$1.5 billion in 2010 at a 7.6 percent CAGR. Moreover, escalating penetration of the target age demographic and improved distribution will buoy circulation, with category spending expanding at a 4.7 percent CAGR to \$2.2 billion in 2010.

By country, Brazil will maintain market dominance, mounting to \$1.8 billion in 2010 at a rapid 6.2 percent CAGR. With the second-highest spending of \$820 million in 2010, Argentina will similarly rise at a 6.2 percent CAGR. Despite having the fastest compound annual growth of 7 percent, Venezuela’s market will remain modest at \$21 million in 2010.

In Canada, sustained increases in net number of titles will offset moderating economic growth. Combined with incorporation of online editions in ad sales strategies, consumer ad spending will climb to \$652 million in 2010 at a 3.3 percent CAGR. Bolstered by moderate expansion of business ad spending at a 1.7 percent CAGR to \$202 million, overall magazine ad spending will rise to \$854 million in 2010 at a 2.9 percent CAGR.

Although postal increases and declining subsidies will adversely affect unit circulation in the short term, subscription prices will moderate. Circulation spending will therefore maintain relatively flat growth of 0.1 percent compounded annually to \$545 million in 2010.