

December 21, 2009  
Volume XIV, #21

Editor: John Harrington Associate Editor: Eileen Harrington

## 2009: THE YEAR IN REVIEW: *Part One*\*

**January 12:** Meredith Corporation announced it will stop publishing *Country Home*....Ziff-Davis Media has left the print publishing business by closing *Electronic Gaming Monthly (EGM)* after the January issue....American Media Inc. (AMI) has restructured its financial situation. It will be controlled by a new board of directors, controlled by bond holders.

**January 19:** Anderson News Company, a wholesaler with nearly 25% of the business, said that unless publishers agree to a seven cents per-copy-distributed surcharge and the assumption of the value of the magazine inventory in scan-based-trading retailers, they would stop distributing the publishers magazines as of February 1. Anderson said the SBT chargeback was \$70 million. Initial response from publishers and national distributors was not accommodating. In a telephone conference call with suppliers, Charlie Anderson said the company might have to leave the business if its demands are not met....Magazine ad pages were down 17.1% in the fourth quarter of 2008, according to a PIB report. For full year, pages were off 11.7%.

**January 26:** Source Interlink Distribution, a division of The Source Interlink Companies, told publishers it would start charging seven cents on all copies received effective February. The move matched the surcharge imposed a week earlier by Anderson News, but Source Interlink did not ask for an SBT inventory reimbursement. Source and Anderson's combined share of the U.S. wholesale business is estimated at 50%. Source Interlink is also a publisher, with around 70 special interest titles, and it has agreed to comply with Anderson's seven cents per-copy charge. In general, other publishers and national distributors continued to be opposed to the wholesalers' demands....Hearst Magazines said the winter issue of *Teen* magazine would be the last and Disney Publishing will cease publishing *Wondertime*....Speaking to a retailer conference, Lee Scott, retiring CEO of Wal-Mart, said there are permanent and fundamental changes in the behavior of consumers, as a result of the economic downturn.

**February 2:** Time Inc. said its magazines will not be delivered by its distribution arm, Time/Warner Retail, to either Anderson News or Source Interlink effective immediately. Time said it has arrangements to distribute its magazines. Curtis Circulation Company announced it was suspending shipments to Anderson, but was continuing to do business with Source Interlink, noting the latter was indicating some "flexibility." Kable Distribution informed its clients it suspended shipments to Anderson News. Comag Marketing group notified its publishers that Anderson

"has agreed to extend their existing IMPACT agreement."...The March issue of *Domino*, published by Conde Nast Publications, will be the last for the 10-times frequency shopping magazine....Reader's Digest Association has launched *Purpose Driven Connection*, a quarterly, with a \$9.99 cover price. RDA also announced a reduction 280 employees, 8% of its workforce.

**February 9:** On February 7, Anderson News LLC announced it will "suspend normal business activities effective immediately." Curtis Circulation Company and Kable Distribution said they were not distributing any longer to Source Interlink. Time Inc. had previously stopped deliveries to both wholesalers. As a result, wholesalers representing 50% of the business were not receiving an estimated 75% of magazine supplies. Source Interlink said it will continue to distribute to its retailers and its CEO, Greg Mays, in a letter to its customers, said the wholesaler had "rescinded" its seven cent per-copy request and also said it will "be filing a major anti-trust lawsuit and seeking a restraining order." There were reports that the other two large wholesalers, The News Group and Hudson News, were working to establish distribution services in many of the markets normally delivered by Anderson and Source.

**February 16:** A temporary restraining order, issued by a U.S. District Court, means that all publishers and national distributors have resumed supplying Source Interlink Distribution with magazines. Wal-Mart assigned nearly 400 of its locations to Source Interlink. An even greater number of the chain's stores previously serviced by Anderson News were assigned to The News Group....A preliminary review of reports from the magazine auditing agencies indicates unit sales fell a devastating 14.5% in the second half of 2008. Dollar sales were off by 5.0%.

**February 23:** A Source Interlink announcement said it had reached a "settlement of its antitrust lawsuit against Time Inc. and Time/Warner Retail Sales & Marketing Inc....The parties reached a multi-year agreement securing Source's access to Time Inc.'s products."...The Magazine Publishers of America (MPA) will cancel its largest annual event, the American Magazine Conference (AMC), which was scheduled for October in Florida. MPA also lost three members: Hachette Filipacchi Media U.S., American Media, Inc. (AMI), and *New York Magazine*.

**March 2:** Source Interlink announced it had reached a settlement of its antitrust lawsuit against American Media, Inc. and Distributions Services Inc. (DSI)....For 2008, audited magazine unit sales were down 11.3%. Because of some large cover price

*Your Ad in this Space!*

On the front page of

# THE·NEW·SINGLE·COPY

The most effective way to reach decision makers in the publishing distribution business. For more information, contact

THE·NEW·SINGLE·COPY 401-213-6830, [www.nscopy.com](http://www.nscopy.com)

## Year in Review - Part One (cont.)

increases, total retail dollar sales were relatively flat, down 0.6%.

**March 16:** Anderson News Company filed a lawsuit against publishers, national distributors, and other wholesalers, alleging the defendants "conspired to purge, and through coordinated action have purged, Anderson from the magazine industry and have destroyed Anderson's business." Following the recent upheavals, much of what were previously Anderson serviced retailers are now being serviced by The News Group and, to a lesser extent, by Source Interlink. A supplier analysis found that some accounts once serviced by Source Interlink are now being supplied by a variety of wholesalers, smaller independents, as well as The News Group and Hudson News. Independents have also picked up some old Anderson business....Rodale Inc. is ceasing publication of *Best Life*, after the May issue of the 1-time frequency title.

**March 23:** MagNet and Harrington Associates report that total magazine unit sales, audited and non-audited, were down 11.7% in 2008, and retail dollars fell 3.2%....*People* became the first magazine to top \$300 million in annual retail dollars (\$309 million) and its unit sales grew 4.1%. *Cosmopolitan* had the highest average per-copy sale (1.766 million), was the leading monthly in terms of retail dollars (\$92.6 million), and had the best sell-through among major titles, 59%.

**March 30:** *Blender*, a music title from Alpha Media Group, will fold after the April issue....The Audit Bureau of Circulations has cancelled its 2009 conference, scheduled for Toronto in November....Source Interlink Companies has dismissed the legal action against Hudson News.

**April 6:** Dawson News, one of three large magazine wholesalers in the United Kingdom, appears to be going out of business, after several magazine distributors (comparable to U.S. national distributors) have not renewed Dawson's contracts. The impact is there will be two national wholesalers, Menzies Distribution and Smith News.

**April 13:** The depressed economy may have convinced more magazine publishers to raise cover prices in an effort to increase revenues, but it appears to be a strategy that is far from successful. The success rate in the second half of 2008 was the worst on record since Harrington Associates began compiling the results more than ten years ago. Circulation analyst Baird Davis looked at a six year period in which both single copy and subscription, in terms of units, were essentially flat, and found that average subscription prices were actually down, while newsstand was up noticeably.

**April 20:** Magazine advertising pages were down 25.9% in the first quarter of 2009, according to PIB....Last week, Source Interlink announced settlements of its antitrust suit with Curtis Circulation Company, Hachette Filipacchi Media U.S., and Kable Distributions. Regarding the impact of the distribution channel during February and March, a trade journal reported sales decline during the period and also that some significant retail were still, in mid-April, without magazine product.

**April 27:** Hearst Magazine is expanding the frequency and the rate base for *Food Network Magazine*. With the June/July issue, it goes to 10-times and the rate base moves up to 900,000 from 400,000. American Media Inc. is reducing the rate base for *Star*, *Men's Fitness*, and *Natural Health*. They also increased subscription prices and eliminated public place distribution.

**May 5:** The Source Interlink Companies filed a lender-approved prepackaged Chapter 11 bankruptcy reorganization plan. It expects to emerge within 35 days as a private company, with nearly \$1 billion of its existing debt of \$1.9 billion eliminated. Several national distributors endorsed Source Interlink's

plan....The May issue of *Portfolio*, from Conde Nast Publications, will be the last....Wenner Media will reduce the frequency of *Men's Journal* from 12 to 10-times... In place of its annual American Magazine Conference, MPA will hold a two-day "Innovation Summit" in New York in October.

**May 11:** A newspaper reported that Time Inc. had taken an \$18 million write-down as a result of its magazines not getting on-sale in early February, when supplies were disrupted....David Parry, president of The News Group U.S. said, in an interview, "Retailers aren't giving up on the category, but they have definite concerns...So [they are] more intent than ever on pursuing scan-based-trading agreements."....*Reader's Digest Selecciones* will cease publication with the June issue....Inter-Media Outdoors has outsourced its newsstand to National Publisher Services.

**May 18:** Only one magazine, *The Economist*, made *The New Single Copy's* list of Outstanding Performers, titles that had 10 consecutive years of increased newsstand dollar sales. When the designation was introduced ten years ago, there were six publications. Seven magazines were honored as Notable Achievers, five straight years of retail revenue growth. At one time there were 15....*Good Housekeeping*, from Hearst Magazines, will undergo a makeover with its January 2010 issue, including a cover price hike from \$2.50 to \$3.49.

**June 1:** The Source Interlink Companies announced that its plan of reorganization was approved by the court on May 28....*The New Single Copy* honored The Powerhouses, magazines that consistently deliver the sales numbers that drive the newsstand. The focus was different, with power categories and some of their leading titles being spotlighted. The main categories were celebrity weeklies and women's service, fashion, and lifestyle.

**June 8:** Bonnier Corporation bought five special titles - *American Photo*, *Popular Photography*, *Boating*, *Flying*, and *Sound & Vision* - from Hachette Filipacchi Media U.S....The Nickelodeon Group announced they were folding their two children's magazine, *Nickelodeon* and *Nick Jr.* at the end of the year....A Harrington Associates analysis found that the average subscription price of a copy of a magazine was \$1.22 in 2001, but was only \$1.12 in 2008. During the same period, the average newsstand price went from \$2.83 to \$3.76. Bauer Publishing's *Woman's World* was once again the best sub newsstand ratio among best-selling magazines. However its 66.5% figure is down from last year's 75.6%.

**June 15:** The Periodical and Book Association of America (PBAA) and the Magazine Publishers of America (MPA) are working to combine their annual conferences into a single industry event. It appears likely that it will be held in late June 2010 in Boston....*The New Single Copy* wrote, "In a recovering and hopefully recovered economy, the newsstand marketplace is likely to be as welcoming of publications as it was during the stable period of 2003 to 2007. The bigger question is will the American publishing community be prepared and/or willing to take advantage of its opportunities?"

**June 22:** *Reader's Digest* will reduce its frequency from 12 to 10-times in 2010. *Newsweek* also announced a reduction in its frequency, eliminating one of its summer issues.

**June 29:** Several publishers announced newsstand specials to cover the unexpected death of Michael Jackson. The sales of those publications will hopefully spur newsstand sales across the board....In an interview in *The New Single Copy*, David Zinzenko, editor-in-chief of *Men's Health*, says, "I'm obsessed with newsstand. I visit a few newsstands a day, a Barnes & Noble or a Hudson News in New York, or a Wegman's or a Wal-Mart in Pennsylvania."

\* *The date refers to the issue in which the item appeared.*

January 4, 2010  
Volume XIV, #22

Editor: John Harrington Associate Editor: Eileen Harrington

## 2009: THE YEAR IN REVIEW: *Part Two*\*

**July 14:** Based on retailer scan data, MagNet projects that the Michael Jackson Memorial Special will produce retail sales of around \$40 million....Magazine advertising continued to decline in the second quarter, according to PIB. The fall-off in ad pages was 29.5%, year-to-date 27.9%....*Vibe* magazine has ceased publishing....Jack Kliger, former CEO at Hachette Filipacchi Media U.S., was named senior adviser and acting CEO of *TV Guide*....Meredith promoted Tom Harty to president, consumer magazines....Looking at "The Newsstand at Mid-Year," *The New Single Copy* wrote, "Regarding the distribution channel...., it might turn out that the realignment of retailer-wholesaler contracts...is ushering in a period of stability."

**July 20:** McGraw-Hill has hired an investment firm to explore the possible sale of *Business Week*....Cerberus, the investment firm, is now the majority owner of Alpha Media, the publisher of *Maxim* magazine....A report produced by the research group, IRI, when compared against available magazine data for a one-year period ending in June 2009, showed that magazines remained a leading general merchandise category, even during the deep recession.

**July 27:** *Food Network Magazine*, a new title from Hearst Magazines that was moved out of the test stage only last month, plans to increase its advertising rate base to one million from 400,000....Distribution Services Inc. (DSI) renewed distribution and marketing agreements with Hachette Filipacchi Media U.S. and *Newsweek*. *Newsweek* signed ProCirc, a circulation outsourcing company, to manage its newsstand business....Conde Nast Publications has hired McKinsey & Co. to conduct a complete review of its operations.

**August 3:** Steven Murphy, president of Rodale Inc., will not renew his contract and will leave the company at the end of August. He will be succeeded by Maria Rodale, the granddaughter of the company founder....Sources report that the Michael Jackson issue of *People* will sell 2.8 million copies....An article in *Advertising Age* carried the headline, "Why Ad Pages Won't Ever Fully Return to Mags."...A report from MPA said that 22% of all new subscription orders are now coming from the internet...A MagNet report, produced for *The New Single Copy*, found that the number of retailers selling magazines declined by more than 13,000 since 2007, or nearly 9.0%. Convenience store losses were the heaviest, more than half of the total.

**August 10:** At Curtis Circulation Company, Robert Castardi was

promoted to Chairman and CEO, succeeding Joseph Walsh who will remain as Chairman Emeritus. Castardi will be succeeded as president and COO by Dennis Porti, who has been executive vice president....Time Inc. announced the closing of *Southern Accents* magazine....The Magazine Publishers of America (MPA) issued a report called "Clearing Up Misperceptions About Magazine Closings."...Anderson News, the wholesaler that ceased operation in early February, filed a motion seeking dismissal of a suit brought by book publishers to force Anderson into involuntary bankruptcy.

**August 17:** Looking back on the events of early 2009, *The New Single Copy* wrote, "For the publisher, the importance of the national distributor cannot be overemphasized...Contracts between national distributors and wholesalers are now the regular practice of the channel, not the exception. That could be a stabilizing factor going forward...Reconstructing the economic model, not just hoping it holds up, should be at the top of the agenda of every player in the magazine distribution channel."

**August 24:** Reader's Digest Association filed a pre-packaged Chapter 11 bankruptcy plan last week. If approved, the plan will reduce the company's debt from \$2.2 billion to \$550 million. *Lucky* magazine, a Conde Nast publication, will publish only a national edition in the future...Harrisburg News (Pennsylvania) and MPA are supporting a major promotion with key retailers that will run from mid-August through early September....*The Guide to New Magazines*, compiled by Samir Husni, counted 685 new titles in 2008 and 344 in the first half of 2009....The News Group Central Division, San Antonio, Texas, has hired George Fisher as part of an initiative to reorganize its book distribution and marketing operation.

**August 31:** Based on a special report from MagNet, Harrington Associates finds that first half retail dollar sales were down 2.5% to an estimated \$2.388 billion, and that unit sales were down a significant 7.2% to a little more than 609 million. However, trade press reporting, based on Audit Bureau of Circulations Rapid Reports, was forecasting much larger fall-offs....ABC has delayed its semi-annual Fas Fax release by three weeks to allow publishers to account for issues most impacted by the Anderson News closing.

**September 14:** The first half of 2009 was even worse than expected, in fact probably the worst six month period in anyone's experience. Unit sales of audited titles were down by more than

*Your Ad in this Space!*

On the front page of

# THE·NEW·SINGLE·COPY

The most effective way to reach decision makers in the publishing distribution business. For more information, contact

THE·NEW·SINGLE·COPY 401-213-6830, www.nscopy.com

## Year in Review - Part Two (cont.)

12% and retail dollars dropped by close to double digit levels. The newsstand share of total circulation was down to 17.3%, compared to 18.8% a year earlier, according to Harrington Associates' analysis of audited magazines....There is a confidence (perhaps a wish) that the economy will recover and people will return to the stores, but there is a fear, not restricted to our business, that consumer shopping attitudes may remain in a "recession mood."

**September 21:** Rodale Inc. has launched a newsstand-only title, *Children's Health*, with a cover price of \$5.99 and a 750,00 print run....*EGM, Electronic Gaming Monthly*, closed last winter by Ziff-Davis Media, is expected back on the newsstand by the end of the year, published by Steve Harris, who purchased the *EGM* assets....The Walt Disney Co. has acquired the comic book publisher and movie studio Marvel Entertainment....Jim Gillis, who is president and COO of The Source Interlink Media, will take over responsibility for Source Interlink Media, the company's publishing division. Steve Parr, who was president, has left the company....MPA has published a new report, "The Full Story of Magazine Circulation Vitality," which referred to "a one time difficult, but necessary, change in how magazines are distributed."....Changes of the in-store location of magazines in Wal-Mart Stores is causing concern for publishers, national distributors, and wholesalers.

**September 28:** Based on final reports of the audit services and revised estimates from MagNet, *The New Single Copy* reported that total magazine unit sales were down 10.4% for the first half of 2009 and retail dollars fell 6.0%. Retail sell-through dropped to 35.2%, from 36.8% for the same period in 2008....The Source Interlink Companies and Bauer Publishing have settled the lawsuit filed by Source in February....The MPA Innovation Summit, which replaces the annual American Magazine Conference, will devote a panel to "The Future of Newsstand Sales."

**October 5:** A report in *The New York Post* claimed that Wenner Media, publisher of *Us Weekly*, *Rolling Stone*, and *Men's Journal*, was changing national distributors. A Wenner executive told *The New Single Copy* that the company was making a shift, but the choice had not been made....A report by Jack Hanrahan in *CircMatters* newsletter said that March sales of many magazines were surprisingly good, considering the disruptions to the distribution channel that took place in the late winter....Harrington Associates found that the first half of the year turned out to be the worst possible time to increase prices. Fewer than 14% of magazines that pushed their cover prices were able to increase their unit sales.

**October 12:** Following a highly publicized review of its organization by McKinsey & Co., Conde Nast Publications announced it was closing four titles - *Gourmet*, *Modern Bride*, *Elegant Bride*, and *Cookie* - as well as reducing staffing by 180 positions. *Brides* will increase frequency from six-times to monthly....Effective January 1, all of the titles of The National Geographic magazine group will be distributed by Time/Warner Retail Sales & Marketing (TWR)....*ShopSmart*, published by Consumers Union, is increasing its frequency from six-times to ten.

**October 19:** Wenner Media confirmed that all of its titles will be distributed by TWR....Ad pages continued to be very soft in the third quarter. PIB reported they were down 26.6% during the period, and revenues were off by 18.6%....At the MPA Innovation Summit, the presidents of the three largest wholesalers agreed that the levels of the magazine distribution channel were not in alignment in terms of their goals and plans. As a result there are too many channel redundancies and too much

segmentation....*BusinessWeek* magazine was sold by McGraw-Hill to Bloomberg L.P....The management of *TV Guide* is expected to outsource the newsstand sales and marketing operations, but no announcement has yet been made.

**November 2:** Active Interest Media launches *Yoga for Beginners*, with an \$8.99 cover price and newsstand distribution of 220,000....*TV Guide* put out a newsstand special, *Ultimate Guide to SpongeBob SquarePants*, \$6.99, 600,000 copies, and said it plans six more one-shots in 2010....*Fortune* will reduce its frequency from 25 to 18-times in 2010....*Advertising Age* chose *Woman's Health*, a Rodale title, as its magazine of the year.

**November 9:** Reader's Digest Association ceased publishing *The Purpose Driven Life*, a quarterly it had launched early in the year. It was a cooperative venture with the evangelical minister, Rick Warren.

**November 16:** *Metropolitan Home* was closed by Hachette Filipacchi Media U.S....Magazines are one of the "power categories," along with beverages and confectionery, that dominate the frontends of supermarkets, according to a study produced by Dechert-Hampe Consulting. Time/Warner Retail was one of the funders of the project, along with the Coca Cola Company and Mars Snackfood.

**November 23:** According to a special report from MagNet, magazine unit sales for the second and third quarter of 2009 were down 6.3% and dollars fell 5.0%. Still, some editorial categories - food and wine, health and fitness, and crafts - showed growth of both units and dollars....*Food Network*, a Hearst Magazines title, was selected as the "Most Notable Launch of the Year," by Samir Husni....*People* magazine, which is far and away the leading dollar producer at retail, also has the largest total "audience," 45.1 million readers, according to Mediamark Research Inc. (MRI).

**December 7:** Playboy Enterprises will outsource all of the functions, except for editorial, of *Playboy* magazine to American Media Inc. (AMI), publisher of *Star*, *National Enquirer*, and *Men's Fitness*. The shifts are expected to be complete during the first quarter of 2010....*National Geographic Adventure* will cease its 10-times publishing frequency and survive with two annual newsstand-only issues....The Harrisburg News and MPA promotion resulted in a 15% increase in sales during its three week period. Titles participating in a special display enjoyed a cumulative 25% sales increase....A Harrington Associates review of audited magazine sales found that newsstand share of total circulation has fallen from 21.5% in the first half of 2001 to 16.6% for the same period in 2009. For the top 25 titles, ranked by newsstand dollar sales, the share declined from 31.1% to 29.1%. However, newsstand share actually peaked in the first half of 2007, when it rose to 34.7%.

**December 14:** The Magazine Publishers of America (MPA) and the Periodical and Book Association of America (PBAA) announced they will co-sponsor Retail Marketplace 2010, June 28 to 30, in Boston. MPA had been, with IPDA, a co-sponsor of the Retail Conference for more than 10 years. PBAA had held an annual conference for 23 years....*MIN (Media Industry Newsletter)* chose the "21 Notable Launches of 2009." Several came from smaller publishers, such as Hoffman Media (2), IMG, and BowTie. One notable launch, *Rick Warren's Purpose Driven Connection*, was launched and closed within the year....A report from TNS Media Intelligence said that total ad expenditures, for all media, were down 14.7% in the first nine months of 2009. The largest source of ad spending, automotive at \$7.4 billion, was down 30.7%. TNS added the ad industry had stabilized and predicted one percent growth for next year, reaching 5% by 2012.

\* *The date refers to the issue in which the item appeared.*