

The Magazine Publishing and Book Publishing Industries

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Abstract

Both the magazine publishing and book publishing industries date back hundreds of years. Through these times, they have both been pushed to adapt and evolve in order to remain relevant in an ever-changing world. Addressed in this paper is a brief history of each of the industries and the changes in the business models both industries have had to make, including what strategies were used to combat their biggest threat to date, the Internet. Although fundamentally different, several similarities exist within the two models in their attempts to vie for the attention of the reader in an economically feasible way.

Keywords: Book Publishing, Magazine Publishing, Business Models

Introduction

The publishing industry has faced its fair share of hardships over the last decade. Disruptive technologies such as the Internet have become increasingly concerning to the livelihood of the already pressed industry. Looking specifically at the business model of both the book publishing industry and the magazine publishing industry, a closer analysis of the effects of disruptive technologies will be done in addition to a comparative review of the history of each model. Through academic sources as well as news articles, looking at how these industries were able to overcome the upheaval associated with disruptive technologies and adapt to the ever-changing landscape will demonstrate the strength of the printed word and how, despite what many critics predict, the printed word will not be eradicated.

The Magazine Publishing Industry

Starting with magazine publishing, the industry has undergone multiple transformations to adapt to an ever-evolving industry. During the Victorian era, the concept of the magazine was that of a storehouse or repository of sorts. This was further reinforced from the term magazine being derived from the French word *magasin*, translating to store. The first circulated magazines were published periodically and mostly contained satirical pieces regarding political news and current affairs (Das, 2016). The idea behind magazine publishing was to make a collection or series. In the beginning, magazines relied entirely on subscription revenue or the financial backing of wealthy publishers. During these times, many magazines were started because someone had something to say; they were not considered a means for financial gain (Randle, 2001). This means that the majority of magazines did not contain advertisements during this period. However, towards the end of the nineteenth century, mass production and mass consumption of consumer products drove brand names and led to the creation of the modern magazine.

Publishers saw the opportunity for magazines to become a vessel for showcasing merchandise and thus advertisers began heavily investing in magazines and paying for page space to display and promote their products. Once the industry adopted the production and distribution technologies such as paper production and the national railway system, their market expanded exponentially. Unlike the book publishing industry, the magazine business model deviated from selling their product for a cover price, instead opting to use the growth in the advertising industry to their advantage. What marks differently for magazine publishing from book publishing is the use of advertisement. Consumers accept magazine advertising as an essential part of the editorial. Magazines are purposefully priced at a loss, however, that revenue is made back through their use of advertising. As of 2014, approximately 60% of consumer magazine revenue was earned through advertising, this equates to roughly \$500 million in revenue generated from advertising (Holcomb et al., 2014).

Hardships for Magazines Publishing

As previously stated, the magazine industry has been forced to reinvent itself several times in order to remain relevant and financially viable. Some of the biggest disruptions it has faced have been the invention of the motion picture, radio and television. Up until this point, the biggest competitors for the magazine were newspapers and books. However, the new mediums that were on the rise at this time had one particular competitive edge, they did not require reading. Motion pictures were first to be introduced, they began showing up in communities with low literacy rates but quickly gained traction and popularity across all demographics. There was widespread fear that it would cut into leisure hours and take away from the magazine readership but contrarily the opposite happened, magazines for movie fans were created. Additionally, the new recreational activity sparked an interest in the lives of movie stars on and off the screen. Articles interviewing celebrities were run to satisfy public curiosity as the golden age of Hollywood further drove magazine business (Randle, 2001). Although motion pictures did not have a negative economic effect on the magazine industry, the latter mediums introduced did. In 1920 radio was introduced, similar to magazines, radio relied on advertising as a revenue source. Bundled with the Great Depression, magazines were facing a difficult time in the advertising sector. Ultimately, what gave magazines a competitive advantage over radio was what was introduced in the 1930s, full colour photographic reproduction (Randle, 2001). Since radio was not and could never be a visual medium, the magazine remained safe with its introduction of the picture magazine, telling stories and selling products through vibrantly coloured images. By the 1940s the general interest magazine was in circulation and had become well established, by the mid-point of the decade, magazines held a total of 12.6% of the total advertising market (van Zuilen, 1977). It would not be until the 1950s were the magazine industry faced its next big threat. When the television was first introduced the magazine industry believed they could not compete with their advertising since television did not offer coloured advertising. However, as the cost for a television set decreased the percentage of homes with televisions rose drastically. Television offered increased specialization programming compared to the

mass circulated magazines at the time. Combined with their national audience, advertisers were quick to flock to television as their main channel to showcase their products.

The Specialist Magazine

Due to the television taking away much of the magazines' national advertising revenue along with many readers, the industry was forced to make another change if they were to remain relevant. The continued growth in the advertising and communication media sectors boded well for the magazine publishing industry in many ways until the introduction of the television, the reach of magazine advertising became significantly shortened when compared to that of television. To combat the long reach of this new medium, the specialist magazine was created. This is a magazine that targets a specific and well-defined demographic instead of marketing to one mass public. Instead of having general magazines that cover a range of topics and are circulated to the masses, specialist magazines focus on a single subject or specific category interest. For instance, there are now specialist magazines dedicated to the sport of fishing where advertisements for boats and fishing gear are relevantly placed throughout, alternatively, there are many specialist fashion magazines such as *Vogue*, which target the style conscious woman and have well placed advertisements from high end clothing brands. This concept of refining the readers into targeted groups also proved beneficial to advertisers and has carried into the 21st century magazine business model. There is now a different magazine for every interest and this allows magazines and advertisers alike to reach a target audience in a meaningful way. Furthermore, since the average price of a magazines ranges from \$5-7 CAD (Statista, 2015), the magazine readership is largely consisting of the affluent, those with disposable income who are able to purchase advertised brands, this further motivates advertisers to place their advertisements in magazines as they are more likely to be acted upon. Despite the digital era hailing what some called the death of the modern magazine, the industry has survived through the help of advertisers willing to pay for the opportunity to advertise directly to a very specific market.

The Book Publishing Industry

Similar to the magazine publishing industry, the book publishing industry has had to adapt to an ever-changing economic landscape since its inception. The most pivotal point in its history was the invention of Gutenberg's printing press in 1440. This brought about the printing revolution and led to mass printing with more than 20 million books being produced by the end of the fifteenth century. However, contrary to the magazine publishing industry, the book publishing industry has a rather different business model. Since advertisements splashed across pages in-between chapters would inevitably drive readers away from books, different sources of revenue have had to be explored. Looking at the basic business model of the book publishing industry, one of the first questions that come to mind is typically how is this still a financially viable industry. Books are sold to bookstores at a 40% discount with full rights to return what does not sell, leaving all the financial risk with the publisher. Moreover, wholesalers, such as Costco, get an additional 15% discount on book prices (Rosen, 2014). This leaves the publisher with roughly 30-35% revenue, however, from this there are printing costs, editing costs, cover design, marketing and author royalties to be paid out. At the end of the day, this does not leave a high profit margin for the publishing house. In addition to this, approximately 80% of books are considered a marginal loss, in the sense that they do not make back advances paid to authors and thus do not make the publishing house any money (Rosen, 2014). For this reason, publishers rely on having several blockbuster books in order to offset the majority of books that flop.

Hardships for Book Publishing

Unlike magazines, which are not highly concentrated, the book publishing industry is largely made up of five big publishers, Hachette, Harper Collins, Macmillan, Penguin Random House and Simon & Schuster. For these five companies, having such a large piece of the market is definitely an advantage; however, it is making it increasingly difficult for small independent publishers to succeed. Sizeable companies like the big five are able to financially survive the loss when a book fails, in fact, it can offer them a tax break if anything, while small

independent publishers are not as fortunate. Having such a high rate of failing books can bankrupt the smaller publishing houses and with a minimal profit margin in the first place these small companies cannot afford the continued risk of publishing a book. Since the success of a book can be a rarity, proper marketing can help make all the difference. Book genres can be thought of as similar to specialist magazines in the sense that they typically appeal to a certain interest group. And the different interest groups will respond to different marketing tactics. However, once again the small publishing houses are at a disadvantage and unable to compete with the larger companies capable of contributing thousands of dollars to marketing campaigns.

To further highlight the fundamental differences between the magazine and book publishing industries, magazines are not considered academic by any means and therefore they do not have the social responsibility and pressure felt by the book publishing industry. Book publishing is “poised between the requirements and restraints of commerce and the responsibilities and obligation that it must bear as prime guardian of the symbolic culture of the nation” (Squires, 2007). Especially in Canada, the book publishing industry is charged with maintaining a sense of national identity, book publishers, in a sense, have a higher standard to atone to than that of magazine publishers.

The Internet

Despite the hardships faced by each industry, they have been able to remain relevant and find a niche in the constantly changing consumer preferences. That said, the biggest threat to survival that these two industries have faced to date emerged over the last two decades, the Internet. The ushering in of the digital era has affected the book publishing and magazine publishing industries differently and each have their own ways of combatting the online era. The book publishing industry has seen a shift to e-books and e-readers, although the response to their introduction has been less than ideal. Despite the surge in 2012, when more e-books were sold than their hardcover counterparts, the collective e-book sales from the big five publishers have been steadily decreasing since 2014 (Cain, 2017). The magazine industry has also been looking at ways to combat the digital era through

online subscriptions. Many magazine publishers have created digital editions of their magazines and have been experimenting mostly with mobile device platforms such as smartphones and tablets as the medium. This allows readers access to the same content at a similar price without sacrificing their advertisement backing. According to figures from 2014-2015, there has been some success with online versions of magazines, growth in this area has been reported with online sales jumping 4.6% in 2015 (Das, 2016). Despite the modest growth seen in online magazine sales, a different approach has had to be taken regarding their advertising, one the book industry has not needed to address with their e-books. Studies have shown that the conventional methods of advertising do not translate very well online, many readers see online advertisements as distracting or annoying, proving that digital users do not treat screens like magazine pages (Das, 2016). In order to combat this challenge, many publishers have employed paid for content or native advertising. This is an attempt to avoid the obnoxious forms of advertising where advertisements are scattered throughout the webpage and are distracting to viewers. Instead, they are embedded within the editorial sections and become integral to the piece. For instance, in an online sports magazine, an advertisement for Gatorade or Nike runners would naturally flow with the progression of the article and thus not irritate the reader.

Conclusion

Although these two industries are both based in the publishing sector, there are not many overwhelming similarities between the two. Book publishing has a high emphasis on marketing in order for a book to be successful where as a magazine is a marketplace in itself. You would rarely see an advertisement to entice you to buy a magazine but book campaigns trying to entice reader interest are common practice. However, despite their differences, they have both had to face the uncertainty new technologies bring with them and adapt in order to remain a relevant part of society. From television to the Internet, the printed word has persevered in all its forms and if history is any indicator, they will continue to do so in spite of whatever the next big technological invention is.

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