



# PACIFIC POTENTIAL

Looking to launch a magazine in Asia Pacific?  
**Didier Guérin** reports on the potential opportunities  
 across 19 magazine markets in the region

**H**ow do you choose between the Middle Kingdom, the Land of the Morning Calm and the Land of the Long White Cloud?

China? South Korea? New Zealand? It's not easy to pick the country with the most potential to launch an existing magazine brand. Do you focus on the size of the population, disposable income or the competitive environment?

Of course, you assess all of those. But in an industry where advertising is usually the largest source of income, one key factor stands out: *the potential for growth in magazine advertising.*

Without a definitive country-by-country measure of growth potential, magazine publishers have been faced with the risky prospect of relying on limited knowledge, industry nous and old-fashioned instinct to pick the most promising markets.

We needed a more scientific approach – so Media Convergence Asia-Pacific has developed a simple matrix to predict the growth rates for magazine advertising country by country.

We used markets data from ZenithOptimedia's latest annual *Advertising Expenditure Forecasts* and calculated the average growth factor over a four-year

period (with actual and projected figures), or the average advertising spending compound aggregate growth rate (CAGR) between 2005 and 2008.

The Asia-Pacific nations fit into four market categories: mature markets, small markets, growing markets and long-term opportunities.

## The mature markets

**These are countries with a solid, established magazine industry which can expect moderate growth up to 2008**

**Japan** – forecast growth of 1%. Japan's magazine advertising investment is by far the region's biggest and is the third largest in the world after the US and Germany. Japan appears to be returning to positive territory after negative growth in seven of the last 10 years.

**Taiwan** – forecast growth of 3%. The seventh largest magazine market in the region is expected to experience solid growth, even though it already has a huge share of overall media advertising with 11.4% of the market.

**Australia** – forecast growth of 5%. The second largest magazine market in the region maintains solid growth fuelled by a series of innovative launches such as *Madison* and *Notebook* which were selling more than 80,000 copies a month in their first year. The established weekly magazines, plus the successful launches of *Zoo*, *Famous* and *OK!*, also have helped the industry grow within an economy which has experienced an uninterrupted growth for 10 years.

**South Korea** – forecast growth of 3%. After two difficult years, the region's fourth largest magazine market is expected to maintain respectable growth despite fierce competition from the lightning fast, highly developed Korean Internet. Korean men's magazine launches, including *Men's Health* and *Arena*, have become the hot category after 15 years of women's magazines leading the way.



## The small markets

**These are countries with constrained growth because of a modest population or a small economy**

**Hong Kong** – forecast growth of 5%. Hong Kong traditionally has been a vibrant magazine market. But expansion is limited by its small and rapidly greying population. Hong Kong has only 7 million people and its demographic is one of the 10 oldest in the world, with a median age of over 40.

**New Zealand** – forecast growth of 1%. New Zealand is the eighth largest magazine market in the region, but is in a similar situation to Hong Kong, with only 4.1 million people.

**Singapore** – forecast growth of 3%. Singapore ranks 11th in the Asia-Pacific region and has one of the region's highest per capita income. But its population of 4.5 million limits its potential.

**Malaysia** – forecast growth of 3%. Malaysia's magazine market is 12th across the region. The population of nearly 27 million people is substantial but the limited size of its economy creates significant challenges in generating magazine advertising.

Details of the **Philippines** market cannot be included in this analysis because magazine advertising is not separated from overall print advertising, but it would appear in the Small Markets category

## The growing markets

**These are countries with the greatest potential for expansion**

In order of potential, they are Vietnam, Pakistan, Bangladesh, Sri-Lanka, Cambodia, Myanmar and Laos. Of course, there are huge differences in the economies, population, wealth and growth potential of these countries. None of them has yet developed a magazine industry and it will take time before all the basic elements are in place. Against that backdrop, Vietnam already is showing signs of promise and a few international publishers are putting out feelers in Hanoi and Ho Chi Minh City.

Progress may be slow, but the experience of the Country of the Sublime Beauty is far from unpleasant.

## The mature markets

**These are countries with a solid, established magazine industry which can expect moderate growth up to 2008**

**China** – forecast growth of 19%. The third largest magazine market in the region now has a magazine industry which is expanding even faster than the economy. Chinese Government restrictions on foreign investment in the local media have become stricter over the last two years, but the nation's increasing personal income is creating more readers and more advertisers everyday. Editorial quality is the key to success, as demonstrated by the recent launches of *Sports Illustrated*, *Focus* and *Better Homes & Gardens*.

**India** – forecast growth of 16%. Despite a slight erosion in magazine advertising compared with other media, Government policy is driving solid expansion of the industry – which already is the sixth largest in the region. Almost all legal restrictions on foreign publishers have been removed and, even though the administrative process remains cumbersome and frustrating, several magazine publishers – including Condé Nast – are preparing to enter the Indian market.

**Thailand** – forecast growth of 10%. The eighth largest magazine market in the region keeps growing steadily. A large number of international magazines have launched in Thailand (even *Wallpaper*) and the market may show signs of saturation.

**Indonesia** – forecast growth of 18%. It will take a few more years for magazine advertising spending in Indonesia to reach a significant size, but the 10th largest magazine market in the region is growing nearly as fast as China. The combination of strong economic growth and a population of 225 million represents a substantial opportunity. It should not take long before Indonesia becomes **the** place to launch for international magazine publishers.

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