

REGIONAL FOCUS  
ASIA PACIFIC

# MAGAZINE PUBLISHING IN ASIA PACIFIC

AN UNINTERRUPTED SUCCESS STORY OF  
MAGAZINE CREATION FOR THE BENEFIT OF  
READERS, ADVERTISERS AND SHAREHOLDERS

After 25 years of steady economic growth, Asia Pacific has become a strategic destination for the international magazine industry. Healthy adspend growth rates and enviable shareholder returns have been the norm year-on-year. **Didier Guérin** casts an experienced eye over the region, which generates high value and magazine wealth



It is starting to become a bit repetitive. Each year at around this time, the company I created eight years ago publishes an online newsletter where it reports and projects magazine advertising spending in the Asia Pacific region. Each year, we carefully study reports from ZenithOptimedia and other companies like GroupM and KPMG, which we compare with our own direct experience in each market. And each year, we come up with the same conclusion: that next year's magazine advertising in Asia Pacific will experience a substantial growth, far in excess of what is to be expected in Europe and in the US.

It has been true every year. And several countries have often enjoyed double digit expansion.

Fifteen years ago, only Hachette Filipacchi, IDG and Hearst had a real strategy of expansion in Asia Pacific. Today, the region is taken more seriously and most of the large and small publishers have – or plan to have – a presence in a few countries between Japan and Australia.

In the meantime, I have seen progress and the

creation of a solid magazine industry in most markets. I have been part of many good publishing stories and have seen many cases of success. There have been a few failures, too, but not many.

So when *Magazine World* asked me to put together a section about publishing in Asia Pacific ahead of this year's WMM in Singapore, I had to give it some thought. I did not want to write a boring "I told you so!" article. Instead, I decided to ask a few of my colleagues to share their experiences in specific countries in the region.

You'll hear about the impressive launch of *Vogue* in India this year (Nicholas Coleridge provides us with an emotional piece of the project he has worked on for two years), the creation of the methodically researched new concept of *Psychologies* in China last year (described by Alain Deroche), and you will learn about how *InStyle* was licensed in Thailand (precisely explained by Jim Jacovides). Finally, you will discover the case of Emap in Australia from the man behind the story, Chris Llewellyn, which demonstrates that shareholders

of publishing companies can enjoy a massive value creation in this region, better and faster than in any other part of the world.

These stories are not complete – not yet. A few more will be written in the next few years. But this situation will not go on forever. It will not be long before the region's magazine publishers meet with the daily headaches of their western colleagues: market saturation; magazine fatigue; along with expensive and highly risky product launches.

We can still enjoy a few more good years of relatively accessible magazine markets – I did not say simple – and a lot of magazine wealth creation.

**Didier Guérin is a magazine creator who founded Media Convergence Asia Pacific to help the establishment of publishers in the Far East. He has launched more than 30 consumer magazines in the Asia Pacific region. For more data and stories consult [www.mediaconv.com](http://www.mediaconv.com)**

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# ROYAL WELCOME FOR *VOGUE* INDIA

It took ten years but the 396-page first issue of the fashion magazine has finally made its appearance in the sub-continent, says **Nicholas Coleridge**



As I surveyed the magical gardens of the Umaid Bhawan Palace in Jodhpur watching our 400 guests toasting the launch of *Vogue India*, it seemed scarcely credible it was happening at all. And yet here, on every table, were piles of beautifully printed first issues, 396 pages thick, as lustrous and high-quality as any other edition of *Vogue* worldwide. Our guests - a beguiling mix of Indian fashion designers, western luxury goods czars, exuberant Mumbai and Delhi socialites, and Indian politicians and journalists - had been flown down to the launch event in a pair of Kingfisher jets and every hotel in Jodhpur had been block-booked for the party. The launch fashion show, showcasing the best western and Indian designers on

80 international models, was spectacular.

*Vogue's* arrival in India had been a long time in the planning. Over the past ten years, at least 15 overtures had been made to us by potential licensees and joint venture partners, but we had bided our time. When the Indian regulation on western publishers entering the country eased up and we had an opportunity to go it alone with a wholly-owned 100 per cent Condé Nast company, we took it. After 18 months of applications to the Ministry of Information and Broadcasting, and the Press Registrar, our official go-ahead came through; the Indian bureaucracy, though slow and painstaking, is also straightforward and reasonably transparent. We decided to open a main office in Mumbai, with secondary offices in Delhi and Bangalore. Six months of recruiting, beginning with our managing director Alex Kuruvilla, who joined us from MTV, led to a staff of 60, with space for double that as further titles are added.

Publishing fashion magazines in India has to be a long-term game. Although the local fashion industry is big and vibrant, the international brands are only beginning their arrival in the country. It is impossible to pass through the lobby of the Taj or Oberoi hotels in Mumbai without seeing scouts from the largest Italian and French houses searching for partners and premises. Many are there already, including Louis Vuitton, Gucci, Chanel and Dior. L'Oréal already has a sophisticated business in the country. But there are still challenges about appropriate premises for luxury stores, import taxes and local customs. Several long-delayed luxury malls are now well advanced. The timing for a *Vogue* in India could hardly be better - fractionally

ahead of the curve.

Competitors - all licensees of foreign publishing companies - are well entrenched, though we like to believe we have last mover advantage (or perhaps they have first mover disadvantage in a country like India). There is *Marie Claire*, *Elle*, *L'Officiel*, *Cosmo* and *Good Housekeeping*, of varying quality and scale. An immediate problem in India is that some magazines grossly inflate their circulation figures. It was instructive, when visiting printers, to discover that titles claiming 70,000 circulations were not even printing one sixth of that number. At *Vogue*, we have a policy of inviting advertisers to visit our presses to watch our 60,000 copies roll off the machines.

For the early issues, we flew in several of the *Vogue* secret weapons: photographers like Patrick Demarchelier and Paolo Roversi, supermodels like Lily Cole and top stylists from everywhere. But one of the glories of the project has been the high standard of local photographers and Indian stylists. In fact, two of my favourite shoots in the launch issue were entirely executed by local talent.

“Publishing fashion magazines in India has to be a long-term game”

Advertisers have supported us from the start, buying into our promise to raise editorial and publishing standards. In the first issue, we have 168 ad pages, at a yield many times higher than the local norm. We intend to give value in return: big promotion, high quality printing and design, and proper print runs.

Editorially, working in India is a joy. For decades, there has been a tradition of quality writing in the English language and we have been able to put together an ambitious, lively team led by editor Priya Tanna, who came to us from the *DNA* newspaper. India is a good country, too, for hiring sound financial and IT staff, and Alex was fortunate to be able to recruit experienced circulation and production chiefs. Strong magazine advertising staff took longer - there is less experience in the market - but over time, we did so. Our publisher, Arjun Mehra, visits his guru at a beach temple to give thanks whenever he sells an important campaign.

The cover price at 100 rupees (€1.70) is competitive, 25 per cent higher than *Elle* but 50 rupees less than *L'Officiel*. The first issue is for sale across India and hit the newsstands on time (the Indian distribution system is the most complicated anywhere, but somehow works - we have targeted the top 40 metropolitan cities and copies fan out from there to the smaller towns). It is also for sale, following local custom, at every set of traffic lights in the big cities, where single copies are touted to motorists by teenage youths. At the time of writing, it is too early to be able to give final sales figures, but the first issue is on track to achieve a 90 per cent sell-through.

**Nicholas Coleridge is the vice president, Condé Nast International and managing director, Condé Nast UK**



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# PSYCHOLOGIES IN CHINA

A NEW CONCEPT FOR A WOMEN'S MONTHLY

Can a new publishing genre be created and adapted to the world's largest market? The answer is "yes". The secret is editorial substance and thorough marketing research, says **Alain Deroche**

Launching *Psychologies* in China could be considered a tremendous challenge. Celebrating its first anniversary in September 2007, *Psychologies China* (Xin Li Yue Kan in Chinese) can proudly claim it has found its readership. Glossy by design and non-glossy by content, and delivering trust and reliability under fashionable covers, *Psychologies China* is now selling more than 230,000 copies a month.

Initially launched in France, the magazine was purchased by Jean-Louis and Perla Servan-Schreiber in 1997 and relaunched in 1998. The result has been a circulation success in France where *Psychologies* is currently selling nearly 400,000 copies every month.

*Psychologies* is now expanding on an international scale with eight editions launched during the last three years in Italy, the UK, Spain, Belgium, Russia, China, South Africa and Romania.

So why is *Psychologies* different from other women's titles?

The rationale of the new editorial concept took into account the extraordinary changes in women's lives over the past three decades. Nowadays, more women have better educations and self-confidence, and independence is becoming a key value. These changes had to be reflected in a women's magazine. *Psychologies* inspires women to pursue harmonious beauty of their body, mind and soul. From this point of view, it is a smart alternative to ordinary female glossy magazines.

As explained by Jean-Louis: "A widespread stereotype maintains that women are only interested in fashion and beauty. *Psychologies* has a different approach. It covers real-world circumstances and sometimes proposes

solutions. Readers can recognise themselves in the magazine."

Adds Perla: "We constantly nourish ourselves from our relationship with others: parents; family; children. In an uncertain and fast moving world, more than ever we need imagination and a strong vision to stay on our personal path."

Focusing on self-accomplishment, wellness and relation to others, the Beijing-based editorial team found the key to Chinese readers' hearts and minds. But this has also been the result of a carefully prepared launch, validating step-by-step the local editorial content through regular market research, repeated focus group tests and training sessions with the French

publisher and its team.

*Psychologies China* is now in the process of going even deeper into mainland reality: Chinese personalities featured on the cover, including Cheng Zhong, Gong Li and Jiang Wen, have proven of great interest and have revealed the magazine's expertise

in creating intimacy with traditionally reserved Chinese stars.

"This will be continued and strengthened in 2008," says Wang Hui, *Psychologies China* editorial director, who heads a team of 17 editors and designers.

As expressed by a faithful Beijing reader of *Psychologies China*: "The reading is quite interesting and even humorous, yet informative. It is about self-acceptance and joy."

**Alain Deroche is the executive director, publishing, Asia Pacific at Hachette Filipacchi Médias**



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# INSTYLE IN THAILAND

## HOW TO CREATE A SUCCESSFUL LICENCE

A step-by-step approach to the deal between the giant American publisher and its local partner is finally explained. It appears quite simple... but it's not, explains **James Jacovides**

**T**ime Inc's current partnership with Amarin Printing & Publishing in Thailand started in early 2005 when Time invited Amarin to respond to a "request for proposal" for the prospective launch of *InStyle* in Thailand. Amarin, whose motto is "We work for the happiness and prosperity of the society", had already launched successful licensed editions in the Thai market – one through collaboration with Time Inc on *Parenting* magazine and one with *National Geographic*. Amarin also had the advantage of owning its own full service printing, pre-press and finishing operation.

Amarin responded with a business plan that highlighted a sizable gap in the Thai market that *InStyle* is uniquely qualified to fill. Although many women's lifestyle magazines (including a number of licensed editions from other foreign publishers) already operated in the market, no existing magazine delivered concise and well-illustrated service journalism to help modern Thai women

and hire the key members of the publishing and editorial team that would launch the magazine in Thailand.

The executives ultimately selected, including the publisher, editor, art director and fashion editor, travelled to New York last December for an intensive four-day training session. Led by *InStyle* executive editor Leonora Wiener and general



## "Thai women were already familiar with many of the celebrities featured in *InStyle*"

with practical decisions on beauty, fashion and other lifestyle choices. Amarin also realised that *InStyle*'s use of celebrities and their beauty and fashion choices as a reference point for readers added to the unique editorial proposition. Given the high penetration of Hollywood movies and foreign-produced television and music videos on Thai cable TV, Thai women were already familiar with many of the celebrities featured in

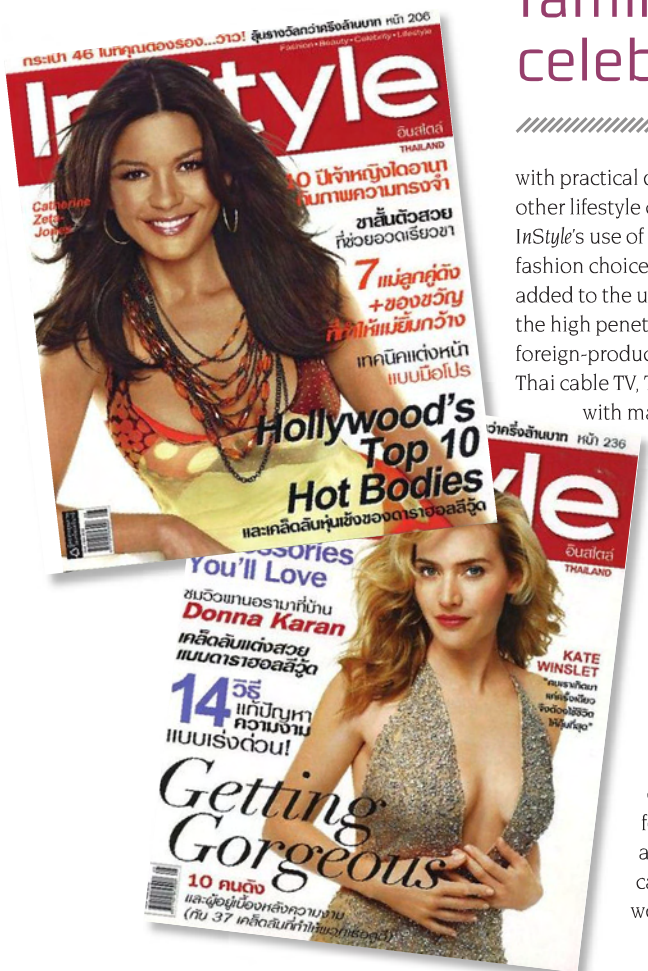
manager Maria Beckett, the training was designed to impart detailed knowledge about creating the various magazine sections and the promotional techniques used for marketing that culminate in one of the world's most valuable media brands

Immediately following the training, the *InStyle* Thailand team returned home to create a "zero issue" - a complete issue of *InStyle* that is actually printed and bound and sent to New York for final review and approval by the *InStyle* US team. With the zero issue approved, the Thai team turned its attention to the launch issue.

The happy result of this exacting process was a May launch issue featuring Kate Winslet on the cover. This blockbuster launch issue contained 272 pages, including 100 pages of advertising. The monthly issues following the launch have consistently exceeded expectations. And has the "happiness and prosperity" of Thai society been served? Thai readers seem to think so, and Amarin and Time Inc couldn't agree more.

*InStyle*. The Thais' celebrity awareness and the relevance of the service editorial persuaded Amarin that two-thirds of the Thai edition of *InStyle* could be adapted from the US, UK and other foreign editions. The remaining one-third would be created locally in Thailand.

By mid-2006, Time Inc and Amarin were in agreement about the tremendous business opportunity and the editorial vision for the *InStyle* Thai edition. Amarin and the *InStyle* team in the US made careful preparations for the launch, working closely together to identify



**James Jacovides is vice president, licensing & syndication at Time Inc**



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# HOW EMAP CREATED VALUE IN AUSTRALIA

After a decade of launching and acquiring magazines for its local Australian subsidiary, British media group Emap decided to unlock the value it generated down under. What happened and why? **Chris Llewellyn** gives *Magazine World* the scoop



**O**n 12 September 2007, Emap announced the sale of its Australian subsidiary to ACP Magazines Limited, the biggest magazine publisher in Australia, thus bringing to an end a 10-year chapter for Emap in the land down under. Since the announcement, my international colleagues and competitors have been asking me the same question: why? Let me explain.

We chose to crystallise the value we had created in Australia and it's right to say that the price we received was viewed very favourably by our shareholders. For a total investment in Australia of some A\$29 million (€18 million) on acquisitions and launches, we have had the benefits of a decade of profits and have sold the company for A\$94 million (€54.5 million).

We also retain the benefit of a licence fee revenue stream from our brands such as *FHM*, *ZOO Weekly* and *Mother & Baby*, and an exciting new relationship with a highly advantaged partner in Australia. ACP gets 25 magazines, a team of talented people and access to Emap's UK mastheads and know-how. A win-win situation for all concerned.

It all started in 1997. We acquired two companies simultaneously – Mason-Stewart

Publishing and Bounty Publications. Philip Mason was the CEO of Mason Stewart and was the licensee of several Emap brands including *Smash Hits*, while Arthur Bateman, CEO of Bounty Publications, was the licensee of Emap's parenting brands *Mother & Baby* and *Pregnancy & Birth*. Emap Australia was created.

*FHM*, then a dominant men's magazine in the UK but with only one other international edition (Singapore, as it happens), was to be Emap Australia's first launch in early 1998. It was profitable in its first year and market leadership was quickly reached. Further launches proved tougher as the two gorillas in the marketplace, ACP and Pacific Magazines, fought to defend their positions.

A foray into the young women's market, *Minx*, closed quickly and *Golf World* lasted a year. More successful were the launches of *Empire* and recently, *ZOO Weekly*. This latter title has been a huge success with a new ABC figure of 116,000, up 35 per cent year on year, and Launch of the Year awards from the Magazine Publishers of Australia (MPA) and the Australian Newsagents Society.

Acquisitions were an important part of the Emap Australia story. In February 2000, *New Woman* was bought from Murdoch Magazines. After a tough initial turn-round period, *New Woman* went from strength to strength and it was a proud moment in our Sydney offices the night in 2004 that it won the MPA's prestigious Magazine of the Year Award. I believe the team allowed themselves a small sweet sherry each to celebrate.

OK, that might be British understatement, but there is an important point. Emap Australia really did capture the values of a parent company even though 'headquarters' was 12,000 miles away. The people worked hard but played harder. The internal awards nights were brilliant occasions – a cross between a rock concert and a religious cult's rally. The touch rugby games in the local park were as important as the board meetings and budget reviews. Emap in Australia truly stood for Every Meeting A Party!

“In October 2006, Australian media ownership laws changed... and a media land-grab was triggered”



“While Emap was changing, the world around us was changing faster”



Of course, a good exchange of staff between London and Sydney helped to cross-fertilise the company's values. Emap Australia had a string of brilliant managing directors. They were sent from Emap UK as capable, promising managers and all came back (some kicking and screaming and wanting to stay, it must be said!) ready to take on bigger roles. Marcus Rich, now running Emap's London Lifestyle division, was the first. Philip Thomas, now running the Cannes Lions; Rob Munro-Hall now of Emap's Men's and Entertainment division; and most recently, Carrie Barker, all brought their unique style and skills to both Emap and the Australian magazine industry. Rob became the chairman of the Australian MPA, another proud moment for the company.

So why exit this market that had proven so profitable for Emap? The answer is that while Emap was changing, the world around us was changing faster.

In October 2006, Australian media ownership laws changed. Previous restrictions were liberalised and a media land-grab was triggered. Newspaper and magazine groups merged. News International bought number three magazine company, FPC Magazines, publisher of 19 magazines (including Notebook and the local edition of Vogue) for A\$185 million (€115 million).

The two big magazine groups, ACP and Pacific Magazines, themselves part of multimedia companies, were acquired by or partnered up with private equity groups.

In this fast, consolidating market, premium prices were being paid for quality media assets – EBITDA\* transaction multiples were in the range of 11.8 and 14.5, and Australian media companies were being traded at an average of 13.4 times FY2007 EV/EBITDA\*\*, a significant premium to US and European magazine businesses that average multiples of 9.7. Time Warner recognised this and put its Australian subsidiary on the market in early 2007. They were acquired by Pacific Magazines in July for a figure reported to be A\$85 million (€53million) and a probable multiple of 15 times EBITDA.

In addition, for Emap Australia to be consistent with the group's overall strategy, the company needed to build a media business of scale. However, we had a market share of only some five per cent, but the two leading companies not only had more than 70 per cent of the magazine market, but also strong TV and digital interests. Our organic plan to develop both our magazine position and a strong digital platform was bold and exciting, but clearly risky when set against these highly advantaged competitors.

At the time we announced a strategic review for Australia, we also announced an investment in India where we have acquired 40.1% of Next Gen Publishing. In short, we can build a business of scale in India and get a significant return on our investment.

**Chris Llewellyn is the international managing director of Emap plc**

**Notes:**

\* EBITDA = Earnings Before Interests Tax Depreciation and Amortisation

\*\* EV/EBITDA = Enterprise Value over EBITDA