Shape and *SA Garden/Tuin* close; rumours of cutbacks at Indie

By Gill Moodie: @grubstreetSA

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News of cost-cutting and title closures in the print industry don't shock anymore. They are just a fact of life.

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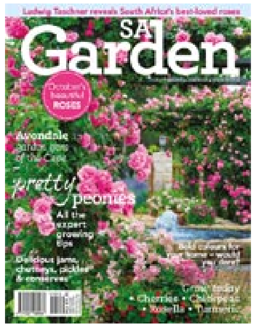
So when I hear on the grapevine that Independent Newspapers must take R20m off its budget before its financial year-end (end of December) and Media24 has shut *Shape* and *SA Garden/Tuin* magazines, I shake my head and sigh sadly.

Independent Newspapers CEO Tony Howard did not respond to requests for comment this week but many of the staff members - already jittery over the possible sale of the group - are understandably nervous.

In the end, R20m is not a large sum for a company the size of the Indie and I doubt it would involve retrenchments - which carry their own costs. I suspect this saving will probably be made on print costs by cutting a couple of pages here and there across the titles or maybe a supplement or two.

"Never an easy decision"



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Meanwhile, Media24's CEO of magazines, John Relihan, told Bizcommunity: "It is never an easy decision to close a magazine, particularly titles with such dedicated editorial teams and loyal supporters built up over years in their respective niches. Unfortunately, however, both *Shape* and *SA Garden/Tuin* have over the past 18 months seen advertising and circulation losing the traction they once enjoyed.

"The current market conditions are tough: consumers are spoilt for platform choice and do migrate between them, particularly where niche interest content is concerned; and what's left of tighter marketing budgets go to titles that offer reach, leaving low-circulation niche titles with only advertising crumbs to survive on.

"Our reviews of the respective business cases revealed that neither was likely to improve or recover to a level considered viable in publishing terms in the foreseeable future. Thus, the difficult decision to relinquish our licensing rights to both the print edition and digital properties of *Shape* and also to close *SA Garden/Tuin*."

In the last available ABC circulation figures, *Shape* - launched in SA in 2000 as the first dedicated women's fitness and health magazine - was at 28,789 in the second quarter of the year (from 37,178 a year earlier) while *SA Garden/Tuin* was at 33,021 (compared with 41,981 in the same period last year).

The September edition is *Shape*'s last in SA while the last edition for *SA Garden/Tuin* is October.

Alternative positions

Media24 said that it had tried to find alternative positions within the company for the staff members affected by the closures but some people have opted to leave.

These closures come after Media24 shut the weekly *NewsNow* magazine in August (a year after it was launched) and closed its English tabloid newspaper, *Scoop!*, in February after it was launched late last year.

The big picture is that advertising revenue for print is under intense pressure while declining circulation is driving up media inflation for many titles.

While online ad spend has not picked up in SA to the extent that it has in countries such as the US, the experts say that print in South Africa is generally losing out to television.

"In fact, there is almost a direct correlation between the share that print is losing and the share that TV is gaining," says Richard Lord, associate media director at The Media Shop media-planning firm. "Radio gained a little bit in 2011 and the other media types were pretty stable. So advertisers are definitely pulling money out of print and moving it into TV.

"Advertisers know that TV works and so, when times are tough economically and when advertisers need to be sure that they are getting the best return on their investment, they revert to the tried and trusted," he says. "Also, print circulations are generally declining while TV audiences are growing so that would have an impact too."

Intense competition

While the Christmas season always brings a spike in print advertising - particular from retail - Mike Leahy, owner of Ibis Media that compiles media-inflation figures for SA, says he would be very surprised if ad-spend figures for print were not down quite significantly this year.

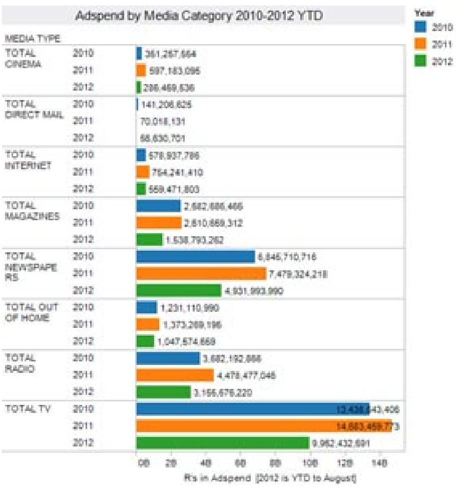
Though some titles are doing well, he says, competition has become very intense and television - especially DStv - is competing against the top tier of magazines.

Steve Pacak, the financial director of Naspers - Media24's parent company that also owns DStv - told me earlier in the year: "For us, it's a balancing act because there are some areas we want to develop new products and titles so there's a lot of investment still in that. But in other areas, the reality is that ad revenues haven't grown very strongly for years because, to a large extent, they track the macro-economy... It varies from title to title. We, like many others unfortunately, have had to shut down a few titles over the past year or two.

It's just a reality. When you have 100 titles - newspapers and magazines - you're constantly building new ones and killing off ones that don't work."

In the same interview - on the release in June of Naspers' annual results - he also said ad revenue for the TV industry had been very positive - with DStv sharing in this trend - while it had not been a great year for print. (Click here to read the full Q&A with Pacak on the results for the year to the end of March 2012.)

Element of self-fulfilling prophesy



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Leahy points out that there is an element of self-fulfilling prophesy at work. The print industry is in a kind of mental depression, he says, and you can't very well ask advertisers to believe in you if you don't believe in yourself.

Yikes! One factor in this malaise is people like myself saying this is all so depressing so it is also worth reading this recent article - oddly turning up in an Alaskan online-only news site - that says that the readership (note: not circulation) of newspapers in South Africa is up. It also says there is a "healthy print advertising market", something that is not supported by AIS/AdEx Nielsen ad-spend figures that show that print's market share is declining as media type.

Media Type	2010	2010 Share %	2011	2011 Share %	2012-AUG	2012 Share %	Total
Total Cinema	R351,257,554	1.2	R597,183,095	1.9	286,459,536	1.3	1,234,900,185
Total Direct Mail	R141,206,625	0.5	R70,018,131	0.2	56,630,701	0.3	267,855,457
Total Internet	R578,937,786	2.0	R754,241,410	2.4	559,471,803	2.6	1,892,650,999
Total Magazines	R2,582,686,465	9.0	R2,610,659,312	8.1	1,538,793,262	7.1	6,732,139,039
Total Newspapers	R6,845,710,716	23.7	R7,479,324,218	23.3	4,931,993,990	22.9	19,257,028,924
Total Out of Home	R1,231,110,990	4.3	R1,373,269,195	4.3	1,047,574,659	4.9	3,651,954,844
Total Radio	R3,682,192,866	12.8	R4,478,477,046	14.0	3,155,676,220	14.7	11,316,346,132
Total TV	R13,438,643,406	46.6	R14,683,459,773	45.8	9,952,432,591	46.2	38,074,535,770
Grand Total	R28,851,746,408		R32,046,632,180		21,529,032,762		82,427,411,350

Source: AIS/AdEx Nielsen

I think the last word here goes to someone in the heart of the beast: Ann Crotty, who has worked for Independent Newspapers for many years and a founding member of a trust that is trying to acquire a stake in the group.

In an interview about the trust two weeks ago she told me: "I'm obviously optimistic about print media and digital media. I think we need to invest in what we do with the digital - again, that's also been under-resourced. I think there's been this sort of willingness to assume that print media is dead - and there's nothing you can do except sit back and let that happen.... I think we need to look at things in a different way and be more aggressive... We've just got to try and fight back."

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- Bizcommunity: EXCLUSIVE: *NewsNow* to close; *iMaverick* coming right, 2 August 2012
- Bizcommunity: Is Mondi Shanduka seeking to buy Independent Newspapers?, June 2012

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