



City and regional magazines remain one of the last havens of print publishing. While both b-to-b and mainstream consumer publishers either grapple with or capitalize on the encroachment of online into their markets, city and regional publishers for the most part remain healthy, and are getting wealthier.

FOLIO's second annual City and Regional Publishing Survey finds a group that continues to flourish—from large urban markets to suburbs and small towns—even as competition grows rapidly and even though they are largely focused in print. However, there is increasingly a concern that they may be getting too comfortable in traditional print roles and are not yet cashing in on the benefits of ancillary products and online.

**METHODOLOGY**

The survey sample of 737 was selected by Red 7 Media from all FOLIO: subscribers who classified their company's primary focus as city/regional publishing on the FOLIO: subscription form. Data was collected via mail survey by Readex Research from February 15 to March 29, 2007. The survey was closed for tabulation with 246 usable responses—a 33% response rate. To ensure representation of the audience of interest, results have been filtered to include only those who indicated on the survey their organizations are involved in city/regional publishing. The margin of error for percentages based on these 235 respondents is ±5.3% at the 95% confidence level.

**SIZING THE MARKET**

The city and regional market has enjoyed explosive growth over the last five years. The majority of city and regional publishers remain single-title publishers, with 45 percent of respondents saying they publish one magazine, identical to last year's survey. However 23 percent of respondents say this year they publish two titles, compared to 19 percent in 2006, while 12 percent in this year's survey publish between four and six titles, up from 10 percent in 2006 [Table 1, opposite page].

Circulation varies widely but remains small compared to mass market and even many enthusiast publications. Among publishers whose smallest title has a mean circulation of 36,600, 34 percent reported circulation between 20,000 and 39,999. Twenty-one percent said their smallest titles fall into the 10,000 to 19,999 range. Of the group whose mean circulation for their largest title is 64,900, 28 percent say their largest-circulation title falls into the 20,000 to 39,999 range, which may be a direct correlation to the number of publishers that only produce one title. Twenty-one percent of respondents say their smallest title is in the 10,000 to 19,999 range, while 16 percent say their largest title has between 40,000 and 60,000 readers. Twelve percent say their smallest title has less than 10,000 readers, and six percent say their largest title has fewer than 10,000 readers. Six percent of respondents say their smallest title has circulation of 100,000, while 14 percent say their largest title is 100,000 or more [Tables 2A and 2B].

Paid circulation (including newsstand sales) still accounts for the majority of city and regional circulation,

while "controlled, not requested" exceeds the number of "controlled requested" copies. Twenty-two percent of respondents described "controlled not requested" as the major source of circulation, compared to 14 percent who described "controlled requested" as their circulation model [Table 3]. However, "controlled requested" has gained ground since last year's survey, when only 9 percent of respondents said it accounted for significant distribution of their magazines.

Micro-targeting within a jurisdiction is key for many publications, whether trying to reach an audience on the newsstand, via subscription or through free-distribution models. Emmis Communications shifted the focus of *Los Angeles* from the West Side of that city after acquiring the magazine from Disney six years ago to reflect "affluencers" moving to other areas in search of better schools. *South Florida Adventures* is trying to carve a niche in the bloated Florida regional magazine market by concentrating on free distribution of its outdoor sports magazine through 170 gyms, dive shops, kayak outfitters and similar locations.

**REVENUE MIX**

Twenty-five percent of respondents say that their company will generate between \$1 million and \$2.9 million in 2007 [Table 5A, page 58]. Ten percent said organizational revenue will be in the \$3 million to \$4.9 million range, while another 10 percent anticipate between \$250,000 and \$499,000 in 2007 revenue. Among companies with mean revenues of \$4.49 million, 8 percent say they expect between \$5 million and \$9.9 million; another 8 percent anticipate between \$10 million and \$24.9 million; and 5 percent expect \$25 million or more. Overall, the mean revenue for all respondents is \$4.5 million.

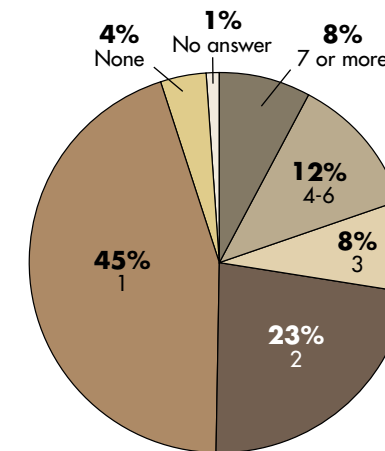
When it comes to publication revenue, 12 percent of publishers expect revenue from their largest publication to be under \$100,000 in 2007, while 10 percent anticipate \$100,000 to \$249,000; another 10 percent expect between \$250,000 and \$499,000 in revenue this year; another 10 percent between \$750,000 and \$999,000, and 10 percent between \$1 million and \$2.9 million [Table 5B, page 58].

Revenue continues to grow rapidly. The majority of respondents [48 percent] said the top line has increased over the last three years, while 14 percent say it has stayed about the same [Table 4, page 58]. Just two percent of respondents say revenue has dropped over the last three years, while 23 percent say their publication didn't even exist three years ago, indicating the large numbers of startups that have filled the city and regional market recently.

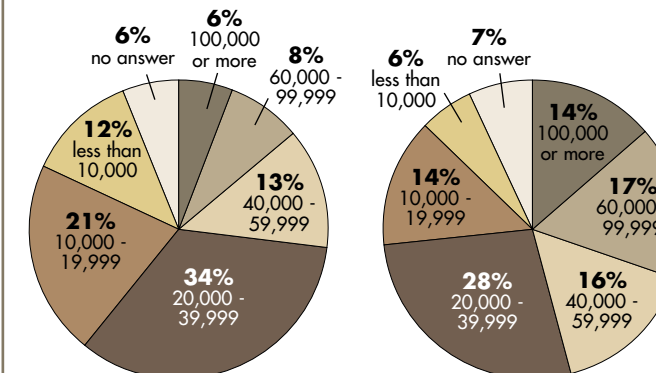
While much of the industry is seeing a tipping point in the direction of online revenue (in some cases, events, data and online are even equaling or exceeding print revenue), the city and regional market remains a solid bastion for print, despite aggressive online efforts from city publishers such as DLG Media, publisher of

**TABLE 1: NUMBER OF TITLES PRODUCED**

MOST PUBLISHERS PRODUCE ONE TITLE



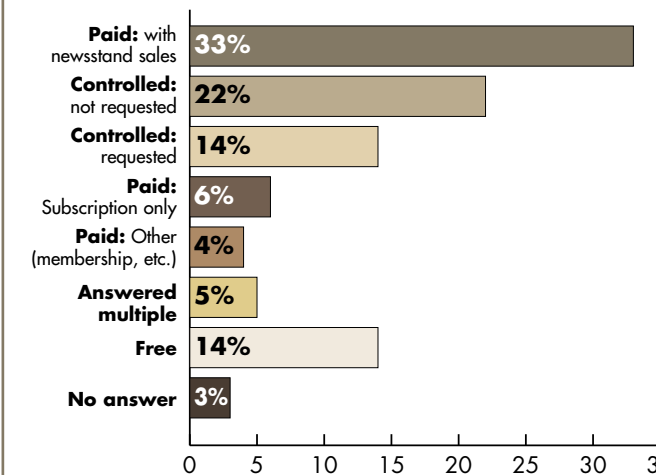
**TABLES 2A & 2B: CIRCULATION SIZE**



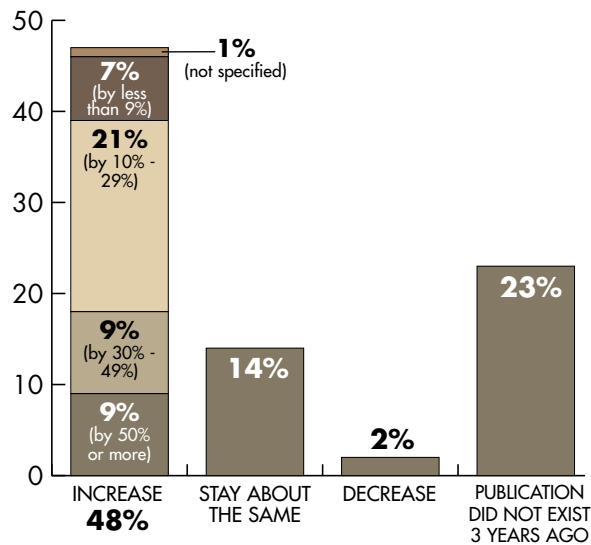
2A: COMPANY'S SMALLEST TITLE (MEAN: 36,600)

2B: COMPANY'S LARGEST TITLE (MEAN: 64,900)

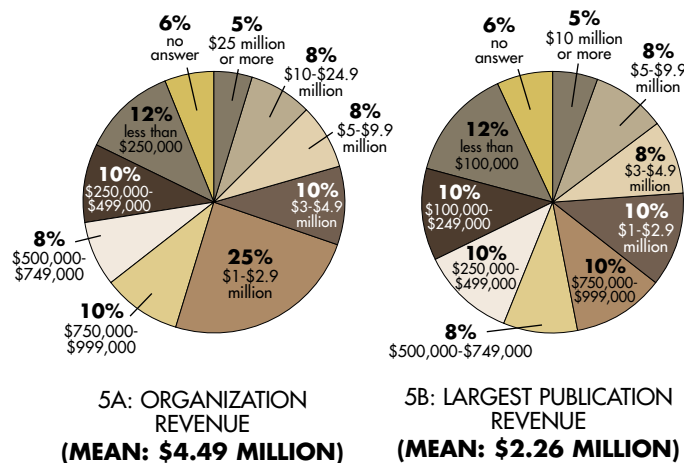
**TABLE 3: NATURE OF CIRCULATION**



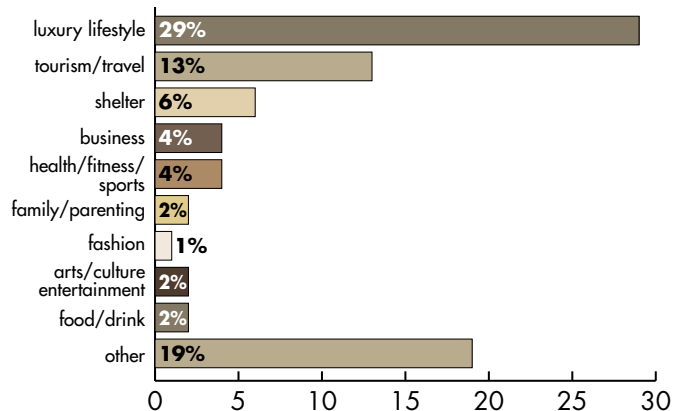
**TABLE 4: REVENUE GROWTH OVER 3 YEARS**



**TABLES 5A & 5B: PROJECTED 2007 REVENUE**



**TABLE 6: TARGET MARKET**



*Philadelphia Style* and *DC Style*. More than 86 percent of respondents said that print was their largest revenue stream, down slightly from 87.2 percent in 2004 and 87.1 percent in 2005 [Table 12B].

Paid subscriptions accounted for 8.9 percent of revenue in 2006, down from 9.7 percent in 2004. E-media inched up slightly to 1.9 percent in 2006, up from 1.5 percent in 2005.

Although a large majority of both large and small companies [82 percent of publishers with less than \$5 million and 58 percent of those with more than \$5 million in annual revenue] haven't launched a spin-off, those that have are reaping the benefits. Sixteen percent said their spin-off generates between \$250,000 and \$499,000 per year, while another 16 percent say it generates between \$100,000 and \$249,000.

When Emmis bought *Los Angeles* six years ago, the magazine generated about \$11 million per year. Today it generates about \$20 million, according to publisher Alan Klein. Part of what's driving the growth is custom publishing, which generates about 8 percent of the magazine's total ad revenue. Projects include a wedding magazine, a magazine for the city of Beverly Hills, and even partnerships with other publishers that could be considered competitive. *Los Angeles* recently wrapped a joint summer movie preview with *The Hollywood Reporter*. "We've developed some custom projects and we're going to continue to expand on that because the margins are good and we're able to leverage relationships we have with our core brand in putting these together," says Klein.

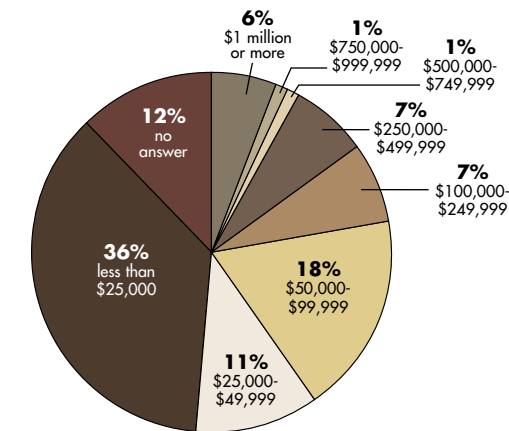
On the other hand, *Berkshire Living*, a 25,000-circ title, may not be in crowded market, but it still has two spin-offs including *Berkshires Business Quarterly* (which launches in October) and annual *Berkshire Living Home & Garden*. "The margins are very high on these types of spin-offs and you're expanding your group of advertisers and getting more from your current advertisers," says publisher Michael Zivvyak.

While 26 percent of respondents say they've had no competitors launch in the last five years, 28 percent say they've seen three-to-five new competitors come into their market. [Table 8]

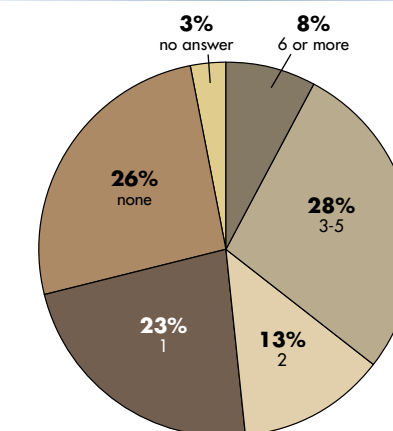
City and regional magazines remain entrepreneurial efforts for the most part. Most respondents say they launched with less than \$25,000, while 18 percent launched with between \$50,000 and \$99,999. Six percent launched with \$1 million or more [Table 7].

*South Florida Adventures* launched with under \$100,000 in 2005 and broke even with its June/July 2006 issue. "For our first anniversary issue we made maybe a few hundred in profit," says editor and publisher David Raterman. "We didn't even have an office, I worked out of my home. As far as national advertisers, it's tough. Media buyers want a high circ and they want you to be audited, even if you're a perfect target for them. The buyers do not fully understand where we fit into the market." ■

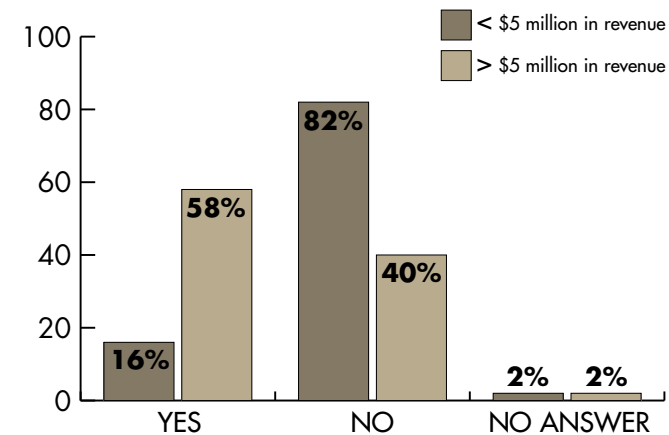
**TABLE 7: LAUNCH INVESTMENT**



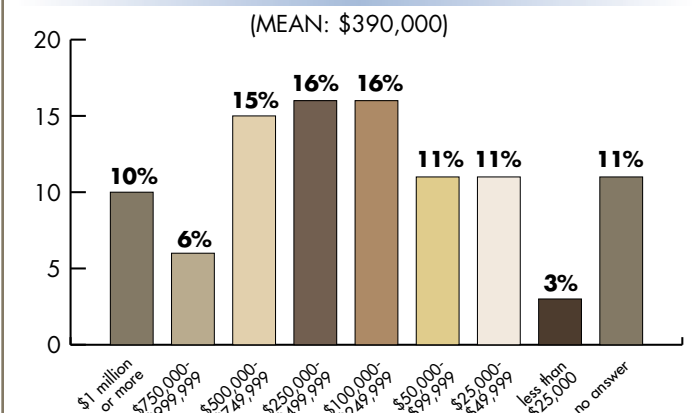
**TABLE 8: COMPETITORS LAUNCHED IN LAST FIVE YEARS**



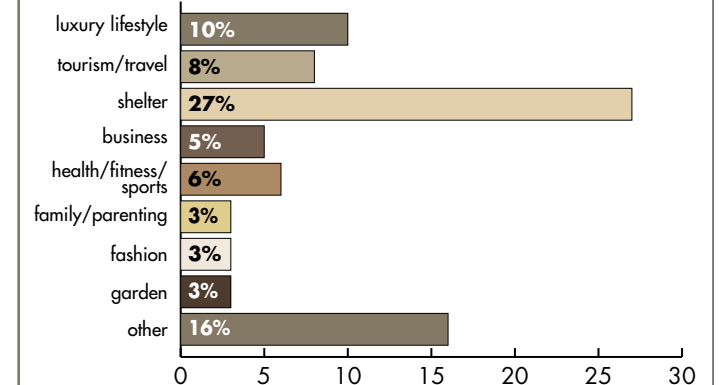
**TABLE 9: PROPORTION THAT LAUNCHED SPIN-OFF**



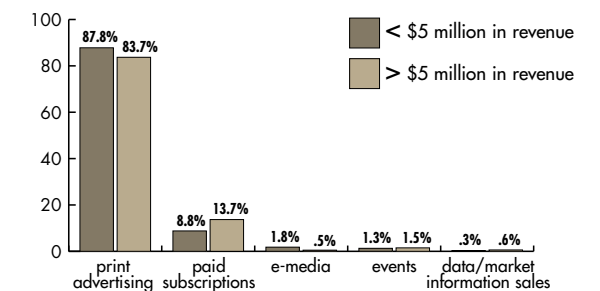
**TABLE 10: REVENUE GENERATED FROM SPIN-OFF**



**TABLE 11: SPIN-OFFS TARGETING NICHE MARKET**



**TABLE 12A: REVENUE SOURCES, SMALL VS. LARGE COMPANIES**



**TABLE 12B: REVENUE SOURCES, 2004 VS. 2006**

