



## Opportunities and risks in magazine publishing

**Setting up a new magazine is perhaps riskier now than ever before as more and more people turn to the internet for news and entertainment. Of the thousands of magazines launched each year, most fail and only some 25 per cent survive the first year, says Chris Fodor, who has three decades of experience in magazine publishing.**

Still, this has not stopped either Fodor or **Jasper Becker**, a former Beijing bureau chief with Hong Kong newspaper, the South China Morning Post, from defying the odds and setting up their own magazines.



**Jasper Becker**

In April 2007, Becker launched Asia Weekly to fill a gap in the market following the demise of Asia Week and after the Far Eastern Economic Review (FEER) switched from being a regional news weekly.

Fodor, an MIT graduate with an MBA from Stanford University, co-founded GO, a management magazine, in Dubai in late 2006. He later launched

Visit **INSEAD Knowledge**  
<http://knowledge.insead.edu>

GO in India in late 2007, and is planning to launch new editions in the Gulf and in East Asia.

At the recent Asian Publishing Convention in Singapore, scathing comments were made about 'MBA types' running magazines, rather than journalists. Although the professional experiences of Becker and Fodor have been very different, they agree that having a strong editorial product is key to ensuring the success of their magazines.

"If you don't have a good editorial concept, your magazine is not going to be successful no matter how much funding you raised and where you raised it from," Fodor says.

Thanks to his extensive business background, Fodor managed to secure the commitment of his joint-venture partner in the United Arab Emirates, CPI Corporate Publishing, after a couple of months. But it would take Fodor nine months to convince his joint-venture partner in India.

By comparison, Becker's fundraising efforts were more protracted. The 52-year-old Briton, who has written for major newspapers such as The New York Times, The Asian Wall Street Journal and The Washington Post, had two rounds of fundraising and

received seed money from venture capitalists.

"Because I don't come from a business background with an MBA, I did it in stages," says Becker.

"I raised some seed money to get me to a certain stage. When people were satisfied that I had done that, I could raise a larger amount at a lesser cost, and basically that's how you keep going."

"You can't go to people without a track record in creating successful businesses and say 'give me three million dollars' because you're setting yourself up for failure."

"You can say 'give me fifty thousand dollars and I can create a great dummy and we can take it on to the next stage'. And so I did it incrementally."

When it comes to launching new magazines, the smart money may be on the BRIC countries (Brazil, Russia, India and China) rather than developed countries such as the US and Britain, which have been experiencing anaemic magazine sales.



**Chris Fodor**

According to data from the US, visits to consumer magazine websites grew by nearly nine per cent in the second quarter of the year, while overall magazine circulation, which includes subscription and newsstand sales, was flat at about 350 million copies in the same period. And with readers increasingly getting their news online, magazines suffered an eight per cent dip in ad pages.

Over in the UK, the latest figures show an increase in total annualised circulation. But purchased sales have fallen slightly, while consumer magazine expenditure has remained flat.

In the BRIC countries, by contrast, demand for magazines has been surging, thanks to the growing number of middle-class consumers who have the money to buy publications that cater to their aspirations, say consultants PricewaterhouseCoopers (PwC).

Fodor believes the magazine business is fundamentally sound.

Visit **INSEAD Knowledge**  
<http://knowledge.insead.edu>

"Magazines are launched at a great rate in all the countries in the world and that will continue," he says.

"And what's more, I think a magazine is a very sound brand foundation upon which to build other things."

In the case of GO magazine, his partner in Dubai pre-sold subscriptions to corporations and universities prior to the magazine's launch in October 2006. As a result, the magazine managed to break even by just its third issue.

As for Jasper Becker, he saw an opportunity to tap the niche market vacated by FEER and Asia Week – a niche market of some 200,000 subscribers and annual advertising revenues of \$10-20 million.

Unlike previous regional news weeklies, which had high overheads and expensive expatriate journalists on their payrolls, Becker decided to pursue a low-cost strategy which aimed to be profitable by just tapping a small portion of the subscription and advertising revenue base.

Becker believes that, with regional trade on the increase, there's a clear market for a weekly regional news magazine.

"And what's been changing in the last 10 years is that these (Asian) economies have been sort of coming together, now most of the trade within the region is between the different countries."

"Now there's a new need for people living within the region to understand much more about their neighbouring countries."

Both Becker and Fodor recognise that the magazine business may become more challenging in the future due to the growth of digital media.

Indeed, according to a PwC report on the outlook for magazine publishing in the digital age, digital advertising revenues are growing 70 per cent a year, while ad revenues for magazines and newspapers grew by just four per cent and two per cent respectively between 2004 and 2008.

Even so, both publishers believe that print has a major advantage compared to online publications. "I think the top thing for print is credibility. I would not think of launching something only digitally because print gives me the credibility that I cannot get from the internet," Fodor says. "And that's why even though it's costing me more, it has a heavier investment and therefore higher risk, I do want something on print."

"The other advantage is that print allows you to build a brand. If you think of the magazines that have

launched in the past two to three or four years, there are oodles that are successful and are building brands."

*Chris Fodor (Founder/Editor, GO Magazine) and Jasper Becker (Publisher, Asia Weekly) were guest speakers at this year's Asian Publishing Convention held in Singapore.*

**Find article at**

<https://knowledge.insead.edu/entrepreneurship-innovation/opportunities-and-risks-in-magazine-publishing-2021>

**Download the Knowledge app for free**

