

World Business

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Otto Pohl for The New York Times

A worker explains the gifts that a customer can receive for buying a magazine in Seoul, South Korea.

Western Magazines Go Global at a Fast Pace

By OTTO POHL

SEOUL, South Korea — Squint at the magazine rack here and you could be back in New York. Cosmopolitan, Elle and Marie Claire vie for display space with Forbes, In Style and Esquire, and Harper's Bazaar stands shoulder to shoulder with GQ.

In South Korea, as around the world, versions of Western titles are appearing with dizzying frequency, driven by global brands in need of advertising vehicles and purchased by the growing legions of globalized

consumers. It is a pace that has picked up over the last decade as Eastern European and Asian markets have opened.

"Our mandate is to go forth and multiply," said Jim Jacovides, director for licensing and syndication at Time Warner's Time Inc. And the largest magazine groups all have an international division doing just that.

As Western publishers extend their reach, by publishing the magazines themselves, creating joint ventures with foreign publishers or licensing the name and content, they are influencing consumer tastes,

fashion and local advertising.

They are also facing unexpected challenges, even in sophisticated markets like South Korea, with its affluent, fashion-conscious consumers. Here, the magazine market is plagued by unaudited circulation figures that limit advertising rates. Competition in the increasingly crowded market has become more intense among the international offerings as well as with the local magazines, which have begun fighting

Continued on Page 7

Western Magazines Are Going Global at a Fast Pace

Continued From Page W1

back by adopting Western customs and increasing their promotional efforts to build readership. And experts say the days of easy growth might soon be over.

Worldwide, "The low-hanging fruit has been picked," said Charles McCullagh, vice president for international magazines at the Magazine Publishers of America.

Still, he and other experts say, there is room for growth.

Cosmopolitan, owned by the Hearst Corporation, is the current record holder of worldwide editions, with 51, including the United States original, Cosmopolitan Korea, Cosmopolitan Kazakhstan and Cosmopolitan Croatia.

There are 135 editions of Hearst magazines published outside of the United States, 48 of which were introduced in the last five years. The company says it continues to introduce new ones at a rate of about one every six weeks.

Hachette Filipacchi, owned by Lagardère and publisher of titles like Elle, Premiere and Popular Photography, has 238 titles worldwide. **Advance Publication's** Condé Nast unit has 75, up from 30 in the early 1990's, with 4 here in South Korea alone, including Vogue and GQ. And Jonathan Newhouse, head of the company's international division, still sees room for growth.

"We're nowhere near the peak in terms of expansion," he said, adding that emerging markets account for 20 percent of profits.

The United States magazine market remains by far the world's biggest. ZenithOptimedia, a media buying agency based in London, calcu-

lated that some \$16 billion was spent on advertising in American magazines in 2002, about four times the amount spent in the second-largest market, Germany.

But while these markets will always remain the core business of Western magazine companies — the South Korean magazine ad market is estimated at \$263 million — they are expensive and difficult places to introduce a new title. The combination of a proven concept, existing content and guaranteed base of advertisers makes replicating magazines overseas much less risky.

Luring buyers with gifts like scales and laundry detergent.

"It's not quite a photocopy machine," said Didier Guérin, president of the Sydney-based magazine consulting firm Media Convergence Asia Pacific, but it is much easier than developing a new magazine in an established market.

International magazines often have little brand name recognition when they enter a far-flung market. Instead, the high-quality content and the luxury brand advertisers form a symbiosis, each building the brand value of the other, publishers say.

The lack of initial brand name recognition can confer flexibility. In South Korea, for instance, where 17-year-olds do not have the purchasing power of their American equivalents, **Seoul Cultural Publishers**, the pub-

lisher of the Hearst title Seventeen, aims at women from 20 to 29 and tells readers that title refers to the date the magazine appears: the 17th of each month.

There have been other creative adjustments in South Korea.

Elle Girl, Vogue Girl, Cosmo Girl and Figaro Girl all came on the market within months of each other last year, brand extensions of the primary titles all already on the market. With the magazine rack increasingly crowded and the economy limp, South Korean publishers of both international and homegrown titles have been offering a bewildering array of gifts to entice customers to buy their magazines. While the practice is used in other markets around the world — it is big in Italy, for example — analysts say its use is most extreme in South Korea.

One afternoon last month at the Kyobo Bookstore here in Seoul, Vogue Girl was offering each purchaser a book. Kiki, a local magazine for teenage girls, was offering a can of Fanta soda and a bathroom scale. The lure for Queen, a magazine for housewives, was a box of laundry detergent.

Cosmo Girl seemed to be generating the most attention with its gift bonanza: a shoulder bag, a calendar, a makeup box and a coupon worth 10,000 won (\$8.33) — twice the magazine's cover price — at an online store.

Most gifts are made cheaply in China or subsidized by the manufacturer whose brand appears on the item, so that keeps costs down for the publisher. But the freebie arms race has undermined readership loyalty. "The most important thing is the gift," said Woo Hye Yun, a 26-year-old secretary who was browsing the

titles at Kyobo. "There is no special difference to the magazines."

Establishing circulation figures here is tough. South Korea has a magazine audit association, but publishers do not reveal verifiable figures to it. Many claim that their circulations top 80,000, though others insist that no title has a circulation over 30,000.

"It's kind of a frontier mentality," said Adam Smith, head of publications at ZenithOptimedia, about the lack of data on magazine circulations. "No other developed country conducts itself in this way."

Kim Young Chull, chief executive of **Kaya Media**, which publishes five foreign titles under license, said this lack of transparency had contributed to low ad rates. Kaya's South Korean edition of Esquire, he said, gets around \$3,500 a page. The base rate for a page in the United States edition is more than \$78,000.

Ad rates in domestic titles are even lower, around \$3,000 a page, and that low price yields magazines crammed with ads and as thick as encyclopedias.

Growing markets also mean growing sophistication and competition from local magazines.

These kinds of challenges hardly worry Western publishers. Magazine markets grow with the economy, Mr. Guérin, the consultant, said, and Asian economic growth will continue to outstrip Europe or the United States.

Mr. Kim hopes for the day when he can introduce a completely home-grown magazine that can compete with foreign ones. But partly because many readers still think foreign means better, he said, "For now, I must wear Western clothes to attract readers."