

With an ad price war raging in the computer press, the road ahead looks rocky for many publishers. **Geof Wheelwright**, whose own publication went under, predicts a shake-out despite the brave words of some of the major players

Publish and be damned

PUBLISHING computer magazines is a dangerous business. I know: it cost me my house, my business and a good slice of my income for the next five years.

Poor cash flow, an increasingly competitive market and an unacceptable level of bad debt contributed to the demise of my publication, *Management in Personal Computing*, or *Mi/PC*, as it was known. This was despite a huge level of reader support, much of it from *Computer Guardian* readers, who took up an offer for a free trial subscription in April 1988, and a hard-won distribution agreement from W H Smith.

What happened to *Mi/PC* is part of a major shake-up in the computer publishing market — one which is hitting large and small publishers alike. Last week's decision by Argus to close or sell three Commodore titles, the recent sale of the Focus group of computer magazines to Robert Maxwell, and the closure and suspension, respectively, of CWC's *Computer News* and VNU's *MacNews* all point to hard times ahead.

Glyn Moody, publishing director at Reed Business Publishing, heads a stable of computer titles including *Practical Computing*, *PC Magazine* and *Mac Magazine*. He agrees the industry is facing a tough year, but claims that it will paradoxically be a good one for major players such as Reed.

"The top magazines are still getting record bookings, while the titles at the bottom of the market are getting squeezed out," he says. "Advertisers will

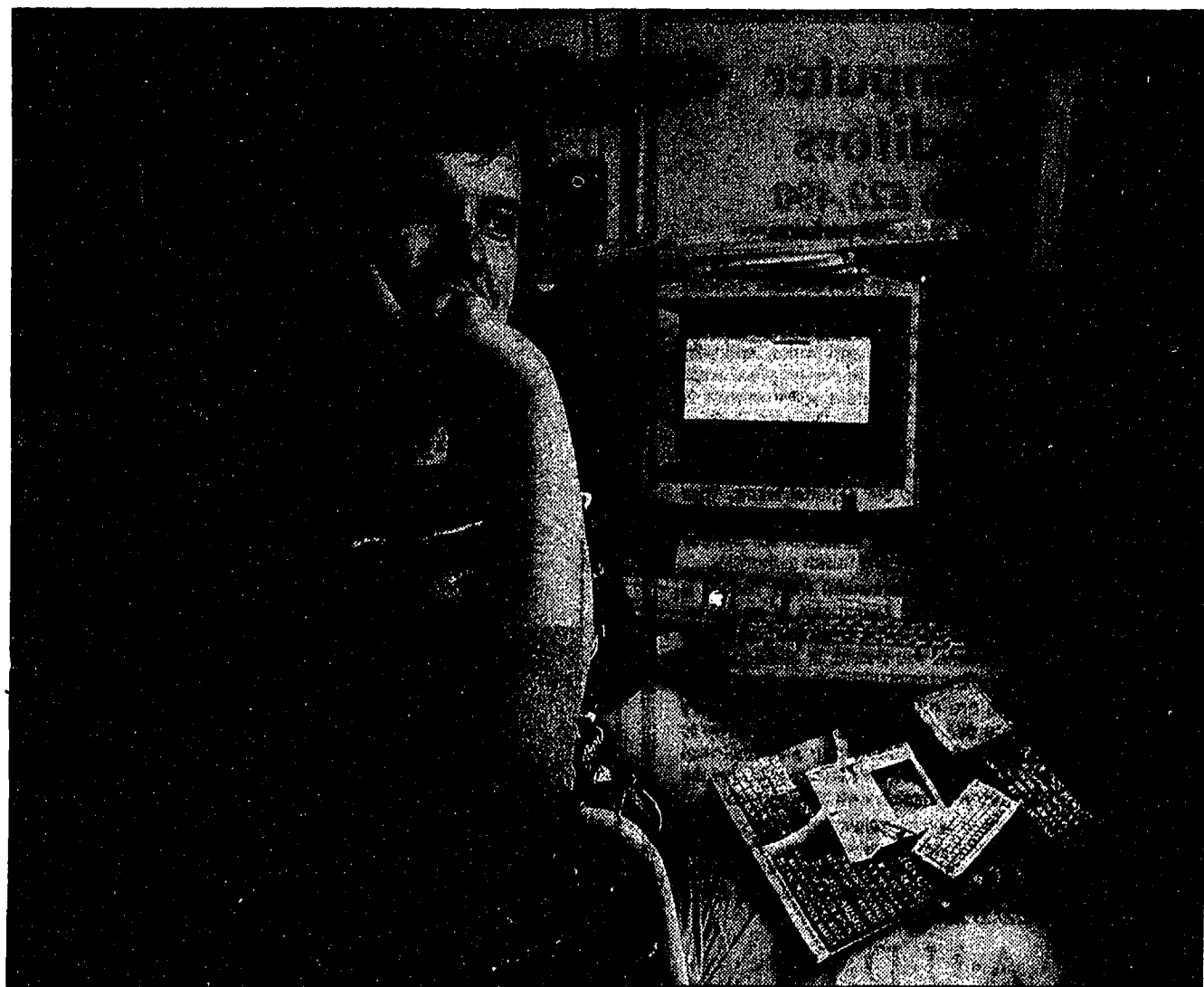
now book, for example, in only two magazines where they might previously have been in five. People are being more choosy about where they advertise, but where they do advertise they are spending more money. The number of new launches is going to thin right out as well. Most of the niche markets are well-populated with titles. It is now a matter of battering down the hatches and pushing what you've got. Any new titles are going to have a very hard time of it."

Media buyer and former VNU Business Publications director John Cade concurs, but is not as confident as Moody that even the major publishing houses will escape 1990 without some major financial damage.

"We are seeing a period of declining ad budgets and a vicious price war among publishers at the moment. The only people who can stand that are the big three or four publishers — VNU, Reed and Emap," says Cade. "And there are bound to be question marks over all the fringe titles in the major publishing houses."

As a media buyer — and publisher of *The TAD Guide* to the *Computer Press* — Cade keeps closely in touch with the prices offered to his clients by magazine ad sales teams. And these, he says, have declined dramatically in recent months.

"You could always get a bargain in the old days, but now prices have dropped by 15 to 20 per cent across the board," observes Cade. "It's not the level of discounts that are being offered that has changed so much, but the quantity thrown at you. If you go back even a



Geof Wheelwright . . . had to sell his house to pay off debts incurred in publishing

PHOTOGRAPH: MARTIN ARGLES

year, you would get offered five or six special deals a week; now we see 20 or 30."

He further warns that media buying agencies may start moving their clients from the computer press to national newspapers, television and radio if the rate-cutting continues.

"Agencies are in a catch-22 situation because they see smaller and smaller margins from using trade and technical press — the commissions they get (which are a percentage of what they spend for advertising) are going further and further downhill," says Cade. "They may divert clients increasingly into national newspapers. Big agencies with big accounts may only do a few ads in the trade and technical press, and if they don't make much money on it they may persuade their clients to do even less."

The sheer volume of titles in the market has also had its impact. Some sectors, such as magazines for the Apple Macintosh, seem ripe for a shake-out. As well as pioneer *MacUser*, there is also *Apple Business* (purchased by EMAP last year), *Mac Magazine* (a licensed UK version of *the American MacUser*), and *Future Publishing's* *Mac Publishing*, the UK edition of CW's *MacWorld*.

Cade says *Mac* magazines are among the worst for rate-cutting, have to fight for the smallest advertising market and are therefore likely to see the shake-out most quickly. "Apple is not that big in this country and there aren't enough second-level suppliers to support this number of titles. The offers we have had on some of the *Mac* titles are absurd. The other day, for example, we were offered the inside back cover of one *Mac* title for £150."

Some also charge that the recent industrial dispute at VNU caused that company to offer lower-priced ads in a number of publications. GST Software Products marketing manager Joanna King, for example, says, "We did consider withdrawing our advertising altogether. I was concerned that the quality of the editorial and the circulation would suffer." Through its media buying agency, GST was offered substantial discounts to go back in to VNU titles. These differed from magazine to magazine.

VNU managing director Graeme Andrews claims the strike did not cause widespread discounting, and says that any offers were likely to have been a normal part of doing business in a competitive market.

He also rejects the argument

that the computer industry is facing a recession or that the computer magazine market is in trouble. "People want computer magazines in an exceptional way and with an enthusiasm that they don't have for other types of magazines," he says. "Advertisers may be more conservative in times of a recession, but I question how big a recession there will be in the computer market."

Andrews is not alone in his optimism. Database Publications and Gollner Publishing have recently joined forces to form Interactive Publishing. The new company will publish five magazines: *Amiga Action*, *ST Action* and *ST World* from Gollner, and *Atari ST User* and *Amiga Computing* from Database.

According to Database director David Hirst, the Interactive venture is a statement of confidence in titles concentrating on the 16 and 32-bit computing markets. "It was a case of one and one equalling three," he says of the team-up.

But the four-year-old *ST World* will change from monthly to quarterly publication, and he does sound a general note of caution. "Over the next year, it is right to suggest that those companies that are under-resourced and haven't

thought about the upcoming tight period will not be in a position to weather the coming storm — if it comes. Undoubtedly, smaller publishers are going to go, and there are one or two I would not expect to see around by the end of the year."

To stay afloat, everyone will have to keep a close eye on bad debt. According to VNU's Andrews, bad debt and a slowdown in certain sectors of the market are both a growing concern among publishers, with the recent crash of large display advertisers such as NTS and the pruning of recruitment budgets by computer firms.

"Some consultancies in the recruitment market are finding it very tough at the moment," he says. "In fact, the recruitment market has tightened more than display, with companies cutting back on trying to get new people. I also suspect it has something to do with the fact that people can't move because they can't sell their houses."

For me, the housing question is irrelevant as I have already sold my house and extra possessions to pay off some of the debt incurred in getting into, and out of, the computer publishing business. If you want my advice, stay well away. It's dangerous out there.