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**Chapter 1**

**Magazine publishing Innovation: The ‘drivers’ and implications of technology**

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[ABSTRACT] [STARTS] Magazine publishing is an industry that has been transformed in the last two decades. Having to innovate in the face of digital media, this chapter examines innovation theory and the ‘drivers’ of innovation for the UK magazine business. Providing an assessment of these drivers through a P.E.S.T analysis framework (analyses of political, economic, sociological and technological history), the chapter reveals them as facets of a ‘networked society’, the ‘digital economy’ and its related neoliberal governmental policy. Providing a case example, within this context, of innovation at *Decanter* magazine, the chapter suggests strategies for legacy print and digital magazine publishers – ones that theorists Christensen (1997) and Christensen et al (2015) might recognise as routes to both ‘sustaining’ and ‘disruptive’ innovation. [ENDS]

This opening chapter examines the underlying factors behind what is discussed as the magazine industry’s battle for relevance in the 21st Century. While the examination of the magazine business today and its history (discussed in Chapters 2 and 3) provides examples of publishing innovation, the aim of this chapter is to reveal the external ‘drivers’ behind innovation in the digital era at an industry level and the business and strategic implications for dealing with them.

In an attempt at explaining the way publishers have, and need to further, innovate, the focus on digital ‘disruption’ is analysed by discussing innovation theory, the magazine business over the eras and its recent socioeconomic and technological context. Estimating the drivers of innovation in the digital era, a detailed P.E.S.T analysis (an analysis of the political, economic, sociological and technological environment) is provided for the magazine industry, before examining a current innovation publishing case study in TI Media’s *Decanter* magazine.

As the industry wide discussion and case study shows, publishers adopting both ‘sustaining’ and ‘disruptive’ innovations provide ways forward in the context of where media and ‘tech’ are inseparable, but legacy business remains crucial and relevant. Innovation in areas such as online platforms, business-to-business services and premium subscriptions are therefore proffered as strategic implications for a ‘mixed mode’ future for a media business in the 21st century.

**INNOVATION THEORY**

Innovation is not just about improving turnover or profit in a company. Although the economic imperative of aiding a company’s fortune’s is undoubtedly part of the picture, innovation is also about a growth in knowledge; an improvement in human experience, improvements in efficiency and quality and creativity of what companies do and how they do it. According to innovation management theorists such as David O’Sullivan, innovation is the “process of making changes to something established by introducing something new” (O’Sullivan & Dooley, 2009a, p. 3). As we shall discuss, these changes in the magazine world can be to the products a publisher provides (print products, digital content), the processes they employ (such as how magazines reach audiences or how they are edited ) and in the services delivered (such as business-to-customer events or business-to-business advertisers and branded content clients).

**Why innovate? The Drivers of innovation**

External factors are said to drive innovation. Nothing can remain static in the dynamic climate and markets that any company operates in. It is therefore untrue that innovation is created in a vacuum and produced for its own sake, despite the often quoted intrinsic need to be ‘an innovator’ or to be ‘disruptive’ – there are always extrinsic factors driving this. Changes in the market and the wider technological environment often dictate the need for innovation. According to O’Sullivan & Dooley (2009a, p. 12), the drivers of innovation are specifically: emerging technologies, competition, new ideas from customers and partners and changes in the external environment. Such external factors are sometimes called ‘socio-economic factors’ and in many business studies analyses since Aguilar’s Scanning the Business Environment (Aguilar, 1967) are often assessed by a form of P.E.S.T analysis: one specifically examining, *political*, *economic*, *sociological* and *technological* factors driving change.

**Disruptive Innovation Theory**

Product innovations can be incremental, slow or more radical and even ‘game-changing’ in nature. Many digital innovations of the last decade are said to be in this radical bracket, so much so that they are often called ‘disruptive innovations’. In the business lexicon of the present era, this term is often synonymous with the word ‘tech’, disruption seen perhaps increasingly as a form of pure tech innovation. In the digital era, ‘disruption’, has become more than just a widely cited objective, it has become something of a business mantra. Part of a David and Goliath narrative, it inspires pitches in boardrooms, VC (venture capital) offices and press releases, where start-up companies espouse being disruptors in the vein of Apple’s Steve Jobs, Facebook’s Mark Zuckerberg or Amazon’s Jeff Bezos. According to the most widely cited originator of disruptive innovation theory, Clayton Christensen, the term ‘disruptive’, however, is perhaps too loosely applied to “any situation in which an industry is shaken up and successful incumbents stumble” (Christensen et al, 2015, p. 45). Being disruptive is seen as a tech business imperative - a way to be technologically smart in a period where innovations have arrived in established marketplaces, eliminating established industries at an unforeseen rate.

Long before the rise of the tech giants, disruptive innovation theory was developed as a strategic warning tool for established businesses to avoid what was empirically shown by Clayton Christensen as a form of pathology in business success. Asking why innovators are often displaced by entirely inexperienced companies, disruptive innovation was framed by Christensen as a type of ‘innovator’s dilemma’ – the name used to entitle his following book (Christensen, 1997). A warning of ‘sticking to what you know at your peril’, DI theory shows us a recurring pattern of industrial decline caused by new entrants in markets offering very different, often unknown and ‘low end’ products in established markets. By gaining small traction at lower ends of markets, unknown innovators improve what Christensen terms product ‘performance’, and end up accessing more lucrative and higher end markets. Left unchecked, predicts the theory, new entrants’ performance can escalate, before disrupting existing companies, markets and even entire industries: a pattern seen by a number of different business scholars across sectors, industries and markets.

The explanation of why disruptive innovation happens in this way might be summed up by a customer view: ‘you didn’t know you even wanted a specific innovation, until you realised you couldn’t live without it’. It was, according to Allworth (2011), the guiding business philosophy of Apple’s founder and former CEO Steve Jobs – defining a twenty-year period where each new class of electronic product launched entered fields that Apple had no business competency in when launching. An exemplar of Christensen’s disruptors’ model, Apple launched the iPod into the portable hi-fi market when Sony and others had 30 years of market leadership; they launched iPhone into mobile telephony when a duopoly of Nokia and Ericsson dominated smartphones globally; and even took on the entire music retail and streaming industry when they were known only for home computing and creative desktop publishing (iTunes and Apple Music).

Although some extremely successful tech innovations in the last decade, for example Uber, are said by Christensen to *not* be disruptive innovation (Uber has not changed the field of taxis to an alternative type of transport), disruption has changed our landscape. Some clear examples that do fit Christensen’s model are the social media ‘aggregation’ platforms of Facebook, Twitter and Instagram disrupting newspaper and magazine publishing. In media, Netflix has been seen as the end to a 30 year-strong global video rental business and in leisure, Airbnb today threatens an entire strata of the hotel industry, with its endless supply of user generated low cost rentals. In rapidly changing times, the big innovations of the last decade all started as low end or marginal concepts (Airbnb was originally a student ‘sofa sharing’ service), but all employed digital technology to radically reinvent the established order of things and thus provide a level of Christensen’s product (or service) ‘performance’ that customers could not have imagined before they existed. They often did this by offering something initially free, low cost and often less high-end than established rivals.

**A CENTURY OF MAGAZINE INNOVATION: SCALE TO SPECIALISATION**

**Adaption and adoption since the last century**

Forms of disruptive technology have always guided the hand of business innovation in magazine publishing. New and innovative products, ways of reaching audiences and new business models is not something new to magazine publishing – it is part of a story in publishing revealing them as adaptors and disruptors in the 20th Century, and even before - in the early 19th Century, magazines themselves were disruptive to the traditional press, newspapers and even book publishers (see Chapter 2). An examination of this industrial history of “adoption and adaptation” of technology by magazine publishers (in Das, 2016, Cox & Mowatt, 2014 and Stam & Scott 2014) shows us that magazines have seldom sat still as a media ‘product’. The varying of form, features, distribution, advertising and content is testament to so many magazine titles being the most enduring and long-running media brands today. As discussed in Chapter 2, titles or brands such as *The Lady, Tatler* and *Vanity Fair* all date back to the mid 19th Century *–* and *The* *Spectator* even further, being in continuous business since 1828.

**[INSERT IMAGE 1.1 THE SPECTATOR]**

Over this period of time, publishers have therefore had to change what they do, how they do it and who they do it for, driven fundamentally by technological change, cultural shifts (in work, leisure and domestic roles) and the growth of literacy and consumerism as part of it. Magazine publishing, like other industries after the Industrial Revolution, was underpinned by the technological affordances of the era: technology and socioeconomics going hand-in-hand. As far back as the beginning of the last century, the technologies of moveable fixed type printing, colour reprographics of photography, gravure and off-set lithographic printing - all afforded the production of colour printed periodicals for the masses. Such changes defined the industrial structure of magazine publishing but did not emerge in isolation. These technologies merely served the growing demand for news and specialist media, one fuelled by Britain’s industrial expansion of rail infrastructure, and a growing middle-class of readers with new pastimes. In terms of industrial structure, publishing magazines meant bigger and bigger magazine companies: and the later 19th Century becoming a time of amalgamation, investment and vertical integration of presses, and the swallowing-up of smaller publishers and newspaper publishers into ever larger entities.

**Early 20th Century: New magazines for new tastes**

Referring to this era, magazine-industry historians Cox and Mowatt describe how Amalgamated Press, Newnes and Odhams were all acquired by Daily Mirror Newspapers, creating a “virtual monopoly of Britain’s consumer magazines” (Cox & Mowatt, 2014, p. 13) in the formation of the International Publishing Company (or IPC). Fuelled by post-war lifestyle changes and birth of mainstream consumerism, without competition from the geographically distant US corporations or European publishers (who did not enter the UK market until the 1980s), IPC is referred to by Cox & Mowatt as being Britain’s mid-century ‘Ministry of Magazines’ (Cox & Mowatt, 2014, p. 91) – an organisation that by 1960 was bigger than the BBC.

Throughout the mid 20th Century, this picture of industrial growth continued, but began to look different and more fragmented as broadcast media became the disruptive technology of the time, in the form of radio and then television. This was a time for more new ideas in magazines, from publishers that faced new competition from more media channels, and larger state-owned mass media broadcasters (such as the BBC). With the drivers of innovation identified from a growing Post War boom in consumerism, news and current affairs, leisure pursuits and hobbies became the magazine industry’s focus as they mined diverse, and even esoteric tastes from more varied audiences. Innovation through the process of ‘segmentation’ (the search for more sub-genres in specialist audiences) also capitalised on specialist advertising revenues, allowing magazines a different way to compete with the mass media ‘reach’ of radio and television.

**The 1980s and 1990s: segmentation and new audiences**

By the 1980s, the new drivers of innovation furthered this process of discovering new and specialist readerships. Eased by liberalised labour markets (the major theme of the Thatcher-Reagan era), the *laissez faire* economic ideology of the period broke the traditional newspaper unionised print and typesetting strangleholds. The resultant growing Anglo-American magazine sector, (by publishers such as Hearst, Condé Nast and the National Magazine Company) however all neglected a new social change – and with it an opportunity to connect with a demographic of working women. The new lower socioeconomic taste for ‘chatty’ women’s journalism emerged, and with it the arrival of European publishers such as Germany’s Gruner & Jahr and Bauer Media, who sent shockwaves across the publishing sector with the launch of the so called ‘throwaway’ titles such as *Prima* in 1987, before other European entrants arrived. In the wake of yet more consumer demand for women’s celebrity fare, the high society voyeurism in *Hello!* (published by Spain’s Sancho Junquez family) saw later and greater French incursions into the UK market with their Gallic counterpoint to the ‘feminism’ of Anglo-American women’s staple *Cosmopolitan*, in the form of *Marie* *Claire* – a title that was a market leader until the 2010s.

**Magazines in the new Millennium: towards new niches**

Heading towards the digital era, the 1990s to 2000s saw ever more specialist magazines emerge, and the innovative ability to address many ‘niche interest’ areas, especially for younger audiences never previously catered for. Launches in lifestyle, music magazines and men’s fashion - niches previously thought impossible to mine – were innovative areas for new, smaller publishers with creative ideas and more flexibility than major publishers. The drivers of democratised tastes, the rise of an information society and a dissemination of computing into homes, was bolstered by a labour market of freelance creatives and the advent of digital desktop publishing technologies. One company that emerged as a future specialist innovator in this era was the small Peterborough based EMAP – which became the home to pop music magazine *Smash Hits*, before it helped editor Nick Logan launch a slew of ‘stylepress’ titles such as *The Face* and *Arena* (through his own company called Wagadon), alongside a number of number of home computing and computer games magazines. Alongside newcomers Dennis Publishing (owned by Felix Dennis, famed for 1960s counterculture magazine editor *Oz*) and Future Publishing – these publishers capitalised on the hugely growing consumerism around home entertainment, home computing and high street fashion. Creating a combined computer gaming, gadget, fashion and lifestyle sector that, at its height, these combined areas grew to around 25% of all magazine sales by the turn of the Millennium (Key Note, 2004). Innovation driven by the inexhaustible taste for information technology, popular music and fashion culture and the second wave of the post-war youth culture and consumerism explosion in the late 20th Century.

**[INSERT IMAGE 1.2 THE FACE]**

**THE DIGITAL DRIVERS OF THE DIGITAL ERA: P.E.S.T. ANALYSIS**

**T for Technology: Magazines in the Digital Era**

During the last decade, the industry has faced immense challenge - one that’s even been called an existential threat to the magazine itself - from a variety of digital platforms and the way they reinvent what has become known as media ‘content’. The ability for consumers, through a variety of increasingly mobile devices, to instantly receive and share multimedia content, from digital first magazines through to HD television and radio, is now the norm through everyone’s mobile phone. Contrastingly, this democratising of words, content and publishing has not led to unmonetized sharing. The new economic reality of media has become one reliant on living with technology giants of Facebook, Google, YouTube and Amazon – monolithic giants who dominate the competitive media landscape. Magazines as media products (and advertiser services within them) today operate in a complex user ‘media mix’, alongside their readers’ ever-present mobile phone connectivity, with its social media feeds, news services and the linked on-demand digital services of mainstream television broadcasters and tech giant backed content creators such as Apple, Amazon and Netflix.

Although digital technology started to have an effect on the industry in the 1980s, with a wave of youth culture launches by independent magazines aided by the advent of desktop publishing software such as Quark’s page layout software coupled to network-friendly personal computers (namely Steve Job’s Apple computers, and his MacOS operating system), the last decade has been the era of the end of this beginning. Before the maturation of internet technologies, publishing was something that required specialist skills, equipment, software, distribution channels and considerable outlay. In recent decades ‘to publish’ has come to include even the meaning of pressing a button marked ‘publish’ on a web-based back-end of a blog or a social media story on Facebook or Instagram. Everyone, by this definition, is now a publisher - but only a few publishers own a platform that everyone uses. Looked at from a functionality point of view, why go to an individual publisher’s platform when you can go to a ‘node’ where thousands of publishers’ content can be found? According to Lucy Küng, the majority of legacy publisher’s digital traffic (including magazine publishers) is on one of the monolithic ‘tech’ companies’ platforms: Google, Facebook (including Instagram), Amazon or Apple. 70% of this is accessed via a mobile (Küng, 2018).

Theorists therefore point out that the last decade cannot be one defined, as in previous decades, by industrial development of ‘high tech’ or even ‘new’ technology. It is more revolutionary than that. There is no such thing as new ‘technology’ when changes in technology and media usage are so rapid, fundamental and widely spread. The evidence in language is that we have a new all-encompassing term for anything innovative at all in the present era – it’s simply called ‘tech’. Akin to nearly all other industries (for example in the automotive industry Tesla cars might be described as ‘tech on wheels’), in the media industry, according to Lucy Küng: “Technology has become media itself now, absolutely intrinsic to the creation of content, to the distribution of that content, to the quality of that content, to building a relationship with audiences, and to scale and therefore competitive sustainability” (Küng, 2018, p.1). If everyone is a publisher, it is because technology that everyone has access to (for free) is no longer a portal or ‘conduit’ for content delivery – the tech *is* the content itself.

**S for Sociological: Society and technology in the digital era**

Given this view of technology, it might seem confusing to consider that it is perhaps not technology per se that is the external driver for innovation, but society itself. According to a more sociological view, technology and society cannot be prized apart. While it is true that technology has been rapidly evolving – it has done so, both for and because of, technology. Explained by famed digital sociologist, Manuel Castells: “We know that technology does not determine society: it *is* society. Society shapes technology according to the needs, values, and interests of people who use the technology” (Castells, 2005, p. 3).

What might be termed ‘digital philosophy’ or anthropology since Manuel Castells, many have referred to the last two decades of ‘the information age’ as being explained not just by information technology, but by its novel connectivity as a ‘network society’ (Castells, 2000). In the last decade, his social theory has explained an interconnectivity and power that traditionally ‘loose’ systems such as networks can have through digital technology. In the past, a network was a structure suitable only for informal organisations (eg friendship networks) – they could never act in the way vertical organisations ran companies, armies, even nations. The new connectivity of work, industries and even social grouping in the last decade, has the power to transcend corporate, national and even continental boundaries by the affordance of internet-based technology. In the view of sociologists optimistic about such networked power, such as David Gauntlett (2011), this network society affords the ordinary person on the street a ‘making’ culture, free to do things in way that breaks down the gatekeeping of consumerism, thus liberating human creativity and the bonds between producers and consumers.

Others point out the potential dangers of such dramatic social change facilitated for ‘free’ by the large tech giants, having monopolised data on our on-demand 24/7 world. If there is a ‘downside’ to this new sociology, it is perhaps that digital technologies have also turbo charged the growth of a group outside of this rather utopian ‘creative class’ of thought leaders. Those economically precarious as part of the ‘gig economy’ (freelancing for example, so much a part of the creative industries and many others), perhaps have not had as much to rejoice in the digital economy. In the last five years, we have seen a related darker side of digital technology, especially with regards to social media– and the associated rise of what Andrew Keen once hailed as a modern ‘cult of the amateur’ (Keen, 2011). In such a world, where once marginal views and political populism have been on the increase as the internet ‘disintermediates’ trusted and professional publishing voices, placing experts and the mainstream media channels on an equal footing with the blogger, the social ‘influencer’ and anyone with a viewpoint.

Regardless of importance and validity of such concerns about the digital society, a macro picture of the UK, after decades of internationalisation and cultural diversity through generations of immigration, reveals a digital ‘turbo charging’ in the last decade of what was nascent in the ‘90s: changing social attitudes, consumption habits, working patterns and leisure pursuits. Many former cultural norms from a generation ago are today unrecognisable. Those optimistic about such a shift will consider a more digitally connected society as one richer in social capital, more invested in one another and see it to have improved education and understanding. We might consider evidence of this by recalling the social stigma of only two decades ago about things such as gay marriage in middle-class England; the racial prejudice in sport or the subtle exclusion in the workplace of people on the basis of disability or even gender. Although these remain, of course, present-day issues, there is no doubt that society has evolved enormously in such areas, especially amongst the culture of the ‘Millennials’. These are said to be a generation born as ‘digital natives’ (and therefore not ‘digital migrants’ who entered the internet era as adults), a generation at ease with the speed and pace of adoption of new social norms – and a group that is said to transcend class, region or border boundaries.

Despite such huge and progressive drivers of societal change in the UK as elsewhere, this does not signify a youthfulness of society *per se*. Demographers will be quick to point out that the last decade was a time where an ageing population came to dominate the demographic make-up of British society. Never in history has there been such an intergenerational schism between the younger ‘digitally native’ drivers of technology and the older economic beneficiaries of capital and land. This is perhaps justified as only sustainable in the societal trade-off espoused by Gauntlett (2011), as when it comes to Millennials – this is a demographic said to be less materialistic. Several generations after the post War ‘Baby boomers’, Millennials consume less, make choices based on more ethical and sustainable basis, and co-produce ‘value added’ economic outputs in more socially constructed and participant ways: perhaps in the creativity of social media, up-cycling products or in the remixing of art and music. In fact, they are, according Richard Florida, an entirely new ‘creative class’ of people – ones geographically free of nations, tied instead to any global place where the three ‘T’s’ of tolerance, talent and technology coincide (Florida, 2004).

The magazine mass-media model of sales volumes in specific nations and regions at a low prices is, therefore, one increasingly out of kilter with such social changes, especially those of a new ‘creative class’ sensibility. Although, in an ageing population, where printed titles in certain genres remain very strong (for example in TV listings magazines), we can see that the specific driver of change is that society sees media, overall, as a less ‘valued’ source of both information, entertainment (and more perniciously trust in news) and its dissemination of taste and shared experiences. These areas for magazines have become the spaces and new battlegrounds for publisher ‘verticals’, or ‘communities’ that the industry aims to keep, consolidate and reinvent for a new generation: one more as ‘participants’, over the former assumption of people as ‘readers’ ‘browsers’ or ‘audiences’.

**P for Political: The rules of no regulation**

The political environment for publishers is often thought of as one that seldom changes. However, some regulatory frameworks – or the lack of them – have become powerful drivers for change in media described above – one that has shaken the magazine industry to its core. Although publishers in the past have dealt with (and even lobbied against) regulation on a number of areas from freedom of speech, libel law through to pornography (for example the 1990s near censorship of men’s consumer lifestyle ‘lads mags’ in the UK), all of these pale into insignificance compared with the recent impact of a decade of what might be called ‘silence’ from government on market regulation and competition in media and telecommunications.

The largest political driver to innovate is therefore not the politics, but the lack of governmental rule in the controlling of media markets, or more precisely, the regulatory freedom afforded by liberalised markets and the absence of international protectionism in markets such as the UK’s. Considering the scale of the recent rise of the tech giants such as Facebook (excluding the equally powerful entities of Google and Amazon), can be seen as dominant in all nearly all aspects of content and news dissemination - not just in the sharing of publishers’ and users’ content through both Facebook and Instagram social media and stories, but also as being the world’s largest messaging, telephony and videoconferencing telecommunications company in the world with WhatsApp.

This astronomic rise in what might be called the economic ‘gatekeeping’ ability in recent years has aggrieved some of the highest spokespeople in magazine publishing. According to James Hewes, CEO of FIPP (the International Federation of the Periodical Press), the emergence of the technological giants of Google and Facebook ten years ago was not seen as a threat to magazines, but an opportunity. It is now, however, perceived in a very different way: “The direction of travel is very much towards regulation. Market pressure or regulation will eventually break them up” (Hewes, 2020). According to Hewes, the big mistake that the magazine industry made was to not realise that tech giants were “not public utilities. They have no obligation to treat us fairly, unless the government legislates. I think we forget that. I think we always thought it would be in Facebook’s interest to keep us happy. It wasn’t” (Hewes, 2020).

**E for Economic: The new business of being ‘free’**

The last decade’s economic environment in the wake of the 2008 financial crisis and the following generation of austerity measures (including public sector pay freezes and cuts in public spending) lead to stagnant economic growth in mature Western economies such as the UK’s. This climate has unsurprisingly coincided with the growth of many free at source digital services – when money is tight, why pay for something that you get on the internet for free? Popularly theorised by the likes of *Wired* magazine’s editor, Chris Anderson (Anderson, 2006, Anderson, 2009), from the beginning of the last decade, the digital era offered a ‘radical’ zero price to consumers for many services and media products. For the media industry, the resultant untested business model of giving content away for free in the internet age led to a paradigm shift by publishers, especially newspapers and content aggregators, desperate to tap into gaining huge digital audiences. By 2010, the new ‘added value’ of media economics became, not lifetime value, unit sales or even revenue, but the new digital ‘metrics’ of hits, page impressions, unique users, social media ‘shares’ and ‘likes’. When news, entertainment, encyclopaedias and directories, maps, reviews, advice and social groupings increasingly became part of the user-generated internet world hailed by the digital media evangelists as part of new sharing economy of ‘making and connecting’ (Gauntlett, 2011), magazine publishers faced the prospect of not being able to sell their products to audiences in the near future.

Those who hailed the ‘death of print’ soon after the Millennium dot-com boom, for example Dennis Publishing’s former owner Felix Dennis in his famous ‘Four Horsemen’ paper (Dennis, 2004), were both quick to see the future decline in print magazine circulations and the need for digital content (and in the potential for digital advertising), but at the same time wrong in suggesting the scale and speed of impact on the industry. In an overview, the picture of the last decade is one of relief, yet also woe. On the one hand, magazine circulations have not declined evenly, or plummeted across the board to an insignificant level in the way predicted: a positive for the legacy industry and their brands. On the other hand, there is no doubting that headline total magazine circulations have massively dropped (according to Mintel, 2019 in the five years between the years 2014 and 2019 alone by 26%) and exploiting digital magazine sales and a transfer of advertising revenues from print to online has not compensated for this decline: a huge challenge for the industry.

While declines in circulations were more obvious to predict, what blindsided the magazine publishing industry was the changing economics around their main source of income – advertising. The economics - not of paid-for content but that of selling display pages - in the end, presented the real existential threat to magazines. Magazine publishers were the historic masters of advertising, and increasingly relied on it for ‘subsidising’ their cover prices by the 2000s (Sumner, 2001): magazines sold because they were inexpensive to the readers, being effectively ‘paid-for’ by advertisers.

**[INSERT IMAGE 1.3 FELIX DENNIS]**

During the Noughties, when the social media tech giants grew to a global size, they initially had no such experience in advertising sales – and little interest in it. According to FIPP CEO James Hewes: “Facebook have gone from zero to being basically the second biggest player in the digital advertising market. The problem is they keep all the revenue” (Hewes, 2020). This left magazine publishers between a rock and a hard place by 2010, faced with one of two options: They could either provide their content via social platforms for free - and get no reward; or they could engage online communities through search engine optimisation (SEO) and push audiences to their own magazine platforms. Although this seemed like a good strategy, the ‘new’ economics of digital advertising showed that sales revenues in this space were tiny, based on programmatic tariffs for online magazine metrics nowhere near the astronomic, targeted ‘reach’ of Google, Facebook, Instagram and YouTube. Anderson’s new world of near ‘free’ economics, it seemed, applied nearly as well to the lucrative business-to-business sphere of media advertising sales, as it did to how people received their news, pastime pleasure reading, or trivia about people with extraordinary pet cats.

**A CASE STUDY IN ‘MIXED MODE’ INNOVATION: *DECANTER***

**[INSERT IMAGE 1.4 COVER OF DECANTER HERE]**

Established magazines facing the dilemma of whether to do something ‘disruptive’ or fail, often end up opt for what might be called a ‘mixed mode’ of innovation: mixed in the attempt to find new customers and advertisers through untraditional and disruptive means, while also serving an established audience, upholding market position and brand equity in legacy. This pragmatic approach to dealing with the P.E.S.T ‘drivers’ discussed, has the benefit of firstly building what Christensen calls ‘sustaining’ innovation into a market (getting better at what you do), while also learning about new markets and testing the water for newer ‘disruptive’ concepts. While publishers might be well aware of drivers for innovation predicting disruption on a wider level, managing decline can be both simple and lucrative – especially if the decline is a slow disruption. As the international trade body for magazines, FIPP proffers: “Weekly lifestyles, TV magazines, and gossips were once the most profitable magazines, yet are the most affected in the last ten years. All of that content is largely going to go to digital platforms. That market is eventually going to disappear. I wouldn’t say ten years, but eventually they [the readers] are going to die, and the market with it” (Hewes, 2020).

In the case of *Decanter*, surviving and thriving in the digital era is concerned with working both sides of this innovation street; acknowledging their legacy as one of the best known specialist wine magazines on the newsstands and supermarket shelves, but also their future as a ‘premium’ digital content provider, a database for shoppers of wine, and an important social media and PR-driven event organiser. In a recent conversation with Marcus Rich, CEO of UK’s magazine giant TI Media (Rich, 2020), of all the 40 magazine brands they publish, he cited wine magazine *Decanter* as one of the most ‘innovative’ during the digital shift.

*Decanter* magazine sees the print product only at the symbolic centre of their business: the sales of the magazine are not the central to their business strategy. As such, this is a magazine that despite its legacy (launching in 1975), does not even seek a circulation certificate (print and digital) from the Audit Bureau of Circulations (ABC). Instead, *Decanter* is concerned with connecting as many different readers in as many ways as possible. *Decanter* maintains these contact points digitally, socially, through premium ‘paywalled’ digital content and interestingly, being a brand that convenes events – and influential ones at that. In doing this, *Decanter* has a large following – it has amassed both a consumer audience (who want to read about wine) and importantly a new business-to-business (b2b) customer in the form of paid-for ‘advertisers’. This b2b aspect comes mainly from the wine-makers and distributors who want to be represented at international events, and who covet the awards and prizes given by the magazine. This is a magazine, therefore, as an ‘expert’, as an authentic voice and gatekeeper of knowledge about a specialist consumer area. *Decanter* digitally connects people ‘at a distance’ through new media channels (both free and premium), but is also ‘close enough’ to see their faces (and their ticket receipts) at a number of events; most importantly a yearly prestigious *Decanter* Awards ceremony.

**[OPEN RULED BOX OUT HERE]**

**Managing Innovation Focus: A look inside Decanter Magazine**

*An interview Robin McMillan, Managing Director of Decanter, Future Plc (previously TI Media)*

**Tell us a little about yourself. Have you been MD at Decanter for long?**

I joined two years ago. I have never been a magazine publisher or even an editor. I don’t have a media background. I came from retail, I was at The Wine Society and Berry Bros, before that. *Decanter* felt similar though, in that it is a quintessentially English brand, but also very global.

**When did Decanter first publish its magazine?**

We’ve been going since 1975! That’s a good history for a consumer magazine. But in the wine business, that’s of course not that old: The Wine Society goes back to the 1870s

**Magazines don’t traditionally have MDs.  Who does what at Decanter?**

I’m acting as editor in chief – though that job title is one we’ve been looking to fill for quite a while. The skills and backgrounds have changed in publishing. We have really good editorial people. We have great print experienced people, great digital people and also someone specialist running the premium digital side (paywall). However, everyone now works under a single content hub. The process starts with ‘what’s the content?’, and then we decide where it's going - so it’s ‘platform agnostic’.

**Given this brand history, are there a lot of competitors?**

In the UK, from a purely magazine perspective, there’s not actually a great deal of competition - the whole field has narrowed down. But, then we’re increasingly thinking globally and internationally. Nearly a third of our readers are from the US and around 16% in Europe. Competition in those territories is much stronger: *Wine Spectator*, in the US, for example.

**You’re best known for your events. Are magazine sales less important now?**

I really try to avoid the ‘this is more important than that debate’. The commercial numbers may make that true, but everyone’s point of reference to *Decanter* the brand *is* the magazine. Before I joined a couple of years ago, my assumption was that print was on the way out. Actually I think it’s the opposite.

**That may come to surprise people who point to declining print circulations…**

Well, print  just has to adapt its content and positioning to the ‘new order’ of tech out there. There are now a lot of ‘touchpoints’, but the one constant element is print. They understand what that is. They are familiar with the magazine. I say: ‘What a fantastic vehicle to show what this new world might look like.’ It’s a really important part of the mix.

**And what about the other, digital, elements in the ‘mix’**

Our differentiated offer is the best example of this mix. So, some people might go to our events, some might be aware of the awards, but not necessarily both, others may subscribe to our digital premium content on the app, but not be magazine subscribers, others may simply occasionally look at our content on the dotcom site. I don’t think there are models out there for this new ‘digital’ world! The journey from print to… ‘whatever’ is a question mark. It’s a case of trying a lot of things and seeing what ‘sticks’! The challenge for me is to keep the consumer looking-in and seeing *Decanter* as a cohesive brand.

**What’s the most ‘innovative’ thing you’ve done in the last couple of years?**

Decanter Premium, without a doubt. We’re in a ‘test and learn’ environment with the premium content in digital. It’s going well, with around 7,000 subscribers in two years. The magazine gives the content people are used to: profiles, reviews, columnists and so on. Premium is designed to give that too as well as extra breadth and depth and immediacy of content. If we had a selection of ‘Top 500 wines’ on the premium app, perhaps only 50 of those would be on the main website. There’s also exclusive access to events. We did a trial where Premium users had an exclusive first hour of an event. That went down really well. The wine producers loved it too, as they knew this was a group who paid extra and are extra interested in wine.

**Do people who buy a subscription to the magazine get Premium?**

No. What we call the ‘bundling’ side of things is something we are looking at. Under the banner of innovation, we’re almost creating faster than we can bundle. We’ve got the magazine, Premium content, and the Premium app. Systems wise - that’s a challenge. It’s also something we’re learning about. One recent reader feedback read, “I’ve been a subscriber for 15 years, why should I pay for all this separate new premium content?” It’s a fair point. Where we want to get to, is to buy into *Decanter* at any level you want: we stand for discovery, enjoyment, pleasure. As we bring the brand together, the idea is to bring a single offer together, giving you access to the whole *Decanter* universe.

**Given your awards and events, are you a partly B2B magazine business?**

I believe we’re consumer led – that’s our legacy, and the trade tend to follow as the content appeals to them too  – and the wine trade is very important to us. Our wine awards are the largest in the world. That means the producers, the trade, distributors etc get that level of recognition, to help get into new markets, to meet new consumers. That’s all trade. So our experience is, if we make magazine or premium content that appeals to the consumer, then it tends to appeal to the trade as well.

**What about advertising and marketing? Is this a big part of the team?**

Yes, we’ve got a large sales team, as there are four sides to the business: print, digital, Premium and events. Out of a team of around 35, 8 are editorial. Our commercial team are not just selling display advertisements, they are visiting wine producers across the world, asking about ads; helping to create advertorials; asking about entering our awards or perhaps taking them to a tasting event in London, Shanghai or New York. They get to know who does what in the industry, and they even arrange bespoke promotional deals, like the *Decanter* awards stickers you might see on wine bottles.

**Legacy magazines worry about an ageing profile of readers. Does Decanter?**

We’re not concerned at all. We have so many different audiences and demographic profiles, this mix is great. By default, the digital channels attract a younger audience. Off the top of my head, at least ten years younger. The events also bring in a different audience. For example, Fine Wine Encounters at the Landmark Hotel in London might attract 1,000 quite affluent older people, but equally, we could be doing a South American event with an outside steak barbecue and dance music filled with new world producers and younger people. In many parts of the world wine is a family business, so new ideas and people come through.

**[CLOSE RULED BOX]**

**FOUR ‘MIXED MODE’ IMPLICATIONS FOR INNOVATION**

*Magazines need to be authentic in the age of inauthenticity*

Despite the headline decline in the volume of magazines published, publishing theorists from different fields such as media economics (Jim Bilton), design (Jeremy Leslie) and journalism (Megan Le Masurier and Kevin Baker) have all pointed to a more nuanced picture of the digital challenge magazine publishing faces. This is one where the core strengths of being ‘expert’, ‘authentic’ and very specialist is the medium’s strength in an era where content is so abundant, free and socially mediated. Magazines like *Decanter* are an authority in their field, but at the same time, the Instagram blogger followed by tens of thousands arguably has the same ‘reach’. Magazine brands must therefore capitalise on their history, their ‘ever-green’ archives of content to be digitised (think about the value of ten or 20 years of content on motoring, cycling, fashion or fishing) while at the same time provide a ‘vehicle’ to the new vanguard of bloggers and social influencers. Authenticity, seen this way, therefore needs to be platform agnostic – a desire echoed by the CEO of TI Media referring to print, online, digital downloads and social media as the ‘verticals’ of each magazine brand (Rich, 2020).

*Magazines have to protect the value of their specialist content*

Jim Bilton describes magazines as having been ‘relatively sheltered’ from digital disruption compared to sectors such as the music business, as they observed with trepidation the changes experienced elsewhere in the decade after the Millennium (Bilton 2014). The arrival of the internet saw newspaper publishers, for example, releasing much of their content online with no access tariff or ‘paywall’. Having opened Pandora's box, news publishers have spent the last few years trying to claw-back subscriptions, fees and paywalls for premium content. By contrast, the magazine world’s *“cautious response”* (Bilton 2014 p230)to giving away free content online led to the industry’s recent experimentation with magazines as mobile apps and digital editions. Content is an expensive commodity, if done well. Many news publishers such as *BuzzFeed* and magazine-turned video channel *Vice* have felt the economic pain of attempting to do expensive lifestyle and investigative journalism without a paywall. Magazines must continue to watch and learn from this and balance the ‘free’ versus ‘premium’ economics carefully. On the one hand, magazines need to maintain visibility of search optimisation and social media, but at the same time provide a genuine reason for readers to regularly pay a premium for value-added content or services such as specialist content, b2b data and events or memberships. Luxury lifestyle magazines such as *Monocle* have long pioneered what could be called a membership model, where being a subscriber doesn’t just mean receiving well edited and designed reading material – it opens-up a global elite world of benefits, offers, and occasions outside of the pages of the magazine.

*Magazines must replace advertising revenues with other revenues*

Circulations were once the strict (and audited) basis of magazines’ advertising display sales ratecard: the more magazines sold, the higher the advertising rates based on ‘reach’ and cost per thousand. According to the Advertising Association (2018) by 2017, UK advertising spend online had risen to around 50 per cent of the total spend by all brands, leaving magazines a meagre 2 per cent share of all advertising spend. An industry that relied heavily on this revenue source (see Chapter 5), the effect of this can be clearly seen in the amount of magazine closures in recent years. In the period between 2006 and 2010, the total number of consumer magazines published in the UK fell from 3,445 to 3,004, according to Cox and Mowatt (2014, p. 165). Since 2010, print closures have continued in some mainstream genres of consumer magazines that relied on advertising, for example, men’s and women’s lifestyle magazines: these included cessation of *FHM*, *Nuts*, *Zoo* and *Maxim* and recently *ShortList* and also women’s lifestyle titles *Look*, *Glamour* (Condé Nast) and the iconic women’s fashion monthly *Marie Claire* (TI Media) to name a few. In certain cases the publisher may opt to maintain a digital only presence.

Advertising in the digital era needs to be ‘reconfigured’ to include branded content (advertorial), paying for the co-creation of bespoke content where advertisers receive something different from the powerful programmatic ‘reach’ through Google Ads or Facebook. As the debate about the changing role of the magazine editor has shown (Das, 2016), editors and managing editors today need to be the first people that brand managers go to when creating, not placing, advertising content. Examples of such new forms of advertising moves-on the process of ‘dropping in’ ads into fixed boxes, into new semi-editorial and consultancy modes of developing sponsored sections, features, videos, and other ‘assets’ that not only have a commercial value to a brand, but also allow access, insights and value to a magazine’s central and peripheral audience. Where magazines are concerned about the ‘Church versus State’ division between advertising and the field of journalism (and the implied need for keeping them impartially separate), some independent lifestyle magazine publishers (more examples of which are provided in Chapter 8) have employed what can be called a ‘studio model’, where advertisers approach content creators and creatives in their specialist magazine field as ‘embedded’ journalists and multimedia content creators for brand messages, PR and marketing outside of their own titles. Publishers such as *Hole & Corner,* and TCO London’s *Little White Lies* and *Huck* magazines, have all created such forms of branded content and even entire magazines for clients – without necessarily placing them within the pages and platforms of their own magazine titles.

*Accept that being niche doesn’t mean being unprofitable*

The underpinning concept behind management theories of businesses as ‘lean’, ‘agile’, ‘start-up’ or even ‘pop up’, is that small is controllable, efficient and dynamic. Such businesses are said to be the perfect breeding ground for disruptive thinking, one discussed above. While the economic scale of magazine publishing shows a clear contraction in the number of people working in the sector (from 300,000 in 1997 to fewer than 200,000 in publishing as a whole, according to Oliver 2017), the digital ‘shift’ to being smaller has left the industry arguably more ‘match-fit’ for 2020 and beyond. In John Oliver’s (2017) macroeconomic data analysis of creative industry economics and sector productivity in the UK, he concludes: “the U.K. publishing industry has been more ‘dynamically capable’ at adapting and reconfiguring their human resources than their peer creative industries” (Oliver 2017 p86). Niche magazines, independent magazines, and consumer magazines that know their area well epitomise such dynamism. A publisher (that publishes a single title or even a hundred titles) can aptly change, modify, and be creative in what they do in response to demand better, if they are not running a juggernaut.

In Kevin Baker’s (2018) case study analysis of three US based niche magazines, he examines titles that are not general-interest consumer titles, but ones that are often local and niche, and appear not to be battling digital challenge, but instead “doing well” and in many cases profitable (Baker, 2018, p. 407). The reasons for this, he proffers, boils down to creating a magazine brand with a dedicated following, providing attention to detail, creating a small but well-managed subscriptions models, and more ways to engage with brands via social media and mobile apps. In the example cases of Baker’s American regional specialist hobby magazines and a luxury titles, he notes the challenge and opportunity for magazines is to be “an authority” in an era where readers enjoy multiple free digital sources for information (Baker, 2018, p. 415). A similarity of the case examined in *Decanter*, the drive for innovation in being niche is aligned to the digital era’s value for leveraging *influence* – a voice, a community and its knowledge – and not necessarily about the more 20th Century quantitative value in media sales, audience, circulation or even ‘hits’ online.

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