

# Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

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DECEMBER 1, 1993

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## MAKE YOURSELF A BIG FISH IN THE ONLINE OCEAN

Magazines that will be successful in the future will not just dictate or reflect their readers' interests. They will embody them by becoming readers' 24-hour companions in the burgeoning world of online services. 64



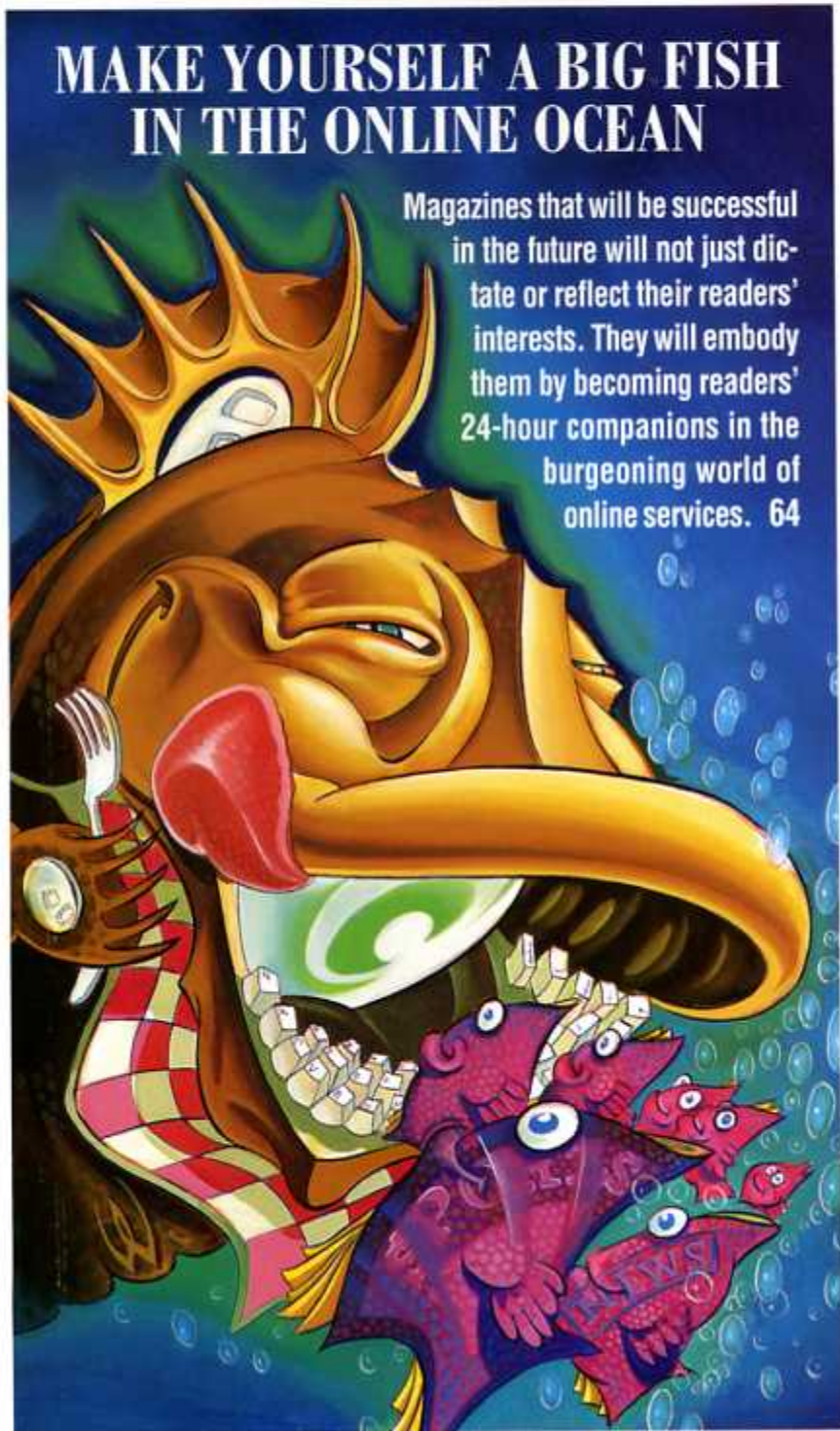
## ASSOCIATION TITLES GET DATABASE SAVVY

*Waste Age* editor John Aquino (*above*) epitomizes association magazine execs' new approach to maximizing their access to member databases. 78



## DESERT RAINMAKER

Milton W. Jones (*above*) has built an empire in the desert with an ad agency, visitor's guides, outdoor media and flagship *Palm Springs Life*. 80



TESTING THE WATERS

# ONLINE

An art director's taste and an editor's hunch were about to collide. Tommi Lewis, editor in chief of *Disney Adventures*, had a gut feeling that maroon was *not* the right color for the magazine's sweatshirts.

At the time, *Disney Adventures* was experimenting with America Online. "So I said, 'why don't we go online and see what the kids say,'" Lewis recalls. "And over a period of three or four days we found out that maroon was absolutely the most uncool color." Lewis learned from the 'twens who were checking out the new *Disney Adventures*' "chat room" that navy or green were better bets. The magazine went with navy blue.

For Disney, feedback didn't end with the determination that maroon is a geeky color. This summer, *Disney Adventures* formally established a "forum"—an area on America Online that any subscriber to the service can reach with a few keystrokes or clicks of the mouse. Now the *Disney Adventures* staff holds thrice-weekly, real-time chat sessions with 12 to 15 kids (ages seven to 14). Topics for chat or electronic mail range from TV violence to weird sandwiches—or even whether Keifer Sutherland's or Chris O'Donnell's photo should grace the December cover.

Interactivity and reader empowerment

BRAD WALKER



## MAGAZINES ARE SMALL FRY

### IN THE DIGITAL POND. BUT BY SWIMMING WITH THE BIG FISH, PRINT PROPERTIES CAN PROSPER.

BY THOMAS FORBES

of this sort are no longer abstract buzzwords. Magazines that will be successful in the future will not dictate or reflect their readers' thoughts and desires. They will embody them by becoming readers' constant, electronic companions—available 24 hours a day.

"There's an aloofness that often infects American journalism," says Walter Isaacson, an assistant managing editor of *Time*, which went online in September with America Online, one of several commercial online services that are increasingly vying for partnerships with print media. "We tend to hand down our pronouncements as if they've been engraved in stone. Here we're going to have a chance to get a lot of feedback, and to react to it in a timely fashion."

*Time* is posted on America Online on Sunday afternoon; the earliest the magazine itself hits selected airport newsstands is Sunday evening.

#### The interactive generation

Until recently, prospective online readers had to have at least a touch of the computer nerd in them. Instructions for navigation online were as arcane as a textbook on cryptology. Consequently, the first print publications to go online were computer books aimed at the digerati—the computer elite. But all that

is changing. Computers today are cheap and powerful, and are usually sold with modems included. The modems, in turn, are packaged with trial offers from at least one of the commercial online services—Prodigy, America Online or CompuServe—and more often than not provide the computer buyer with graphical user interface (GUI, pronounced "gooey") software that makes connecting to and moving around the services relatively easy. All the services offer novices free time online so they can explore without fear of financial ruin.

Growth in online connectivity is expected to be exponential. The number of American households with a modem-equipped personal computer will rise from 13 percent this year to 25 percent by 1995. The number of public bulletin-board systems (BBSs) in the United States—most of which are nonprofit, mom-and-pop operations, but some of which are lucrative and sophisticated—has already zoomed from about 6,000 in 1987 to 45,000 in 1992. By the end of this year, that number should reach 60,000, according to Jack Rickard,

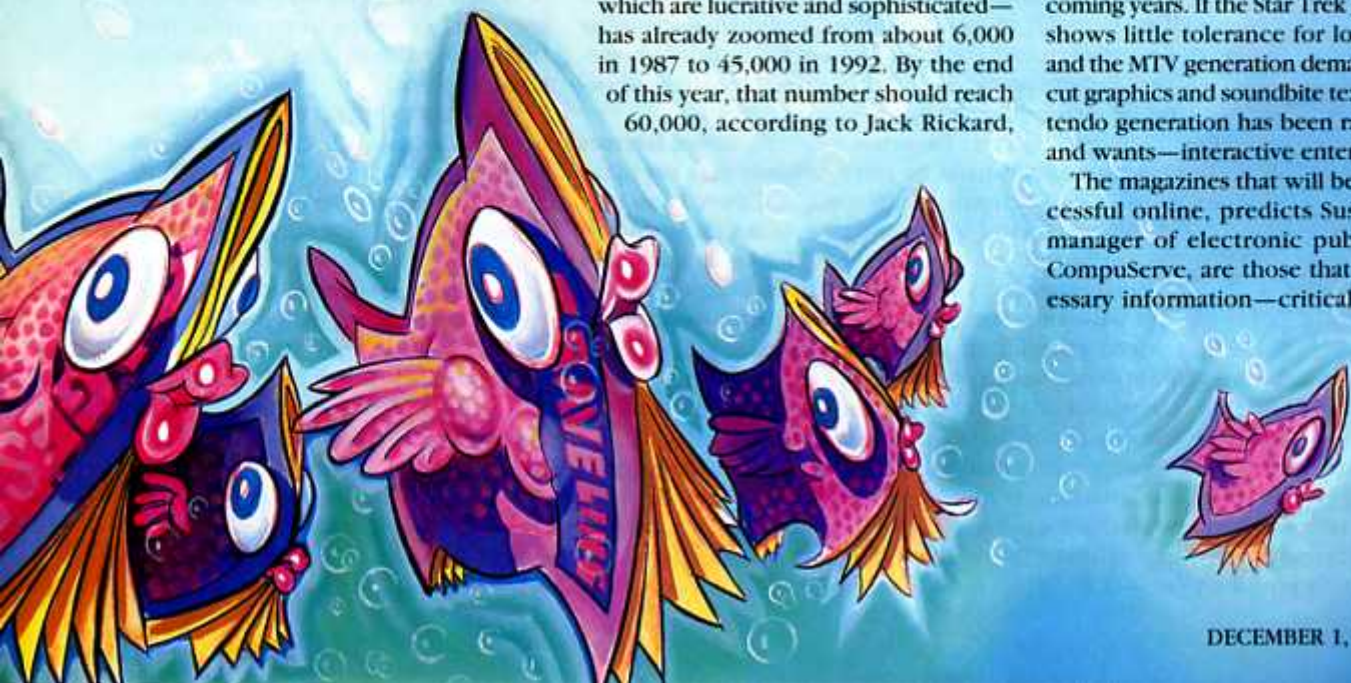
editor and publisher of *Boardwatch*, a 50,000-circulation magazine that covers online information services and electronic bulletin boards.

Commercial online services are setting records, too. According to Chris Elwell, editor of "IDP Report," a Wilton, Connecticut-based newsletter covering information services, the number of consumers subscribing to online services grew 10.6 percent in the first half of 1993, to a total of 6.8 million users.

"People are buying PCs with modems left and right, and as they become more used to getting their information electronically the market will burgeon," says Thomas Falconer, manager, electronic publications at Consumers Union, publisher of *Consumer Reports*. Online pioneer *Consumer Reports* is currently available on CompuServe, America Online and Prodigy, as well as in full-text searchable databases produced by Dialog, Nexis and Information Access Co. Perhaps because its detached editorial stance invests *Consumer Reports* with such authority, there is no interactive aspect of the magazine's online offerings. Still, says Falconer, "We do know from our experience in electronic publishing that the more interactivity you offer users, the more usage is generated."

Falconer's comment really speaks to what all print publishers must face in coming years. If the Star Trek generation shows little tolerance for long essays, and the MTV generation demands quick-cut graphics and soundbite text, the Nintendo generation has been raised on—and wants—interactive entertainment.

The magazines that will be most successful online, predicts Susan Wylie, manager of electronic publishing at CompuServe, are those that offer necessary information—critical statistics,



## WHERE MAGAZINES FIT ON THE INTERNET

Jeffrey Dearth, president of *The New Republic* and founder/CEO of The Electronic Newsstand, says that it was karma that he and Rob Raisch, president and founder of The Internet Co., got together. Dearth has extensive connections in publishing; Raisch has extensive experience in connectivity. Their new online partnership—The Electronic Newsstand Inc.—is designed to give print publishers “a point of presence” on the Internet, the global network of computer networks.

More than 50 magazines, ranging from *Arthritis Today* and *The New Yorker* to *The Journal of NIH Research* and *Worth*, are now represented on The Electronic Newsstand, which made its debut in late July (see FOLIO, September 15, 1993, page 17 and this issue, page 30). They post current tables of contents and a story or two so that Internet users—a.k.a. Internauts—can sample the editorial and, if they are so moved, order a single copy or subscription via e-mail or an 800 number.

Although the current goal of The Electronic Newsstand—to sell magazines—appears quite modest and easy for traditional publishers to grasp, the possibilities of what *could* be done on the Internet are literally without bounds. “At first blush, this is a painless, simple, understandable mechanism,” says Raisch. “Ultimately, I believe we’re looking at more and more magazines coming online and providing full content, along with graphics and sounds and interactivity.”

How many people are connected to the Internet? Estimates range from a hardcore user group of four million to as many as 25 million, if all the services and BBSs with e-mail connections are counted. Usage is expected to explode in coming years as access sites increase and navigational software improves.

Even Internauts have a difficult time describing where the “there” of the Internet actually is—perhaps because anything and everything digital, including audio and video, is or could be within it. But having a point of presence on the Internet theoretically exposes publishers to millions of users who tap into thousands of databases to download or upload data or programs, exchange private e-mail or participate in public discussion groups on hundreds of topics. (These discussion groups are called “news-groups” on the Internet, “forums” on CompuServe and America Online, “clubs” on Prodigy, “roundtables” on GENie, and “SIGs”—Special Interest Groups—generically.)

All the major commercial online services now have e-mail connections to the Internet. This means that someone with an account on CompuServe can send a private message to someone on America Online, or to any of the commercial e-mail services like MCI Mail or AT&T Mail, or to anyone at the thousands of academic, government, research or business facilities that have an Internet address.

The only commercial online services with *full* Internet access at present, however, are America Online, Delphi and its sister system, BIX. All three allow users full access to massive amounts of information—from software to data to newsgroups—as well as the ability to log-in to other Internet sites across the globe (called “telnetting”), and to make file transfers. Several of the other commercial services are rumored to be working on establishing their own full connections.

Raisch’s Internet Co. is just a cleverly named Internet address that carries no more authority than any other site. No one owns the Internet, and there is no centralized control. The Internet was, in fact, designed during the cold war to ensure that military messages would get from one end of the country to the other even while bombs fell—so no one can predict what path a message will take to its destination. But properly addressed, get there it will.

Unlike commercial online services, Raisch points out, there is no limit as to who can and cannot provide information on the Internet. “The vision of the Internet is such that it is the first multiconsumer, multiproducer marketplace,” he says.

Commercial use of the Internet was restricted until recently. But access has expanded greatly beyond the original academic, research and governmental sites. Any commercial service that is structured in a way that it “provides real value” is in keeping with the true spirit of the Internet, most Internet observers say, and magazines’ content certainly provides value.—T.F.

back issues, computer programs—that can be downloaded, as well as those that promote interactivity. What won’t work, most observers say, is posting the same information that is printed on the page.

“What people mainly want to do online, and what they do online, and what they want to do *a lot of* online, is talk to each other,” says Rickard. “The idea of creating screens, having your lawyer bless them and presenting them for sale online failed several times. People are not going to pay you significantly for that.”

“There’s a reason why there are more bars than libraries, and a reason why bars are more profitable than libraries,” adds J. Wes Kussmaul, chairman of The Village Group in Cambridge, Massachusetts. “For most publishers, the winning formula is *not* information retrieval.”

### What magazines bring to the party

Until very recently, though, if you wanted to send e-mail to your editor and she was on CompuServe, for example, you had to be on CompuServe yourself. But now e-mail connections to the Internet allow the users of different commercial online services to talk to one another. “[The services] can’t just sell access to their user base any more,” says Rickard. “CompuServe, Prodigy and the others have to work on their interfaces and new products. They have to have an edge, rather than reselling their user base.”

And when it comes to creating that service edge, print publishers with hard data and loyal readers have a role to play. According to several publishers, the commercial online services, some of which have been aloof in the past, are now beginning to recognize that they have been making a mistake by ignoring print.

“We want to be perceived as an open network and as a delivery vehicle for all sorts of publications,” says Gerry P. Mueller, vice president of Prodigy Services Co., which now claims more than a million subscribers and two million users. After years of exhibiting the same haughtiness that plagued its corporate parents, IBM and Sears, Prodigy appears to be listening to its customers and potential partners. “We also want to link to other services,” Mueller continues, “and we are pursuing a number of alliances.”

America Online, in addition to its new deals with *Time* and *Disney Adventures*, is talking to 15 to 20 other publishers,

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## ONLINE

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according to Jonathan Bulkeley, general manager of media. Prodigy has signed deals with Cox Newspapers and Times-Mirror Co. to bring online such newspapers as the *Atlanta Journal-Constitution* and the *Los Angeles Times*, and says it is "extremely interested" in forging additional alliances with print publishers. CompuServe recently signed up Gannett Suburban Newspapers in Westchester County, New York, and is currently in other negotiations.

Two smaller commercial services, Genie and Delphi (which was recently acquired by Rupert Murdoch's News Corp.), are also interested in alliances ranging from formal management of a section to having editors participate in the online messaging.

### What you stand to gain

Of course, readers can also address each other. Reader dialogues are the main draw of Town Hall, Inc., an independent BBS that is a joint venture of *The National Review* and the Heritage Foun-

ation. What's more, reader-to-reader communication has no editorial cost, points out Kussmaul, who developed Town Hall, Inc., as "the conservative meeting place."

But even as publishers link readers through electronic salons, the question of whether going online will cannibalize subscription bases continues to arise. That concern misses the point, says Rickard of *Boardwatch*. An electronic version of *Boardwatch* is available on the Boardwatch Magazine Online Info BBS based in Littleton, Colorado. *Boardwatch* is also carried on approximately 312 independent BBSs worldwide.

"Being online loses us a few," says Rickard, "and gains us thousands." The public awareness of a specialty business publication among today's media clutter is infinitesimal, Rickard points out, and any extra exposure helps.

Nor do other online publishers complain that they have lost readers. Jeffrey Dearth, president of *The New Republic*, as well as founder/CEO of The Electronic Newsstand, says that although he can't claim a "huge volume" of new sub-

scriptions because of *The New Republic's* presence on America Online, which itself has 400,000 paid subscribers, the pay-up rate of those who have been attracted online is very high because the subscribers are self-selected.

And there are other revenue opportunities. The Entrepreneur Magazine Group took over management of the Small Business Forum on CompuServe last October. Anne Callot, system operator and coordinator of online services for EMG, says she has no idea how many new subscribers have resulted, but that the relationship has proven profitable.

"The benefits include international exposure for EMG and additional revenue," says Callot. In addition to the fee it receives for managing the forum, EMG has opened a "store" in the CompuServe Electronic Mall that sells products such as business start-up kits and financial software programs. It also operates a database of franchise and business opportunities on CompuServe.

"For somebody to make a lot of money, you have to do two large things:

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### ONLINE

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Make an editorial commitment and make a marketing commitment," says America Online's Bulkeley. Even if you expect to make only enough money to cover costs, it only makes sense that you promote your online presence in the pages of your publication. And the more new users you can bring to an online service, the better deal you can cut.

Financial arrangements are not only varied, but closely guarded, and depend on the size of your readership and the extent of your commitment. They range from free access time to straight licens-

ing fees and include royalties based on usage and bounties for new subscribers. Another approach is a fee for managing a special interest forum like that of the Entrepreneur Magazine Group.

ZiffNet, a network of Ziff-Davis computer magazines that is available to users of CompuServe and Prodigy for an extra fee, now has more than 165,000 subscribers and is "nicely profitable," according to general manager David Shnaider. "But it took several years of investment and experimentation to get to this point," he adds. Now that the greatly expanded ZiffNet is in the black, Shnaider points

(CONTINUED ON PAGE 143)

## WHO'S WHO IN ONLINE SERVICES

The quickest, least painful way for magazines to go online is to forge an alliance with a commercial service. So if you're considering taking to the digital pathways, here are the names you should know:

**America Online:** Contact Jonathan Bulkeley, general manager of media, 703-448-8700. Titles include *Time*, *Disney Adventures*, *Worth*, *Wired*, *The New Republic*, *PC World*, *Consumer Reports*, *Chicago Tribune* and the *San Jose Mercury News*. Has a reputation as the "hot" online service. It's arguably the easiest system for users to navigate. Publicly traded and aggressive, it has 400,000 subscribers.

**Prodigy:** Contact Gerry P. Mueller, vice president, 914-993-8104. Titles include *Kiplinger's Personal Finance*, *Home Office Computing*, *Consumer Reports*, ZiffNet (a modified version of CompuServe's). There are deals with Cox and Times Mirror Co. to bring regional newspapers online. Trying to shake the "Plodigy" label, it now offers 9600-baud connectivity and is rolling out a new GUI. There are more opportunities for tie-ins with advertisers, but many feel that the ad-laden screens are a liability. Management is now eager to make deals. One million subscribers.

**CompuServe:** Contact Sherri Rohde, proposal review administrator, 614-538-3817. Titles include ZiffNet (*PC Week*, *MacWeek*, *MacUser*, *Computer Shopper*, *Windows Sources*), *PC World*, *Data Based Advisor*, *Entrepreneur* and *Florida Today*. Has international presence. Staffers for specialty magazines informally participate in forums such as Photography and Sailing. It has a bad rep among publishers for slow/no responses to queries, but a spokesperson says the service is "allocating more resources" and will improve. 1.3 million subscribers.

**Genie:** Contact Vivian Kelly, manager of media relations, 301-340-4494. Titles include *Asimov's Science Fiction*, *The Reston Review*, *American Astrology*, *Computer Game Review*, *Xenophilia*. Genie is considered a superior service for online gaming. Dozens of fantasy, science fiction and literary zines, some of which are purely "e-mags," have a presence—formal or informal—on the system. Subscribers number 400,000, according to "IDP Report," a Wilton, Connecticut-based newsletter about information services and database publishing.

**Delphi:** Contact Rusty Williams, vice president/general manager, 617-491-3342, ext. 321. Titles include *BioTechniques*, *PCM*, *Commerce Business Daily* and the *Federal Register*. Now owned by Rupert Murdoch's News Corp., Delphi will add *TV Guide* in 1994. The smallest of the five general-interest commercial services, it offers full Internet access. "We offer the full spectrum—from an open, special-interest group on Delphi, to a closed special-interest group on Delphi, to a closed, fully private network autonomous from Delphi," says Williams. Has 80,000 subscribers, according to "IDP Report."

**BIX:** Contact Christine Taylor, managing editor, 617-491-3342, ext. 356. Titles include *Byte*, *C Users Journal*, *VAR Business* and *OS/2*. A sister system to Delphi, BIX was begun by computer magazine *Byte*, although it no longer has a financial interest. Primarily for the serious computer user. Active SIGs in space, astronomy, computer gaming. Full Internet connection and 10,000 subscribers.—T.F.

