

## Special Edition - 2006 Newsstand Performance Review (3 pages)

# Three Years of "Growth" for Newsstand Sales

## Unit Sales Outpace Dollars. Celebrity Titles Lead the Way

For the third straight year, total magazine newsstand unit sales improved. For 2006, it wasn't by a huge number, 1.5%, but to repeat a line from the 2/19/07 issue of *The New Single Copy*, "Flat is the new up." However, optimism about the unit performance was offset by the unusual circumstance of total retail dollar growth being even "flatter," plus 0.85%, a figure below the inflation level. Once again, the business is reminded of the impact of weekly magazines with cover prices under \$2.00. Still, the optimists can cheer the fact that annual unit sales have improved in four of the last five years: 2002, 0.49%; 2004, 0.77%; 2005, 0.57%; and 2006, 1.5%. However, a disastrous minus 6.53% in 2003 offset the *flat/ups* of the other years.

The unit performance was definitely driven by the growth of the celebrity weekly category. Nine of the 10 leading revenue producing titles (page 3) are weeklies.

Two of them are tabloids and one is a woman's service magazine, but, cumulatively, the nine accounted for 23.3% of the industry's total \$4.85 billion of retail sales, and 35.9% of the total for audited titles. The celebrity titles themselves represented 17.2% and 26.5% respectively. As a comparison, in 2000, nine weeklies were 20.9% of total sales and 35.7% of the audited figure.

In terms of individual performance, *People* continued to be the leader in retail sales (it's not even close), with \$280.1 million, \$100 million more than runner-up *Us Weekly*. Additionally, *People's* unit-per-issue sales were up, 2.3%, even as it moved its cover price over the \$3.50-mark, and its sell-through figure was over 55%. All of this in the crowded and intensely competitive celebrity field, where below \$2.00 cover prices and efficiencies in the 40%-range rule.

*Cosmopolitan*, despite a 4.6% fall-off, continued to have the best units-per-issue number, just under 2 million, at 1.94 million, and remained the dollar leader among non-weeklies at \$98.6 million. It also had the industry-best best sell-through, 67%. Two new magazines, *OK!* (#10, \$48.8 million) and *Everyday With Rachel Ray* (#39, \$13.7 million) were among the 50 top dollar producers.

### Key Industry Performance Figures

	<u>2005</u>	<u>2006</u>	<u>Change</u>
<b><u>All Magazines</u></b>			
<i>Dollar Sales</i>	\$4.811 billion	\$4.852 billion	+1.5%
<i>Unit Sales</i>	1.428 billion	1.499 billion	+0.09%
<b><u>Audited Titles</u> (ABC and BPA)</b>			
<i>Dollar Sales</i>	\$3.144 billion	\$3.151 billion	+0.2%
<i>Unit Sales</i>	940 million	941 million	+0.1%
2006 Sales Efficiency.....36.2%			
2005 Sales Efficiency.....35.7%			

### On the Inside

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**Overall Performance by Groups - 2006**

	2005	2006	Change
<i>All Magazines</i>			
<b>Units</b>			
Draw	3,999,394,976	4,002,693,727	0.08%
Return	2,571,610,970	2,553,492,961	-0.70%
Sale	1,427,784,006	1,449,200,767	1.50%
Sales Pct	35.70%	36.21%	1.42%
<b>Dollars</b>			
Draw	\$13,708,353,567	\$13,586,397,605	-0.89%
Return	\$8,896,721,465	\$8,734,033,006	-1.83%
Sale	\$4,811,632,102	\$4,852,364,599	0.85%
Sales Pct	35.10%	35.71%	1.75%
Cov. Pri.	\$3.37	\$3.35	-0.64%
<b>Top 25 Titles</b>			
<b>Units</b>			
Draw	1,350,542,658	1,369,965,050	1.44%
Return	762,666,169	782,941,310	2.66%
Sale	587,876,489	587,023,740	-0.15%
Sales Pct	43.53%	42.85%	-1.56%
Share	41.17%	40.51%	-1.62%
<b>Dollars</b>			
Sale	\$ 1,680,718,984	\$ 1,679,195,386	-0.09%
Share	34.93%	34.61%	-0.93%
Cov. Pri.	\$2.86	\$2.86	0.05%
<b>26 to 100 Titles</b>			
<b>Units</b>			
Draw	534,315,688	524,839,655	-1.77%
Return	332,065,911	313,232,474	-5.67%
Sale	202,249,777	211,607,181	4.63%
Sales Pct	37.85%	40.32%	6.52%
Share	14.17%	14.60%	3.08%
<b>Dollars</b>			
Sale	\$812,987,370	\$789,594,979	-2.88%
Share	16.90%	16.27%	-3.69%
Cov. Pri.	\$4.02	\$3.73	-7.17%
<b>Top 100 Titles</b>			
<b>Units</b>			
Draw	1,884,858,347	1,894,804,705	0.53%
Return	1,094,732,081	1,096,173,784	0.13%
Sale	790,126,266	798,630,921	1.08%
Sales Pct	41.92%	42.15%	0.55%
Share	55.34%	55.11%	-0.42%
<b>Dollars</b>			
Sale	\$2,493,706,354	\$2,468,790,365	-1.00%
Share	51.83%	50.88%	-1.83%
Cov. Pri.	\$3.16	\$3.09	-2.05%
<b>Rest of the Line</b>			
<b>Units</b>			
Draw	2,114,536,630	2,107,889,022	-0.31%
Return	1,476,878,889	1,457,319,176	-1.32%
Sale	637,657,740	650,569,846	2.02%
Sales Pct.	30.16%	30.86%	2.35%
Share	44.66%	44.89%	0.52%
<b>Dollars</b>			
Sale	\$2,317,925,748	\$2,383,574,234	2.83%
Share	48.17%	49.12%	1.97%
Cov. Pri.	\$3.64	\$3.66	0.79%

**Where Magazines Are Sold:  
Expanding the Categories**

Last year, for the first time, *The New Single Copy* was able to include magazine sales for supercenter stores in the supermarket category, where they more properly belonged. This year, we expanded the categories to include "Bargain", which represents warehouse club and so-called dollar store formats. Although there have been test programs in these accounts for several years, the volume is just beginning to reach measurable levels. In previous years, magazine sales in all retail categories beyond the six largest - supermarkets, discount, drug, convenience, bookstores, and terminals - were grouped together in "Other." Consequently there are no "Change" figures for the expanded categories. The 9.4% 2005 share number represents all sales in the last three groups: newsstand, bargain, and other. Note on the Bookstore Category: Although we report a decline in this group, we believe it is misleading. Anecdotal evidence clearly indicates that magazine sales in chain bookstores remained solid, most likely in the low single-digit increase range. The fall-off in the total category is thought to be attributable to a continuing decline in the number of independent bookstores.

**Retail Share of Market: 2006***(Supercenters in Supermarket Category)*

	Dollars	Pct	Change	Pct 05
Supermarkets	\$2,392,745,989	49.3%	7.8%	46.1%
Discount St.	\$495,325,599	10.2%	10.7%	9.3%
Drugstores	\$526,722,775	10.9%	3.4%	10.6%
Conv. Stores	\$270,390,606	5.6%	-22.2%	7.2%
Bookstores	\$523,771,827	10.8%	-6.4%	11.6%
Terminals	\$240,867,888	5.0%	-12.8%	5.7%
Newsstand	\$121,839,788	2.5%	n/a	9.4%
Bargain	\$53,890,675	1.1%	n/a	
Other	\$226,809,451	4.7%	n/a	
<b>TOTALS</b>	<b>\$4,852,364,599</b>	<b>100%</b>	<b>0.85%</b>	<b>100%</b>

**Notes on Methodology:** In producing our reports, Harrington Associates collects data from ABC, BPA Worldwide, individual mass market wholesalers, retailers, Capell's Circulation Report, and MagNet, the database of wholesaler sales information. Individual publisher sales efficiency figures are from MagNet. As noted before, the collecting and reporting of magazine retail performance data is undergoing significant changes, which should improve the quality of industry reports. However, during this period of transition, there may be some inconsistencies from one reporting period to another.

### 2006 Top 50 Titles - Ranked by Annual Retail Dollars

<i>Magazine</i>	<i>Cover Price</i>	<i>Single Copy Per Issue</i>	<i>Total Circ Per Issue</i>	<i>Single Pct +/-</i>	<i>Total Pct +/-</i>	<i>Annual Retail \$</i>	<i>Dollars Pct +/-</i>	<i>Sell Thru</i>
1 PEOPLE	\$3.57	1,542,247	3,787,076	2.3%	1.4%	<b>\$280,814,871</b>	2.9%	56.4%
2 US WEEKLY	\$3.49	992,238	1,773,285	2.1%	6.3%	<b>\$180,071,352</b>	4.6%	41.1%
3 STAR MAGAZINE	\$3.49	747,969	1,528,111	-14.2%	7.0%	<b>\$135,741,323</b>	-11.6%	32.9%
4 NATIONAL ENQUIRER	\$2.99	792,143	1,134,087	-10.2%	-8.5%	<b>\$123,162,394</b>	-8.0%	33.6%
5 IN TOUCH WEEKLY	\$1.96	1,187,370	1,229,258	6.5%	6.8%	<b>\$120,780,798</b>	4.7%	46.7%
6 WOMAN'S WORLD	\$1.49	1,423,747	1,529,932	-3.7%	-2.9%	<b>\$110,311,918</b>	-3.7%	53.9%
7 COSMOPOLITAN	\$4.24	1,937,685	2,928,041	-4.6%	-1.4%	<b>\$98,593,954</b>	-0.8%	67.0%
8 LIFE & STYLE WEEKLY*	\$1.96	720,616	728,958	35.4%	36.0%	<b>\$73,301,156</b>	40.3%	43.5%
9 GLOBE	\$2.99	387,863	480,410	-10.7%	-5.0%	<b>\$60,304,862</b>	-0.9%	32.4%
10 OK! WEEKLY	\$2.16	424,010	636,968			<b>\$45,821,162</b>		41.5%
11 FIRST FOR WOMEN	\$1.99	1,258,434	1,474,964	2.7%	0.8%	<b>\$42,564,552</b>	2.8%	53.4%
12 O, THE OPRAH MAGAZINE	\$3.95	878,925	2,359,672	-15.0%	-6.1%	<b>\$41,661,021</b>	-15.0%	50.6%
13 GLAMOUR	\$3.99	837,725	2,275,324	-7.9%	-4.1%	<b>\$40,110,249</b>	-7.0%	43.4%
14 IN STYLE	\$3.99	774,663	1,768,913	-8.7%	-0.8%	<b>\$37,090,841</b>	-8.7%	48.7%
15 SOAP OPERA DIGEST	\$3.50	180,495	517,743	1.5%	4.5%	<b>\$32,850,090</b>	2.4%	25.1%
16 TV GUIDE	\$2.06	287,842	3,499,746	-12.8%	-57.4%	<b>\$30,691,096</b>	-21.2%	34.0%
17 WOMAN'S DAY	\$2.79	648,653	4,014,992	-21.7%	-0.9%	<b>\$30,663,506</b>	-12.4%	38.0%
18 MAXIM	\$4.99	470,363	2,540,146	-13.2%	0.9%	<b>\$28,165,307</b>	-13.2%	40.5%
19 TIME	\$4.13	126,275	4,083,064	-16.5%	1.1%	<b>\$26,638,176</b>	-13.8%	32.8%
20 FAMILY CIRCLE	\$1.99	847,316	4,004,261	-2.7%	-6.8%	<b>\$25,331,570</b>	-2.5%	37.4%
21 NEWSWEEK#	\$4.38	110,483	3,130,357	-14.7%	-0.9%	<b>\$23,671,167</b>	-7.5%	27.6%
22 MEN'S HEALTH	\$4.44	530,725	1,830,541	7.5%	3.2%	<b>\$23,557,370</b>	17.8%	48.9%
23 VANITY FAIR	\$4.50	433,365	1,227,885	8.1%	4.7%	<b>\$23,401,710</b>	8.1%	52.8%
24 SOAP OPERA WEEKLY	\$2.99	141,487	239,417	-1.7%	9.0%	<b>\$21,998,399</b>	-1.7%	25.4%
25 PLAYBOY	\$6.16	296,220	3,016,453	-3.5%	-1.4%	<b>\$21,896,545</b>	11.6%	39.6%
26 VOGUE	\$4.08	434,838	1,287,887	-1.5%	2.2%	<b>\$21,266,282</b>	-0.5%	47.0%
27 GOOD HOUSEKEEPING	\$2.50	693,857	4,675,281	-9.5%	1.1%	<b>\$20,815,710</b>	-9.5%	37.3%
28 MARTHA STEWART LIVING	\$4.77	347,332	2,001,584	0.7%	2.6%	<b>\$19,868,900</b>	0.7%	44.0%
29 REAL SIMPLE	\$4.50	394,793	1,948,794	-1.6%	2.3%	<b>\$19,546,421</b>	5.3%	45.4%
30 SOAPS IN DEPTH - ABC	\$3.50	207,329	267,070	0.9%	2.9%	<b>\$18,866,939</b>	0.9%	36.7%
31 SOAPS IN DEPTH - CBS	\$3.50	200,287	256,190	11.1%	10.1%	<b>\$18,226,072</b>	11.1%	35.0%
32 SPORTS ILLUSTRATED	\$4.07	86,385	3,208,555	5.6%	-2.4%	<b>\$17,982,444</b>	6.7%	37.3%
33 MARIE CLAIRE	\$3.50	404,378	958,624	-21.7%	-0.2%	<b>\$16,983,855</b>	-21.7%	37.5%
34 SHAPE	\$3.99	348,839	1,705,411	2.5%	3.2%	<b>\$16,702,411</b>	2.5%	39.4%
35 ELLE	\$3.67	341,092	1,057,744	10.2%	0.3%	<b>\$15,033,362</b>	14.3%	46.4%
36 ECONOMIST#	\$5.00	58,558	619,967	12.7%	13.5%	<b>\$14,957,098</b>	11.8%	41.0%
37 SELF	\$3.50	351,839	1,489,444	2.7%	5.6%	<b>\$14,777,217</b>	2.7%	40.0%
38 READER'S DIGEST	\$2.99	408,735	10,094,284	-9.8%	-0.2%	<b>\$14,665,412</b>	-9.8%	37.8%
39 EVERY DAY W' RACHAEL RAY	\$3.99	495,844	910,582			<b>\$13,749,863</b>		44.1%
40 SEVENTEEN	\$2.99	366,927	2,024,107	3.3%	-0.5%	<b>\$13,165,341</b>	5.1%	44.7%
41 ESSENCE	\$3.99	274,877	1,090,238	6.5%	2.8%	<b>\$13,161,111</b>	11.1%	47.3%
42 STUFF	\$4.99	217,071	1,285,513	-24.6%	-3.6%	<b>\$12,998,182</b>	-24.6%	35.5%
43 PENTHOUSE	\$8.32	128,739	363,673	-23.5%	6.6%	<b>\$12,853,302</b>	-22.8%	32.1%
44 ROLLING STONE#	\$4.13	135,451	1,447,456	0.9%	10.6%	<b>\$12,849,762</b>	32.8%	36.5%
45 SOUTHERN LIVING	\$4.99	204,967	2,822,542	-3.7%	2.8%	<b>\$12,273,394</b>	-3.7%	47.5%
46 MUSCLE & FITNESS	\$5.99	167,446	443,085	2.6%	-0.3%	<b>\$12,035,983</b>	11.9%	37.6%
47 COUNTRY WEEKLY	\$3.62	128,050	446,612	-10.0%	2.9%	<b>\$12,024,360</b>	-7.9%	28.5%
48 PREVENTION	\$2.99	324,716	3,324,440	-9.2%	-0.4%	<b>\$11,650,792</b>	-9.2%	31.1%
49 XXL	\$3.95	265,693	330,332	0.8%	3.0%	<b>\$11,460,570</b>	-0.1%	40.4%
50 COOKING LIGHT	\$4.55	228,333	1,729,769	4.3%	-0.2%	<b>\$11,394,190</b>	4.6%	47.3%

**Notes:** Calculated from ABC reports 2006. \* Two additional issues in 2006. # One less issue.