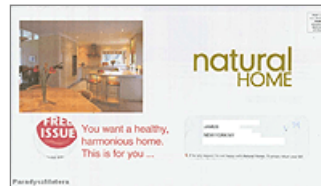




Market Trends Highlights Consumer Magazines – 2H 2009



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Executive Summary

2009 was marked by a number of high profile closures across various categories, as titles struggled with falling ad revenues and online competition. Despite these challenges, publishers continued to search for creative ways to engage subscribers. Encouraging survey data throughout 2009 showed that publishers overall fared better than most consumer goods marketers, and many are cautiously optimistic that direct mail response rate levels have stabilized. This report shows the impact of recent market and recessionary forces on key direct mail stats like list universes and list rental costs. The universe of subscriber names fell to a two-year low at the end of 2009, while list costs rose slightly. On a positive note, the average introductory price for magazines was up slightly. Looking ahead, many publishers we've spoken with are seeing improved results so far in 2010. This positive performance, combined with renewed interest in alternate distribution channels for paid content, point to a brighter future for publishers in the coming year and beyond.

Highlights

Performance: Publishers reported relatively strong response throughout 2009, faring better than many other consumer categories like catalogs and nonprofits.

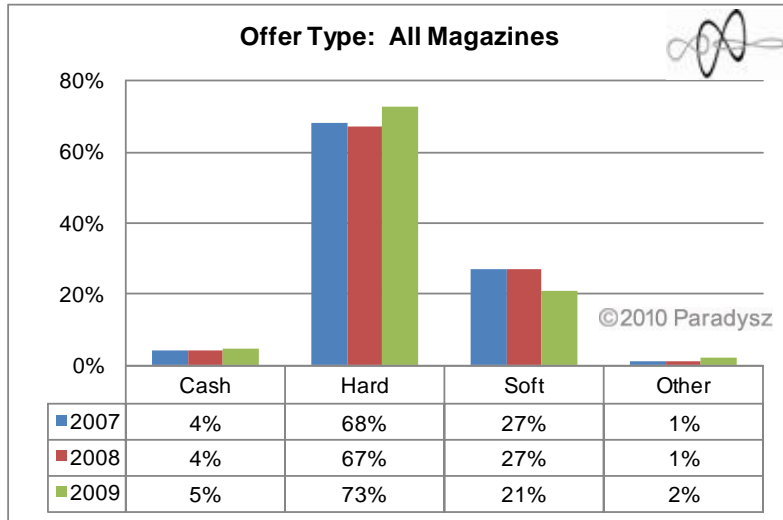
Universe Size: In 4Q 2009, the active mailable universe for all **Consumer Magazines** reached its lowest point in the past two years. With 204.6MM names, the total is down 8.9MM names (4.2%) from a year ago. The average change in overall file size was -1.9% between 4Q 2009 and 4Q 2008.

Average List Costs: The average base list cost per thousand (CPM) for **Consumer Magazines** was steady in the past year -- \$105.65/M in 4Q 2009, up .2% from the previous year.

Offer Trends: Most **Consumer Magazine** mailers continued to utilize hard offers; usage in 2009 was 73%, up from 67% in 2008. The average introductory price for **Consumer Magazines** is \$17.64 in 2009, up slightly from 2008.

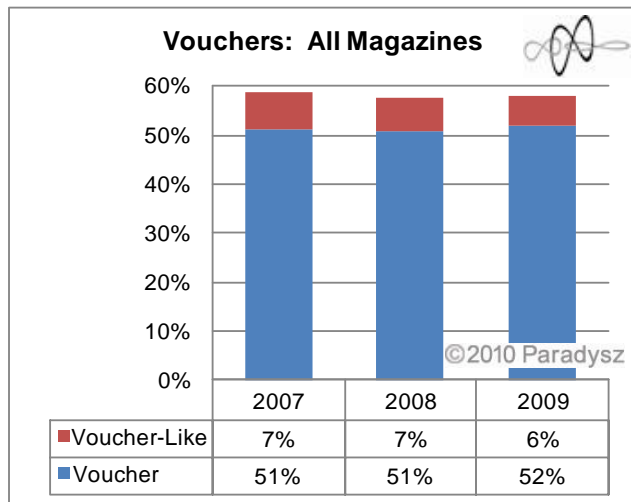
New Media: Only a few new direct mail lists were released during 2H 2009: Sandra Lee Semi-Homemade (93M names), Lapham's Quarterly (13M names), Camaro Performers (9M names), Supertrax (5M names) and the regional Health and Life New Jersey (48M names).

Subscription Offer Analysis



Hard offers remain the most prevalent, tracked in 73% of **Consumer Magazine** promotions in 2009, up from 67% in 2008. Soft offer use has fallen; the rate is currently at 21%, down from 27% the previous year.

Voucher Package Use

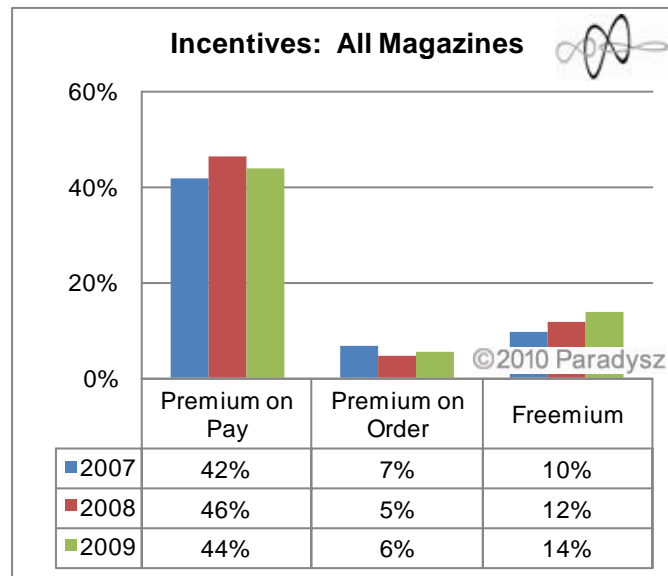


52% of all **Consumer Magazine** mailings were pure voucher efforts in 2009, up from 51% last year. Mailers such as Architectural Digest, Bon Appetit, Barron's, Good Housekeeping, Money and Outdoor Life typically promote with voucher packages.



Incentive Trends

Consistent with 2008, most **Consumer Magazine** efforts included an incentive in 2009. Premiums on payment remain the most popular. Freemium use is up some.



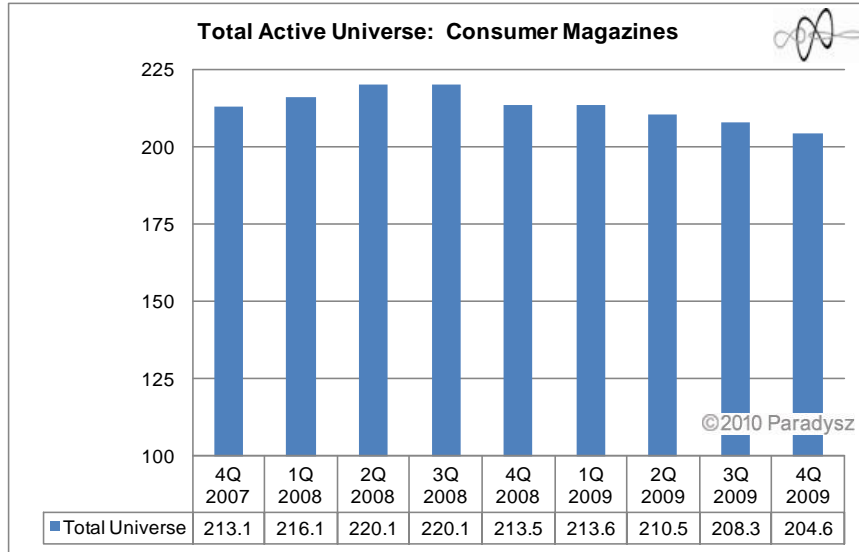
Premiums given upon payment remain by far the most popular incentive. 44% of promotions offered a gift upon subscription in 2009, down slightly from 46% in 2008. Premiums were tracked in 2009 from titles like Free Inquiry (book), W Magazine (handbag), National Geographic (map) and Elle (MP3 speakers).



Freemiums were used in 14% of efforts in 2009, up from 12% in 2008. Examples include a pocket calendar from Money, a stew recipe from Outdoor Life, and the bookmark from Wilson Quarterly (Also see *Promotions of Interest*, page 8).



Direct Mail Universe Study



In 4Q 2009, the total active mailable universe for all **Consumer Magazines** was 204.6MM names, down 8.9MM names from 4Q 2008 (4.2%).

Promotions of Interest

Cook's Illustrated

YOUR FREE GIFT! Totally Bamboo® Cutting Board



\$15 Retail Value

CLAIM YOUR FREE GIFT NOW! Send back your savings voucher today

Premiums can help establish credibility in the eye of a potential subscriber. Ad-free bimonthly **Cook's Illustrated** added a kitchen essential to its offer in order to win over home chefs. The practical premium, a 9" x 6" cutting board, is described as a \$15 retail value that is made from eco-friendly renewable material. Furthermore, the brand, Totally Bamboo, was highly rated by the magazine's test kitchen, adding a clear connection with the title. The overall promotion includes a 34-page sample magazine issue within a polywrap. Tips and recipes offer a taste of the publication's editorial, which promises, "We test the recipes so you don't have to." The longstanding hard offer is \$19.95 for 6 issues. Previous premiums have included a microplane zester, described as "our editors' top pick!"

Elle

FREE Exclusive ELLE MP3 Speakers! Yours when you subscribe today!



The ELLE portable MP3 speakers is the perfect accessory for your MP3 player. Small in size but big on sound. Its sleek, compact design fits easily into, for your convenience, into your bag or car. (USB cable included). Share your favorite music with your friends — anytime, anywhere. Great for all your outdoor activities!

Simply return your order form with payment in the convenient postage-paid envelope enclosed and we will send your Exclusive ELLE MP3 Speakers out to you promptly. **HURRY. SUPPLIES ARE LIMITED — REPLY TODAY!**

ParadyszDirect.com

Hachette Filipacchi's fashion and beauty magazine Elle offered a portable MP3 speaker system to new subscribers. The #10 package reads "Reply Requested" beneath the return address, sent by Elle Executive and Professional Services. Inside, an insert details the speakers that come as a free gift with subscription. The enclosed voucher reply form sells the magazine via hard offer of \$12 for 12 issues, stating "Rush my FREE MP3 Speakers immediately!" Previous mailings from Elle were a hard offer subscription of \$8 for 12 issues.



About MarketTrends

MarketTrends is a product of Paradysz Research, designed to give mailers timely and actionable competitive intelligence within their core market category. Our goal is to provide clients with targeted information and reporting on a semiannual basis to benchmark progress relative to their specific marketplace and to aid in strategic planning.

The MarketTrends **Consumer Magazine** set is comprised of a wide range of consumer publications (both consumer magazines and newspapers). There are 552 unique publications that promote via direct mail and 962 mailing lists in this market set. Sample mailers include *Architectural Digest*, *Atlantic Monthly*, *Backpacker Magazine*, *Barron's*, *Better Homes and Gardens*, *Bon Appetit*, *BusinessWeek*, *Christian Science Monitor*, *Consumer Reports*, *Cooking Light*, *Dwell*, *The Economist*, *Entertainment Weekly*, *Entrepreneur Magazine*, *Family Circle*, *Field and Stream*, *Financial Times*, *Forbes*, *Fortune*, *Golf Digest*, *Good Housekeeping*, *Guideposts*, *Highlights for Children*, *Horse Illustrated*, *Kiplinger's Personal Finance*, *Ladies' Home Journal*, *Lucky*, *Money*, *Motor Trend*, *Newsweek*, *Parents*, *People*, *Popular Science*, *Popular Woodworking*, *Prevention*, *Psychology Today*, *Reader's Digest*, *Reminisce*, *Rolling Stone*, *Shape*, *Smithsonian Magazine*, *Sports Illustrated*, *Southern Living*, *T.V. Guide*, *Time*, *Turtle*, *Vogue*, *The Wall Street Journal*, and *Wired*

Data for promotion tracking charts and statistics are drawn from MarketRelevance, Paradysz's proprietary promotion tracking tool. Offer type, format and incentive use statistics are drawn from 1,078 new subscription solicitations tracked in 2007, 875 in 2008 and 646 in 2009. MarketRelevance tracks direct mail throughout the United States using a proprietary network of consumer and business units. Our national penetration includes 9 distinct geographic regions with diverse Nielsen county coverage (A, B, C and D) in every region. Only direct mail promotions with verifiable in-home mail dates are included in this study. Promotion and new list articles were originally published in Insight, Paradysz's client e-newsletter.

Data for mailer and marketplace universe growth are a product of Paradysz's proprietary universe tracking system. Paradysz Research maintains a database of historic 12 month/active counts on 87,000+ total list properties. The 45,000 active properties, combined with those properties that were active during any given study period, are used for all universe trending. Only rental or exchange files with consistently verifiable 12 month/active counts are included in this study.

Terminology in Charts

Offer Types: Soft offers are defined as mailings that promote with trial issues prior to purchase; hard offers provide a "bill me later" option but do not offer trial issues.

Package Types: #9 packages measure 4" x 9", #10 packages measure 4-1/8" x 9-1/2, monarch packages measure 3-7/8" x 7-1/2."

Vouchers: A voucher package is defined by a plain outer envelope, "professional" language, a boxed-chart reply form and "statement of benefits." A voucher-like package includes some, but not all, of these elements along with traditional components such as a sales letter or glossy outer envelope.

Incentives: An incentive is a promotional device used to lure potential subscribers. Premium on Pay is defined as a backend premium promised on receipt of payment; Premium on Order is a premium given simply for requesting a trial issue. Freemiums are frontend gifts such as address labels, stickers or booklets enclosed in the promotion itself.

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