EXCLUSIVE: Media24 to close *Sports Illustrated*

By Gill Moodie

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Media24 is soon to announce the closure of *Sports Illustrated*, Bizcommunity has reliably learned.

In response to rumours that the company is preparing to announce the closure of up to seven titles including *Sports Illustrated*, Media24's CEO of magazines, John Relihan, told Bizcommunity: "It is not our policy to respond to industry rumours. Any developments that concern our titles and/or staff are discussed internally and in confidence. Decisions are made in consultation with those involved."

Media24 - the local division of the massive parent company Naspers - owns newspapers such as the *Daily Sun*, *City Press*, *Rapport*, *Beeld* and *Die Burger* as well as a swathe of magazines including *You*, *Huisgenoot*, *Drum*, *Sarie* and *Finweek*.

This follows news in October of the closure of two other Media24 magazines - *Shape and SA Garden/Tuin* - and after the company shut the weekly *NewsNow* magazine in August a year after it was launched and closed its English tabloid newspaper, *Scoop!*, in February after it was launched late last year.

At the time of the *Shape* and *SA Garden/Tuin* closures, Media24's CEO of magazines, John Relihan, told Bizcommunity that over the previous 18 months the two titles had seen advertising and circulation losing the traction.

Conditions are 'tough'

"The current market conditions are tough: consumers are spoilt for platform choice and do migrate between them, particularly where niche interest content is concerned; and what's left of tighter marketing budgets go to titles that offer reach, leaving low-circulation niche titles with only advertising crumbs to survive on," Relihan said. "Our reviews of the respective business cases revealed that neither was likely to improve or recover to a level considered viable in publishing terms in the foreseeable future."

In the most recent ABC circulation figures - for the third quarter of this year - the monthly *Sports Illustrated* magazine was at 18,055 total circulation, down from 24,346 in the same period last year.

Advertising revenue for South Africa's print titles has been under intense pressure this year while declining circulation is driving up media inflation for many titles.

While online ad spend has not picked up in SA to the extent that it has in countries such as the US, the experts say that print in South Africa is generally losing out to television. In tough economic times, advertisers default to the platforms they know work best: and television, where audiences are generally growing, has been a winner because of this.

Everybody in print is feeling the pinch and Stuart Lowe, MD of Ramsay Media - a medium-sized company that publishes magazines such as *Car*, *Getaway* and *Compleat Golfer* - told Bizcommunity recently that the magazine sector had experienced two years of ad spend declining by 5%.

Intense competition taking its toll

Mike Leahy, owner of Ibis Media that compiles media-inflation figures for SA, says that although some print titles are doing well, competition has become very intense and television - especially DStv - is competing against the top tier of magazines.

Steve Pacak, the financial director of Naspers - Media24's parent company that also owns DStv - told Bizcommunity earlier in the year that the 2011/12 financial year had been very positive for the TV industry in terms of ad revenue.

"For us, it's a balancing act because there are some areas we want to develop new products and titles so there's a lot of investment still in that. But in other areas, the reality is that ad revenues haven't grown very strongly for years because, to a large extent, they track the macro-economy... It varies from title to title. We, like many others unfortunately, have had to shut down a few titles over the past year or two.

"It's just a reality. When you have 100 titles - newspapers and magazines - you're constantly building new ones and killing off ones that don't work," Pacak said.

In Naspers' interim results - for the six months to the end of September 2012 - that were released last week, the company said that "print operations in South Africa were strained by the challenging economic climate but reported steady growth. Margins improved due to a continued focus on managing costs."

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ABOUT GILL MOODIE

Gill Moodie (@grubstreetSA) is a freelance journalist, media commentator and the publisher of Grubstreet (www.grubstreet.co.za). She worked in the print industry in South Africa for titles such as the *Sunday Times* and *Business Day*, and in the UK for Guinness Publishing, before striking out on her own. Email Gill at gill@grubstreet.co.za and follow her on Twitter at @grubstreetSA.

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