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Business as Usual?
The Cultural, Economic, and Social Capital of Magazines in a Russian City

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Abstract

This case study explores how magazines in one Russian city converted cultural, economic, and social capital from one form into another. Data suggests that a successful magazine not only converts capital but also merges all available kinds of capital to survive in unique market circumstances. In many magazines, cultural and economic capital merged to result in advertorials. One of the most successful magazines modeled its cultural capital to accommodate audience's reading habits and keep readers talking about the magazine by featuring readers' photos in the coverage of social events, which in turn increased the readership and attracted advertisers to the magazine. Although social capital benefitted this publication and several other magazines in the city by attracting advertising, social capital was simultaneously harmful for circulation because those magazines that were owned by publishers who also owned non-related businesses were prevented from distributing in venues competing with their publishers' business.

Keywords: magazines; Russia; cultural capital; economic capital; social capital; advertorials

Introduction

Like most other commercial media outlets, magazines operate in a dual-product market. Magazines create content that satisfies their audience's needs and expectations and in turn sell advertising space to businesses that seek to market to these niche audiences.¹ This research examines how city magazines satisfy the demands of both markets by exploring the kinds of resources magazines use to attract readers and advertisers. In doing so, this study explores how city magazine editors and publishers use different kinds of capital to operate their editorial, advertising, and circulation departments.

The first theoretical framework that informs this study is the industry metaphor of a "three-legged stool," which suggests that successful magazines find a good balance of their three major functions: editorial, advertising, and circulation.² The second theoretical framework is Bourdieu's field theory, which, applied to media, denotes that news organizations operate by accumulating two kinds of power, in the form of cultural capital (i.e., journalistic content and practices) and economic capital (i.e., resources that can be converted into monetary value).³

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Successful media outlets not only accumulate both kinds of capital but also convert one kind of capital into another. For example, the *New York Times* and the *Wall Street Journal* efficiently convert their cultural capital (i.e., quality journalism) into economic capital (i.e., revenue from advertising).⁴ Although these successful cases definitely fit well within Bourdieu's field theory, they do not illuminate the challenges faced by print media in less vibrant markets. Studying magazines at the formative stage contributes to the understanding of how capital is initially accumulated and how limited resources are converted into other forms. To explore how magazines convert the three kinds of capital to serve the needs of their editorial, advertising, and circulation departments, the current study draws its data from interviews with editors and publishers of city magazines in one Russian city that had several city magazines at early formative stages.

Literature review

City and Regional Magazines

City and regional magazines present ample opportunities for understanding the workings of niche media. They are a type of consumer magazine targeting the general public in a certain geographic area.⁵ City magazines usually focus on city life as well as on people's various lifestyles, foods, travel, and entertainment.⁶ Editors have identified a number of reasons for the success of city and regional magazines: "failure of daily newspapers to satisfy many readers," developing "local pride," and the publication of service stories that help readers spend their "leisure time and money."⁷ In general, American magazines have satisfied the needs of both readers and advertisers by advising readers how to spend their disposable incomes.⁸ Such advice often comes in the form of *advertorials*, a portmanteau word that combines "advertisement" and "editorials," referring to commercial messages presented and formatted to resemble editorial content.⁹ Advertorials reduce a news organization's control over the production of its cultural capital.¹⁰

Consumer magazines typically have about 15 percent profit margin, on average, but some publications manage to achieve as much as 30 to 35 percent.¹¹ Magazines usually operate in the red for the first three years of operation, and many do not have enough money to further invest into the business after the first year.¹² On average, consumer magazines become profitable after five years of operation, but the majority of startups do not last that long.¹³ The failure rate for new magazines is between 90 and 95 percent.¹⁴

Understanding Magazines' Business

How a magazine balances its editorial content with strategies for reaching the audience and attracting advertisers can be explored through the lens of two frameworks. One is the industry-coined "three-legged stool" metaphor, and the second is Bourdieu's field theory concerning distinctions among cultural, economic, and social capital.

The "Three-Legged Stool" Metaphor

The "three-legged stool" metaphor maintains that, as a result of the dual-product nature of magazines, the following three functions serve as the basis for the successful operation of any magazine: (a) the editorial department creates the magazine as a product for audiences, (b) the circulation department delivers the magazine to the target audience, and (c) the advertising department sells advertising space in the magazine by using data showing the numbers of readers

and subscribers within an advertiser's target audience.¹⁵ Thus, editorial, circulation, and advertising are considered the "legs" of a three-legged stool; only magazines that effectively balance their "legs" succeed because a "shortcoming in any 'leg' affects the others—as well as the stability of the entire venture."¹⁶ Other functions in a magazine publishing business include printing, financial management, and administration.¹⁷ The "three-legged stool" metaphor is based on classifications of organizational resources used in the fields of management and business administration (see, e.g., the resource-based theory of competitive advantage¹⁸). The metaphor encompasses three distinct aspects that create and distribute economic value in magazine publishing, and aspiring magazine publishers refer to these three aspects when discussing how to successfully operate a magazine publishing business.

Bourdieu's Kinds of Capital

As noted previously, magazines create content that satisfies certain needs of their niche audiences. While having a clearly defined niche audience is beneficial for attracting advertisers, tying a magazine to audiences and advertisers in the same geographical location may limit the sustainability of the business.¹⁹ When several local magazines claim the same niche, only the best ones will survive. In part, the nature of such business success may be explained by Bourdieu's field theory, which argues that one's functioning in society depends on the accumulation of cultural, economic, and social capital.²⁰

Bourdieu suggested that a person or institution has (a) economic capital, which manifests itself in property rights and may be easily converted into money; (b) cultural capital, such as education and qualifications, which may be convertible into economic capital; and (c) social capital, which includes social connections and may be converted into economic capital. When this classification is applied to the mass media market, "economic capital is expressed via circulation, or advertising revenues, or audience ratings."²¹ Cultural capital is the product media sell to their audiences, which is produced by people equipped with the skills necessary for such professional work.²² The cultural capital of journalistic organizations is challenged with competition for audiences, demands of advertisers, and government regulations.²³

Media outlets accumulate cultural and economic capital and convert them into one another by investing money into the production of journalistic content and attracting advertisers.²⁴ For instance, midsized US newspapers that are under family ownership convert their local news content into economic capital, which results in revenue.²⁵ Another example of the interdependence of different forms of capital was *Sassy* magazine, the first US magazine in the 1970s that targeted teenage girls with editorial content about sexuality.²⁶ Religious groups and the American Family Association encouraged Americans to boycott the goods advertised in the magazine so that advertisers (i.e., the sources of the magazine's economic capital) would be forced to withdraw their ads and the magazine would be forced to reconsider its cultural capital.

The third kind—social capital—depends on the size of one's networks, including kinship relationships and the amount of economic and cultural capital held by one's connections.²⁷ In empirical studies, social capital has usually been measured along three dimensions: social networks (e.g., memberships in organizations), social trust (e.g., trust in the community), and pro-social behaviors (e.g., volunteering and voting).²⁸ Social capital is developed by the investment of other forms of capital,²⁹ but it is also needed to accumulate economic and cultural capital. Bourdieu insisted that social capital can be converted into economic capital;³⁰ however, "transactions involving social capital tend to be characterized by unspecified obligations, uncertain time horizons, and the possible violation of reciprocity expectations."³¹ For the

efficient reproduction of capital, the conversions that occur are typically characterized by having the lowest costs and requiring the lowest possible losses.³²

The Intersection of the “Three-Legged Stool” and Kinds of Capital

Overall, conceiving magazines’ functions and business processes as a “three-legged stool” sheds insight on the crucial functions of a magazine’s operation. At the same time, Bourdieu’s classification of kinds of capital unites elements of functions and resources into broader categories: the obvious difference from the “three-legged-stool” is in its unification of circulation and advertising under the umbrella of economic capital.³³ Field theory also brings into light the unique role of social capital in running a media organization, which is not reflected in the “three-legged stool” concept. These two approaches have naturally overlapping areas, and Bourdieu’s ideas about conversions of capital add to understanding the interdependence of functions and resources in the magazine publishing business.

The literature on magazines provides examples of how magazine functions and types of capital interact. Initially, content produced by the editorial department is considered key in magazine publishing.³⁴ Yet, editors have to think like advertising personnel because they have to navigate among the publisher, potential advertisers, sources, and magazine staff in charge of public relations.³⁵ Editors also need to explain the value of the product to salespeople so that they can effectively communicate this value to prospective advertisers.³⁶ Magazine editors tend to have one or several of four roles: author (i.e., writer), auteur (i.e., a person who leaves such a unique personal touch on the product that the entire project is considered to belong to the individual despite the fact that many people worked on it), celebrity (i.e., a public figure who contributes to the magazine’s publicity with lifestyle choices and appearances at social events), and manager (i.e., one who contributes to the magazine’s financial success by being sensitive of advertisers’ needs).³⁷ The roles of author and auteur may be associated with cultural capital, celebrity with social capital, and manager with economic capital. The publisher is often associated with the value of social capital: A successful publisher tends to become an “industry figure” by using his or her status of a publisher to access executives’ circles,³⁸ and although this is rarely useful in selling advertising space directly, it helps to build a name for the magazine and to resolve possible conflicts.

Russia’s Local Media

To provide context for the current study’s findings, it is important to at least briefly summarize the economic and political climate in Russia, as that force contributes to the shaping of local media markets in the country. According to census data of 2010, Russia had a population of 142.9 million people.³⁹ Russia’s population is projected to decline to 141.1 million by 2025.⁴⁰ The country’s gross domestic product (GDP) in 2014, estimated at \$3.6 trillion, was seventh largest in the world,⁴¹ whereas in the same year, the \$17.5 trillion GDP of the United States was the world’s third largest after China and the European Union.⁴² The World Bank Group in June 2014 ranked Russia sixty-second in terms of ease of doing business, following countries such as Luxemburg, Tunisia, and Greece.⁴³ Finally, Russia is consistently ranked as “not free” on its freedom of the press with concerns, among others, about “increased self-censorship by reporters” and “continued state control or influence over almost all media outlets.”⁴⁴

Russia was considered an attractive market for consumer magazines in the early 1990s, only a few years into the start of its market economy in 1991.⁴⁵ Yet a state government report noted in 2011 that magazines with content that requires high production costs would likely not

be financially successful in Russia.⁴⁶ A report by the Federal Agency for Press and Mass Communications suggested that the entire Russian advertising market is smaller than the advertising market in New York City.⁴⁷ At the same time, in 2010, Russian magazines' revenue from advertising was more than twice Russian newspapers' advertising revenue and about 20 percent higher than the advertising revenue of print outlets devoted solely to advertising, such as classifieds sheets.⁴⁸ Notably, not all local media outlets are accounted for in the various evaluations of the Russian media market, including magazines.⁴⁹

The economic performance of Russian city magazines is especially likely to be left unaccounted for in business forecasts because analytical companies conduct research only on large publishing houses and geographical regions of interest for large national advertisers.⁵⁰ Research of local markets is done by large publishing houses that have regional divisions.⁵¹ The researcher's experience of collecting a sample of magazines for this study indicates that publishing houses or analysts that want to evaluate the local magazine market have to manually gather the necessary sample of issues for such analysis. While the 2011 report from the Russian government stated that approximately three thousand new local print media outlets are registered annually nationwide, the lack of systematic monitoring obfuscates the number of media currently in operation.⁵²

The size of budgets that Russian companies allocated for media advertising before 2008 offers indirect evidence of the low profitability potential of Russian local media. Advertising funds per capita in 2007 were estimated to be at \$58, in comparison to \$75 in other eastern European countries and \$598 in the United States.⁵³ The dire economic situation in many regions in Russia and the dwindling number of advertisers have forced many media outlets to depend on incentives of governments, local politicians, and businesspeople—including in the form of direct ownership—which in turn have encouraged increased self-censorship among Russian journalists.⁵⁴ Thus, many media now serve PR functions for their owners, a practice condemned by the same government report, while replacing the traditional values of newsworthiness with news about celebrities, fashion, and leisurely lifestyle.⁵⁵ Although Russian journalists saw the setting of political agenda as one of their priorities immediately after the collapse of the Soviet Union at the end of 1991,⁵⁶ the Putin era (2000–2008) forced many print outlets to drift away from “challenging news and investigative journalism, reflecting a lack of interest in politics that bespeaks a certain satisfaction with the status quo.”⁵⁷

However, not all media outlets are part of this trend. *Cosmopolitan-Russia* and *GQ Russian Edition* gave voice to Russian oppositional politicians.⁵⁸ This is a surprising finding, given these glamour monthlies' notorious lack of interest in politics, and an encouraging one, given the dwindling media outlets that interview members of the Russian opposition.

Despite these political and economic challenges, city magazine startups seem to be common. For example, the city of Chelyabinsk, with a population of 1.15 million people, had thirty-four city magazines in 2010, of which forty-eight had folded since 2001.⁵⁹ The high numbers likely reflect the financial backing of local businesses that provide resources such as free offices. The many startups also reflect the low cost of journalistic labor. The 2011 government report also cited possible discrepancies in numbers of issues declared per run and the actual number of issues published, which was possible due to lack of governmental supervision of the issue.⁶⁰ The report provided an example of a local newspaper that declared the circulation of 19,000 copies per print run, although the actual circulation was 3,500 copies.⁶¹ Overall, local print media in Russia are growing and changing, but regulation, research, and analysis of the industry are lagging behind.

In the city where this study was conducted, the first city magazine was started in January 2002, and most other magazines began publishing in 2005 or later, coinciding with the boom in the Russian economy and in the media industry.⁶² The oldest city magazines published nonstop for five full years. At least five magazines were launched during the global economic recession in 2009. The majority of local magazines targeted the economically solvent part of the population, such as business owners and managerial staff, and were distributed free of charge. As of 2010, none had a mobile version and only two magazines were uploading the PDFs of their print versions online. All magazines were published in Russian only and did not cater to international tourists despite the fact that the city was striving to become a tourist destination. This might be the case because international tourists tend to stay in the city for only a few hours. Domestic tourists, on the other hand, were the target demographic of several magazines that distributed several dozen copies in hotel lobbies. Given that various publications rely on the same audience, advertising revenues, and free distribution in the same venues, it is worth investigating the sources of success of magazine publishing businesses at their early stages of development.

Guided by Bourdieu's field theory and the "three-legged stool" metaphor, the current study poses the following research questions to explore the strategies that city magazines used to operate and attain a competitive advantage:

RQ1: How do magazine editors and publishers perceive and use the cultural, economic, and social capital available to them in magazine production?

RQ2: How do magazines convert their cultural, economic, and social capital into one another as parts of their editorial, advertising, and distribution functions?

Method

This study explored the editorial and business practices of local magazines in one Russian city to identify their strategies for success. The study used a case study method for the following three reasons: (a) the research questions probed the process of accumulation and conversion of kinds of capital into one another, (b) the number of variables was expected to exceed the number of data points, and (c) the study was guided by previously developed theoretical propositions.⁶³ Data were gathered from semi-structured, in-depth interviews with editors and publishers of eight local magazines. At a later date, content analysis of a convenience sample of two to four issues of seven of these magazines was conducted to validate and illustrate some of the data obtained through interviews. The sample consisted of twenty-three magazine issues totaling 1,740 pages. Some information also came from magazines' media kits and rate cards.

The city that served as a research site for this study is located in the European part of Russia. Its 2010 population was between 250,000 and 300,000 people. Russia's State Statistics Service distinguishes between urban and rural areas based on the proportion of people who work in agriculture, but it does not classify cities into subgroups based on their population size. Of 1,100 Russian cities in 2010, 91 had a population of between 100,000 and 250,000 people, and 36 cities had between 250,000 and 500,000 residents. Eighty-five percent of all cities had a population of less than 100,000 people. Thus, the research site was a relatively large city, with an urban density index of 4,949 persons per square mile. The median age of the urban population in the region in 2010 was thirty-nine, and the official average monthly salary in 2010 was \$445.39,

according to the local branch of State Statistics Service. It is important to note that the actual salaries of employees in the private sector might be higher because businesses tend to declare lower salaries to avoid paying high welfare taxes on salaries. According to the local chamber of commerce, the major industries in the region include cotton, wood, jewelry, and industrial machinery production, followed by agriculture, retail trade, and restaurant enterprises. According to the economic development rating of seventy-nine Russian regions, the research site's region was in the third quartile of the list, suggesting the city's economy and social sphere lagged in comparison to some other Russian regions.⁶⁴

At the time of the interviews in October 2010, eight magazines were operating in the city. Due to a small pool of potential participants and distinctive characteristics of their magazines that make them easily identifiable, the researcher promised to protect participants' confidentiality by not disclosing the study's location. The project was not submitted to IRB because the author was not affiliated with a university at the time of data collection. Information gathered from the study participants was protected by using codes in notes and storing electronic files with interview recordings and transcripts on a password-protected laptop that was used only inside the researcher's apartment. A key to content analysis data with magazine titles was kept on the password-protected computer in a locked office.

Nine staff members of eight magazines agreed to be interviewed. At one magazine, the publisher and the editor wanted to be interviewed together. In two different cases, one publisher and one editor were no longer in the magazine business at the time of the interviews but used to run a magazine for about two years. Participants represented six lifestyle magazines, one business magazine, and one fashion magazine. It is important to note that several magazines had page sizes smaller than traditional magazine formats, which most probably lowered the cost of printing and indirectly explained the high number of city magazines in one city. Three magazines had a page size of approximately 4.5×6 inches, one magazine had a page size of roughly 7×9 inches, two magazines were about 8×10.5 inches, and one magazine had a page size of 9×11.5 inches. Four magazines were saddle-stitched and four were perfect bound. Of the eight magazines, four belonged to entrepreneurs who also owned a primary business, and those magazines were secondary producers of business revenue in their owners' portfolio; all four to various degrees served PR functions for the publishers' primary business.

Five publications were strictly city magazines, two magazines were franchise publications distributed in a number of regions and featured a block of local content, and one city magazine was also distributed in the business venue of its owner in a neighboring city. The circulation figures for these monthlies, bimonthlies, and quarterlies ranged from 1,500 to 5,000 copies per issue. One franchise fashion magazine started with a circulation of just several hundred copies. Two magazines had attempted partial newsstand sales and distributed a bulk of their copies for free by the means of controlled distribution in cafés, restaurants, stores, and offices. Three magazines relied solely on newsstand sales.

Three magazines had been in nonstop operation for five to six years, and all three interviewees worked with their magazines throughout this time. At the time of the study, these magazines had been in business for the longest period of time because most magazines in the city were founded during a favorable economic climate in 2005. Other magazines had been in operation for at least one year. Thus, the interview participants represented magazines that were at early formative stages, and some were past the crucial survival threshold of five years of operation. General information about magazines, including the number of issues used in the content analysis, is summarized in table 1.

Table 1. Magazines in the sample

Magazine	Frequency of publication	Type	Circulation	Distribution	Issues content-analyzed
1	Monthly	City	5,000	Free	4
2	Monthly	City	5,000	Free	3
3	Monthly	City	5,000	Free	4
4	Monthly	City	1,500	Newsstand sales	3
5	Monthly	Regional	4,500	Free/Newsstand sales	4
6	Bi-monthly	City	2,000	Newsstand sales	2
7	Quarterly	Regional	4,000	Free/Newsstand sales	3
8	Monthly	Regional	~300 in this city	Newsstand sales	0

Six face-to-face interviews were conducted and audio-recorded, lasting from forty-five minutes to around two and a half hours. One phone interview with a respondent at a magazine headquarters in a neighboring region lasted twenty-five minutes and could not be audio-recorded due to technical difficulties. Extensive notes were taken during the interview, using a combination of shorthand and stenographical symbols. One editor answered questions from the interview guide and follow-up questions via email due to health reasons.

The interview guide (see Appendix) addressed major areas of the magazine publishing business as conceptualized by the “three-legged stool” metaphor (editorial, circulation, and advertising) and contained questions about specific areas of magazine management, such as editorial practices, human resources management, attraction of advertisers, printing and distribution, and relations with the state department overseeing local media. Discussions of cultural capital were prompted by questions about each magazine’s functions in the local community. Discussions of economic capital were prompted by questions about strategies of attracting advertisers and managing production costs as well as steps participants perceived as key to financial stability. The recorded interviews were transcribed.

A grounded theory method of qualitative analysis was used for inferring patterns in the data.⁶⁵ Interview transcripts and handwritten notes in Russian were read and analyzed using sequences of sentences as units of analysis. The researcher first read the entire volume of interview content and took notes about editorial and business practices. This resulted in open categories pertaining to elements of magazines’ functions and kinds of capital involved in magazine production. At the stage of axial coding, the researcher first paid closer attention to open codes, looking for patterns in themes addressing any of the “legs” in connection with any of the three kinds of capital and noting how many participants were voicing similar or dissimilar ideas on each theme. The researcher then explored whether any magazine functions were discussed in connection to any other functions.

After that, the researcher reached preliminary conclusions about these three aspects: (a) themes related to the magazines’ functions within the “three-legged stool,” (b) themes related to the contributions of available capital to magazines’ functions, and (c) themes regarding the conversions of different kinds of capital into another. When analyzing these particular aspects, it became clear that different kinds of capital interact rather than just undergoing conversions at city magazines. These interactions represent the merging of two or three kinds of capital and the negative contribution of social capital. Data were read again at the stage of selective coding to validate preliminary conclusions and to search for additional evidence. In addition, a graphic

presentation of interactions of kinds of capital and magazine functions was designed, based on participants' perceptions about the most successful magazine strategies in general and for the local markets in particular.

Content analysis involved classifying every page—including covers—into three categories: editorial, advertising, and advertorial. Advertorials were separated from editorial content based on the use of company logos and contact information in photo projects, interviews, and stories. Advertising was classified into product and service subgroups. Advertorials and editorial content were coded into genre subcategories. Data were analyzed in SPSS 22.0. Notes were taken to use as examples in this article.

Findings

The current section first summarizes findings pertaining to city magazines' accumulation and use of available kinds of capital and provides evidence of different kinds of capital being converted into another.

Kinds of Capital Available to Magazines

The study's first research question explored how the editors and publishers of city magazines perceived and used the kinds of capital available to them for performing the three major magazine functions.

Cultural Capital

As magazines are dual-market products, this study first identified the kinds of cultural capital the magazines were able to offer to their audiences and advertisers as manifested in magazine content. When prompted to talk about the role of their magazines in the city, three editors and publishers emphasized that people read contemporary magazines superficially and cited this as why they crafted a magazine not for quality reading but for scanning through the text and photos. One publisher said he believed a city magazine should cover current problems the local community faces, and another publisher said she thought the local audience would like to see more gossip in magazines because readers are interested in "who is appearing with whom" at local events. Featuring the city's businesspeople and socialites seemed to serve as a replacement for the "local pride" function of magazines, which would normally be fulfilled by covering all the notable citizens of the city as well as places of interest. Successful people appeared to be the main subject of coverage in many of the magazines as described by the interview participants.

A reading of the magazines suggested that many interviews communicated only one news value, prominence, which quite often meant having a top-management job in government or business. For example, one interview in a city magazine introduced its interviewee as "an educated and beautiful woman" after listing the interviewee's job title as a director of economic development. The owner of a local media holding was introduced by title as a successful person. Interviews hardly ever were prompted by a newsworthy event. However, there were exceptions for three magazines. For instance, one magazine published an interview with an organizer of an upcoming exposition of luxury goods. This business magazine also published interviews with CEOs on topics concerning the current state of the city's economy. In addition, a magazine that extensively covered cultural life in the town interviewed artists and museum workers. Ordinary residents who participated in newsworthy events were predominantly covered in one other magazine.

Discussing topics of coverage, two participants noted that the town was lacking high-profile people to feature in the magazine. One of them said, “Quite often, we see a person appear in a rival magazine while we are preparing for press the issue of our magazine with the same person.” To gauge for self-censorship, participants were prompted to name the topics they avoided covering, and several mentioned politics. Interviewees from four magazines reported self-censorships. One editor said he did not publish an investigative piece about corruption involving a former government official. Three other editors and publishers mentioned one politician who approached them with an anonymous political piece shortly before local elections. One of these magazines was advised by their lawyer not to publish political content before the election campaign ended due to the fear of breaking the election campaign laws. The content analysis supplied evidence that local politicians were gaining voice only when they acted in the capacity of business owners. When the magazine staff interviewed local businesspeople who were also prominent figures in local political life, those people were identified by their business and not by political affiliation. When a political piece was published in a business magazine, the political affiliation of the local candidate was clearly stated in a three-page story written in the first person, and the fact that the publishing was paid for from the candidate’s campaign money was stated in the footnote, in compliance with the local law.

Addressing the issue of the city’s journalistic resources, some of the participants noted the city had very few professional journalists and magazine designers. Two magazines had designers who lived in bigger neighboring cities. Two publishers explained the scarcity of professional magazine staff by a brain drain to Moscow, where the headquarters of most of the national and international publications are housed. As one publisher said jokingly, “The moment the designer starts to understand something about his profession, one of his relatives goes to get him a ticket to Moscow.” Designers in most magazines preferred to hold full-time jobs somewhere else and freelance for magazines in the evenings and on weekends.

Economic Capital

While half the magazines served a PR function for the business of their publisher, all participants who represented these magazines in the sample stated that their goal was at least to break even. Revenue came from advertising, and revenue from newsstand sales was reported as negligible. According to magazines’ media kits, a full-page ad in magazines of smaller format cost between \$133 and \$166 at the time of the study; a page in a magazine of a standard letter size cost between \$333 and \$400. Three interviewees said they could agree to barter advertisement in the magazine for the services of the advertiser. Among the goods possible for barter, they mentioned computer services and other services that could benefit the running of the newsroom or the publisher’s main business. Participants were reluctant to talk about unofficial discounts for ads.

The interview data pointed to local businesses’ lack of understanding of the purposes of magazine advertising and rules of media planning, which placed restraints on magazines’ economic capital. One publisher said local advertisers sometimes chose magazines by simply asking their existing patrons what magazines they read. One publisher explained, “If one reputable businessman placed an order with us, others will be likely to choose us just because he had chosen us, notwithstanding that we might be more expensive.”

One participant shared what he called “a local paradox” when some potential or existing advertisers refused to advertise in the magazine because their competitors were already advertising there. Two participants named car dealers and jewelry boutiques as businesses that

were always reluctant to advertise in their magazines, although audiences of these magazines constituted the target audience of such venues. Content analysis demonstrated that auto dealers appeared in 2.6 percent ($n = 12$) of all advertisements ($N = 462$). Jewelry was advertised in 5.2 percent ($n = 24$) of ads. The publisher of a business magazine said such marketing strategies of car dealerships might be very unique to the city as fellow franchise magazines in other regions did sell up to 20 to 25 percent of the advertising space to car dealerships. Nonetheless, the largest car dealer in the town constantly advertised in one magazine that was often looked at as the one using personal connections of its editor and publisher. The content analysis confirmed that eleven out of twelve advertisements of auto dealerships appeared in that magazine. It is important to note that the magazine that published the remaining ad also had an advertorial featuring a car dealership, which brings the total number of appearances of this group of advertisers in the sample of twenty-three magazine issues to thirteen. Most advertised categories included clothing (12.1 percent of all ads), entertainment such as bowling and movies (10.0 percent), furniture and home improvement (9.3 percent), restaurants and clubs (8.7 percent), and travel (6.9 percent).

Despite the fact that many magazines in the town were targeting elite audiences, they could not count on stable advertisement revenues due to the widespread knowledge about premium-class goods and services among the town's residents and a relative lack of competition among such enterprises. For example, only a small number of boutiques were present in the city. A publisher of a franchise fashion magazine said that the franchise contract limited them to advertising in only one boutique in the entire city, as only that boutique offered leading fashion labels such as Versace. Given that the city had a number of publications covering luxury lifestyle, magazines chased after a limited number of local boutiques and expensive brand stores. Interviews revealed participants' understanding that successful businesses did not need to advertise because wealthy residents—mostly business owners and their families—were already among their patrons. Another drawback of selling a wealthy readership to middle-range advertisers proved to be advertisers' belief that wealthy people were already loyal to one business they liked and that advertising would not sway their preferences. It was the strata of less wealthy town dwellers that seemed to be fought for by less luxurious venues. As a consequence, magazines seemed to combine advertisements of these outlets with luxurious advertisers and framed all their advertised products and services as symbols of prestige.

When asked about magazine editorial content that might be successful with advertisers, three participants vaguely said that a magazine with quality content would attract advertisers. One editor identified that a business magazine would be a successful format because an affluent readership would likely attract more interest from advertisers. Another editor said he liked to joke that, judging by the local advertisers' mentality, a magazine devoting one issue solely to furniture, another one to clothing, and so on, would be profitable in the city: "So at the end of the year, one could form a collection of issues of such a magazine, and each issue would have its own target audience depending on what is advertised in it." This observation reflected the desire of advertisers to place ads in specialized magazines instead of general-interest city magazines. Such specialized magazines did not exist in the local market.

Some of the interviewees believed that staff members contributing to the economic capital of magazines lacked a full set of skills, as advertising representatives for local magazines were mostly recent college graduates. One publisher linked better advertising revenues to hiring two more experienced ad representatives. Their magazine saw a big increase in ad revenues when a talented ad representative joined the newsroom on a one and a half-month contract. A

different successful ad representative worked in another magazine for about eight months before moving to a bigger city. Just like the situation with designers, advertising sales professionals seemed to avoid working at local magazines.

Social Capital

Of the eight magazines represented in this study, participants from seven magazines stated in various ways that personal connections of their magazines' management were helpful in attracting advertisers. Some participants believed that one's network was important not only in advertising contracts but also at all stages of magazine production, including printing and distribution. As one magazine publisher said, "In Russia, business is founded on personal connections and acquaintances."

An editor of one magazine was a relative of a prominent member of local government who began his career in the Soviet Union. Another publisher was a friend of a wife of another high-ranked politician, and this connection, one editor reported, was useful in establishing the publisher's primary business in the late 1990s. One publisher graduated from a department at a local university that was famous for extremely strong school ties and a powerful program of extracurricular activities that let its numerous students network with each other and develop leadership skills. Most probably, the latter publisher represents a kind of a Russian entrepreneur who is not closely related to anyone in governmental power structures.

One publisher suggested that magazine executives' personal connections had an important role in magazines' relationships with the governmental body that supervised the mass media operations in the region. The publisher provided an example of one magazine that received around a \$170 fine from the government for mistakenly reducing the legally required size of a health warning on advertisements. This publisher speculated that the printing plant cut off two extra millimeters of the page that contained the health warning, effectively making it narrower than it should have been. In addition to fining the publisher, the government fined the advertiser in question and several venues where the magazine was distributed. When another magazine was fined for the same reason, the publisher recalled that neither the advertiser nor the wide net of its distribution outlets were fined and suggested that in the case of the latter magazine, "the connections [of the publisher with the government office] worked."

Yet the editor of that magazine provided an example of their issue with the governing body. The local media authority informed the newsroom that it was printing more advertising pages than allowed by law for this category of magazines. To publish more advertising, the magazine would need to re-register as a solely advertising outlet instead of printing both informational content and advertising. In their count, the local authority even included interviews with local businesspeople, citing a widespread practice of having paid promotional interviews. The editor had to include a disclaimer explaining that interviews and reviews are published for free. This instance illustrates that social capital of magazine management did not always shield them from authorities. It is important to note that the business magazine in the sample covered an issue of wary attitudes of governmental controlling bodies toward businesses. In one article, one of the local businesspeople lamented the fact that government always suspects that entrepreneurs are constantly cheating to pay less in taxes. While describing the incident of the health warning printing, the publisher felt sure that one of the magazine's competitors reported the size of the health warning to the local authority. Although only one other participant mentioned that controlling authorities seemed to be used by competitors to leak possible misdeeds in the main business of their publisher, these two pieces of fact might be hinting at a practice of business

owners calling on authorities to complicate the life of their competitors. After President Vladimir Putin came to power in 2000, the Russian mafia's control of legal businesses was minimized, but organized crime seemed to be replaced by government corruption.

Conversions of Kinds of Capital

The second research question probed the ways kinds of capital are converted from one form to another in city magazines. This subsection first reports the results of analysis, explained by field theory. It then reports two kinds of interaction of capital other than conversion: the merging of capital and the negative contribution of social capital.

The Conversion of Cultural Capital into Economic Capital

Because several magazines were associated with their publishers' businesses, they could not feature the business competitors in editorial content and advertising. Yet one magazine published by a popular business venue decided to cover its business competitors in editorial and advertisement content, which meant "being objective" in their opinion. This is how the editor commented on the decision that was unpopular among managers of similar magazines in the city: "From the very beginning [of our publication], we made it objective, and (a) from the very beginning, the business broke even, (b) then started bringing in profit after a while." The editor believed that the magazine's financial success (i.e., the accumulation of economic capital) came from the publication's commitment to journalistic cultural capital.

An example of a belief that cultural capital can be converted into economic capital came from editors of two magazines who were striving to make their content relevant to the male readership at the time of data collection. While one of them needed to attract male patrons to the major business of the publisher, the other hoped that male readership would attract more advertisers. Overall, cultural capital being converted into economic capital did not emerge as a dominant theme in the interviews, with such a limited sample.

The Conversion of Social Capital into Economic Capital

One magazine editor acknowledged that for the first two or three years, top managers of the primary business used their connections outside their company to attract advertisers. The magazine's publisher required employees to offer advertising in the magazine to their friends who owned businesses. This way, employees had to use their personal social capital to boost the economic capital of the publication. The participant also noted that this situation in his company was not unique. He said he observed advertising managers placing their company's ads in certain magazines, most likely because their friends worked for these magazines. "Girlfriends advertise with each other," said the participant.

Two participants cited a third magazine as using the social connections of its editor and publisher. Their claims came via personal observation of advertisers leaving that magazine after it was sold to a new publisher and editor. One interviewee noted that the advertisers returned after the former editor began contributing to the magazine's editorial content.

One editor said that those businesspeople who did not even know about their publication were the ones who did not participate in local social outings: "Usually they were owners of the business . . . about 40-45 years old, not hanging-out people . . . who have their own niche, and they do not know much except their niche." This supports the claim of another interviewee, who suggested that an editor's appearance at social events helped increase social capital and thus promoted the magazine to potential advertisers.

The Merging of Cultural and Economic Capital

The analysis of the interview data suggested that instead of conversion of one kind of capital into another, the convergence of both kinds of capital affects the interaction outcome, which was the use of advertorials. With a limited price of advertising per page and small staff sizes, advertorials were the perfect solution for magazines seeking to increase the number of advertisement pages and produce editorial content. Advertorials not only brought in advertising revenue but also provided the content that contributed to the cultural capital of magazines. For example, a business magazine published advertorials featuring interviews of the top management of the advertised companies. Another magazine complemented advertorial interviews of local businesswomen with stylish photo sessions.

The content analysis revealed that 52.2 percent of pages in the sample contained editorial content, 26.6 percent of pages contained advertising, and 20.7 percent of pages contained advertorials. Nine pages (0.5 percent) were missing or could not be classified. A goodness-of-fit chi-square test demonstrated significant differences in frequencies of editorial, advertising, and advertorial content ($\chi^2 (3, N = 1,740) = 945.770, p < .001$). Pairwise comparison using Marascuilo contrasts showed that the proportion of advertorials ($n = 361$) was significantly smaller than the proportion of advertisements ($n = 462, \chi^2 (3, N = 823) = 16.310, p < .001$) and the proportion of editorials ($n = 908, \chi^2 (3, N = 1,269) = 415.410, p < .001$). This means that advertorials were not used often enough to overshadow traditional advertisements. A point of comparison is needed to understand whether 20.7 percent of all the pages represented by advertorials in this city was a large proportion of the content.

Although the interaction of capital described here does not represent a traditional conversion of economic capital into cultural capital, the investment of financial resources into reporting can increase the medium's cultural capital. In the case of local magazines in the city, advertorials increased economic capital while contributing to the magazines' cultural capital with textual and pictorial content.

The Merging of Cultural, Economic, and Social Capital

The analysis of several interviews led to the explanation of how one magazine in the city had three kinds of capital merging together instead of simply converting from one to another. The magazine managed to create two seemingly different audiences. The first audience consisted of wealthy and successful city residents who appeared in the magazine. On the other hand, the second, younger audience group consisted of readers who were college aged and no older than 30 years. Both audiences mingled with one another in various upscale venues. The second part of the audience—a circle of students and young professionals—were naturally good at discussing the magazine's content due to their age and lifestyle leading them to go out often and to socialize with many people. This was partly supported by a newsroom that regularly published photos of the city's residents partying in clubs, restaurants, and at concerts. A 7×16 chi-square test demonstrated that the relationship between magazine title and story genre was significant ($\chi^2 (90, N = 908) = 579.217, p < .001, V = .326$). Pairwise comparison showed that the proportion of pages with photos from events in the magazine that relied on two major segments of audience ($n = 61$) was significantly larger than that in the magazine that also routinely published photos from events ($n = 30, \chi^2 (15, N = 352) = 9.258, p < .001$). This means that the content analysis of the convenience sample of magazines supported the finding that one magazine was using photos from events as a part of its editorial formula more often than other magazines. Examples of such

events included concerts of nationally known performers, fashion shows, and parties such as a Halloween party in one club.

These data suggest that readers could appear in the magazine in a photo column beside interviews and photos featuring local leaders of business and politics, celebrities, and socialites. The editor of a different magazine observed that one of the reasons young audiences were waiting for the next issue of the magazine was to check if their photo or photos of somebody they knew were selected for one of the event photo columns. This interest of readers and VIPs participating in interviews and photo projects attracted prestigious advertisers in numbers that sustained the magazine. The conversion of cultural capital into economic capital was also grounded in the publisher's social capital: the publisher owned one of the most popular venues in the city, which attracted the magazine's audiences, local celebrities, and potential advertisers. This created opportunities to showcase the magazine and make contact with advertisers.

Interviews with participants provided indirect evidence of how economic capital contributed to this magazine's cultural capital. It is important to note that circulation is a part of economic capital because circulation numbers can be translated into a magazine's popularity with the audience and thus advertising revenue. The interviewees reported their perception that local readers did not want to purchase city magazines, so the magazines were relying on distributing their issues for free in venues such as cafes and nail salons. Such venues do not offer an environment for comfortable reading. Considering the circumstances of distribution and reading, including interviews with local celebrities and event photos seems to be a prudent editorial policy because they provide light reading materials to a reader waiting for an order or an appointment. Magazine editors and publishers had to find a balanced solution to all these circumstances.

The content analysis found significant differences among both editorial genres ($\chi^2 (15, N = 908) = 1688.722, p < .001$) and advertorial genres ($\chi^2 (3, N = 361) = 182.900, p < .001$). However, across the sample, editorial interviews were used less often ($n = 171$) than editorial stories ($n = 302, \chi^2 (15, N = 908) = 50.421, p < .001$) but more often than photo projects ($n = 34, \chi^2 (15, N = 908) = 109.425, p < .001$). Yet if combined, the proportion of pages with editorial interviews and event photos ($n = 297$) nearly matched the number of pages with editorial stories ($n = 302$). Among advertorial genres, interviews ($n = 63$) were used less often than advertorial photo projects ($n = 126, \chi^2 (3, N = 361) = 29.613, p < .001$) and advertorial stories ($n = 171, \chi^2 (3, N = 361) = 82.137, p < .001$). When combined, advertorial photo projects and interviews ($n = 189$) slightly outnumbered advertorial stories ($n = 171$). Examples of advertorial photo projects included a series of close shots of toy bunnies wearing jewelry and a photo series of girlfriends spending a day in town shopping. Typical advertisers featured together included a clothing store that supplied clothing for models, a beauty salon that took charge of hair styling and makeup, and a furniture store or a restaurant that provided space.

Overall, such a complex interaction among the types of capital and magazine functions calls for distinguishing it as a separate type of interaction and terming it as a merger. These relationships are presented in figure 1. Another example of a merger of all three kinds of capital came from one of the magazines that used photo advertorials. The editor said the magazine staff created some projects that looked like advertorials, even when the advertising representative could not find businesses willing to sponsor them for the sake of keeping the magazine's content interesting. This editor provided an example of when both a make-up stylist and a photojournalist agreed to work without pay on a photo project that could not find an advertiser willing to sponsor it. The editor managed to persuade one clothing store to provide clothing for

the project's models. Publishing high-quality projects such as this for free might have attracted advertisers who wanted to promote their goods in similarly engaging projects. This example sheds insight into a complex relationship between the kinds of capital leading to the success of a magazine publishing business: the editor drew on the magazine's social capital to obtain resources for the project, which in turn boosted the cultural capital of the magazine and attracted economic capital in the form of future advertising revenue, not to mention the editor having saved economic capital by getting freelancers to work for free.

Figure 1. A “three-legged stool” magazine model balances with three kinds of capital.
Note: CC = cultural capital; EC = economic capital; SC = social capital; the double-lined arrows denote the conversion of capital; the single-lined arrows denote interconnections between the philosophies of the editorial, circulation, and the advertising departments.
Source: author.

The Negative Influence of Social Capital

Several magazines in the city combined the goal of raising profit while promoting the major businesses of their publishers. This allowed the magazines to have modest profit expectations—four participants whose magazines were in operation at the time of the study stated that their magazines were either profitable or were reaching their financial goals.

Although modest profit expectations and a flow of financial resources might serve as an example of somewhat positive contributions of a publisher's economic capital in magazines' operations, magazines' associations with publishers had a negative effect on attracting advertising and distribution. For example, one magazine did not offer advertising to the competitors of their publisher's business, so it did not carry information about competitors when distributed in the publisher's venues.

In addition, the city's magazines were largely distributed for free in restaurants, clubs, and clothing stores, but several interviewees said that some business venues with high traffic of potential readers refused to display their magazines because they were reluctant to distribute advertisements of their own competitors. Two magazine editors said that occasionally, several businesses would simultaneously refuse to make the magazines available for distribution. One editor supposed those businesses might belong to one businessperson and the refusal reflected one businessperson's decision. A significant feature in the city's private companies was that many enterprises belonged to a small group of business people, so when an advertisement refusal came from one restaurant, refusals were likely to come from the other restaurants and businesses in the holding.

Two participants who represented magazines associated with two different businesses in the same industry claimed they could not obtain consent to distribute in their competitor's outlets because of the association. One of them said they were offering different opportunities of partnership to those distributors, but they never managed to reach an agreement. Another one said they knew that on one occasion when the magazines were brought to the venue of the competitor, these magazines were thrown away instead of being placed on tables. While it seems logical that magazine owners would wish not to distribute magazines of their competitors, it is important to note that the two participants raised that issue when asked about the challenges they face in distribution, which suggests that they thought this situation had a viable solution.

In sum, although the publisher's economic capital allowed some magazines to carry on, the publisher's social capital of association placed limitations on the range of advertisers and places of distribution. Magazines had to refuse advertising from the competitors of a publisher's primary business or could not obtain distribution in some high-traffic venues because they carried the advertising of the venue's competitors.

Conclusion

This study examined successful editorial and business practices of magazines in a Russian city by conducting in-depth interviews with editors and publishers of magazines in their formative stages. In search of how magazines convert different kinds of capital to perform their functions, the theoretical concepts guiding the data analysis were the "three-legged stool" metaphor describing the vital functions of magazines and Bourdieu's kinds of capital.

The research interviews revealed editors' and publishers' perception that audiences were not looking at magazines for a quality reading experience. Because readers obtained free copies and leafed through them in their everyday environments (e.g., shopping malls and restaurants), the cultural capital of magazines was limited to stories that required little effort to read. In addition, magazines were under financial pressure to attract a larger number of advertisers, and some of the magazines needed to promote the primary business of the owner. As a result, advertorials were a solution at the intersection of cultural and economic capital that allowed the showcasing of advertised products such as engaging photo projects. The social capital of publishers helped attract advertising from business peers. Moreover, in the case of one magazine,

the publisher owned an upscale venue where readers, sources, and advertisers could see each other and the magazine.

The findings demonstrate that the conversion of different kinds of capital mostly included the conversion of cultural capital into economic capital and social capital into economic capital (particularly in the function of attracting advertising). This study also suggests a new type of interaction in capital: the merging of capital to accommodate any given magazine function.

Interviewees' suggestion that the publisher's social capital might have a negative influence on economic and cultural capitals aligns well with Portes' observation about the unpredictability of social capital.⁶⁶ Social capital in a city where many businesses belong to a limited number of entrepreneurs could be damaging for both cultural and economic capital. For example, when a magazine was known to belong to a prominent businessperson who also owned other kinds of enterprise, this had a particularly negative effect on economic capital because it prohibited the magazine from advertising the publisher's competitors and from distributing in competitor's venues. The latter limited the visibility of magazines' editorial content and advertisements; as well, it could have negative consequences for a magazine's relationship with its readers and advertisers.

It seems that at the start of a magazine publishing business in a developing market, magazine managers should learn how to navigate a range of relations among the kinds of capital—some of which have a negative effect on a magazine's performance. To stay in business, new magazines might have to actively manage such interactions to accumulate capital and to eventually start converting one type of capital into another. It can be concluded that the "three-legged stool" of magazine functions is balanced on available kinds of capital.

A limitation of this study is that the sampling was drawn from a single city with a population under 300,000 people. Future studies can explore the magazine markets of larger cities to see whether an increased number of advertisers alleviate negative impacts. Also, given that the magazine industry has relatively low barriers to entry,⁶⁷ a bigger city might see more magazine launches within the same time frame, increasing the range of potential participants with relatively homogenous characteristics. But despite this limitation, the study elucidated relationships among kinds of capital and illuminated the factors that shape local media's editorial content.

To further this area of research, more attention should be paid to the various interactions of capital in local media markets. Future studies may aim to explain the processes experienced by media organizations that do not yet have solid cultural, economic, and social capital to convert one into another, which may further inform Bourdieu's field theory. Studies should also compare the use and conversion of capital in magazines published in different countries. For instance, perceptions of US magazine publishers and editors might provide an informative point of reference in future studies.

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Appendix

Interview Guide

1. Demographic questions: Respondent’s position in the magazine; number of years in the editing/magazine publishing business; number of years in the current position and with the magazine in total; month and year of the launch of the magazine; name of the publisher and investors; circulation at the moment; average number of pages per issue; main channels of distribution.

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2. What was the primary purpose of your magazine publishing business when it was launched?
 3. Who is your target audience (age, gender, income)?
 4. What is the mission of your magazine? (*Prompt: What would you like your magazine to offer to its readers?*)
 5. What are the reasons for businesses to advertise with your magazine?
 6. What are the arguments advertisers usually have when they refuse to advertise with your magazine?
 7. Are there any types of businesses that constantly refuse from advertising in your magazine although magazine advertising would be effective for them?
 8. What types of businesses prefer to advertise in magazines?
 9. Who are your major competitors for advertisers?
 10. For the financial success of your magazine, how important do you think are your connections and social status in the community? What about connections and social status of your publisher/editor?
 11. Do you think the city's magazines are using personal connections to get advertisements from their friends among businesspeople?
 12. At the time of the launch of your magazine, how did you attract advertisers? (*Prompt: Did you ever offer discounts or publish advertisements for free?*)
 13. How often are you offered barter advertisements? How often do you accept barter ads?
 14. *If applicable:* Why did you decide to sell some issues of your magazine in addition to distributing them for free? Were the sales successful?
 15. What are the major difficulties you have during distribution? Why do those difficulties occur?
 16. Please evaluate to what extent you are held accountable for the financial performance of your magazine.
 17. What are the major problems in managing staff members and freelance professionals? What are the major reasons for the problems?
 18. *If applicable:* Approximately how much time do you spend on editing in comparison to managing?
 19. Have you ever found yourself in a situation when you wanted to do a project but could not for financial reasons? (*Prompt: For instance, the cost of production was too expensive; there were no recourses in the city to fulfill the project; there were no advertisers willing to participate*)
 20. Have you ever had to refuse executing a project for political reasons? Can you give an example?
 21. Is your magazine fulfilling its expectations for profit?
 22. Is magazine publishing profitable in your city?
 23. Are there certain magazine formats that are more likely to be successful with readers?
 24. Are there certain magazine formats that are more likely to be successful with advertisers?
 25. If a friend tells you that he or she wants to start up a magazine in this city, what would you advise?