



SPRING BENCHMARKING REPORT MAY 2003

Introduction

This survey has one principal objective: to provide meaningful industry averages and ratios against which members can benchmark their performance and identify areas in which they can improve.

Whilst the questions are designed to elicit information on key areas of revenues and costs, one of the main findings is of the sheer diversity of publishing operations within the Association. However, the data has been analysed as far as possible to compare “apples with apples”, wherever possible and to evaluate answers accordingly.

This is the first survey of a regular series and therefore it is impossible to draw any definitive conclusions on any trends or patterns at this stage. Points of interest though include the still-substantial reliance on copy sales as a revenue stream and the difficulty of raising the cover-price, the higher-than-expected revenue per private ad and the reversed business model of the advertiser not the user pays for online products.

General information

The survey was carried out during February and March 2003 amongst FAPIA publishers and was restricted to publications with a paid-for distribution. The analysed data was drawn from the answers to 22 surveys from publications in 17 countries.

Age

The respondents featured in this survey represent the full life-cycle of a classified publication ranging from only 2 years old to a mature 28-year-old publication.

Paper

- 45 grammes per square metre is both the average and the most common paper weight
- the range is from only 28 grammes per square metre to 60 grammes per square metre

Format

- papers are published in a wide variety of formats and no single one emerges as the preferred size
- the average area of a page is 942 square cm

Colour printing

- there is a huge range of percentage in full colour, right from 2 - 95%
- as it was, the average is 22% printed in colour

Distribution area

Like the percentage of colour, the papers serve a wide range of distribution areas ranging from a small-to-medium town of only 100 000 to a major metropolis of over 10 million.

Auditing

Respondents are split almost right down the middle when it comes to auditing, 55% have an audited circulation, and 45% do not.

Points of sale

There is also a big difference in the number of points of sale, reflecting the range of the population areas, from only 50 to over 7000.

Cover price

- the average cover price is € 1.67 and the range is from € 0.24 to € 2.85
- the average cover price cost to the reader if measured in number of pages is € 0.02 per page (ranging from € 0.002 to € 0.065 per page)
- by sheer area, the average cover price cost to the reader is € 0.214 per square metre of print (ranging from € 0.015 to € 0.582 per square metre)

Frequency

- more respondents publish only one issue a week than any other frequency.
- the most popular day for publication is Thursday, closely followed by Friday, Monday and Wednesday, Tuesday and Saturday bringing up the rear

Copies printed and distributed

- on average, 30 000 copies are printed per day, 180 000 per week
- the average sold per day is 21 669 and per week is 130 000
- this means that on average 72% of copies printed are sold and 28% are returned or remain unsold
- the average number of printed copies per edition is 32 112
- the average number of sold copies per edition is 22 859

Issue size

- editions average 108 pages
- there are an average of 15 756 private ads per edition.
- the average percentage of new ads per edition is 43%

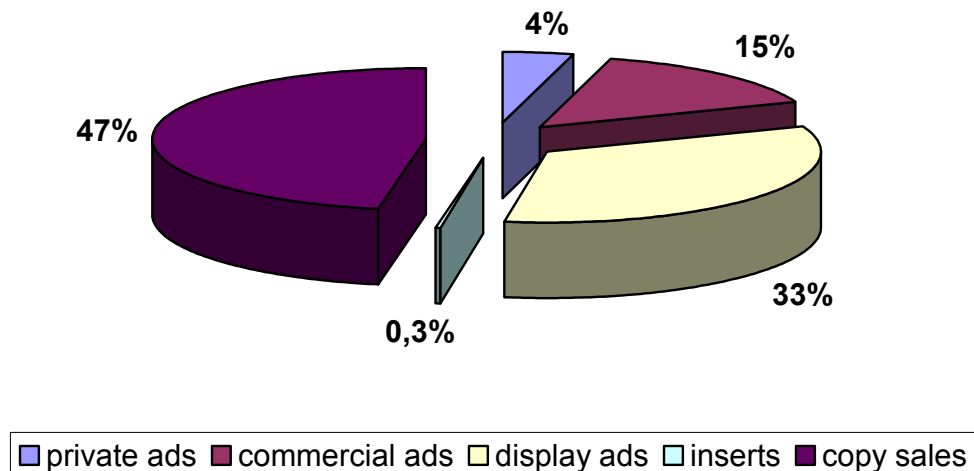
Revenues

Cover pricing

Reflecting the tough economic conditions facing the classified advertising industry at the moment, 45% of respondents had decided not to increase their cover price. Of those who did, the average increase over the past year is 7.4%.

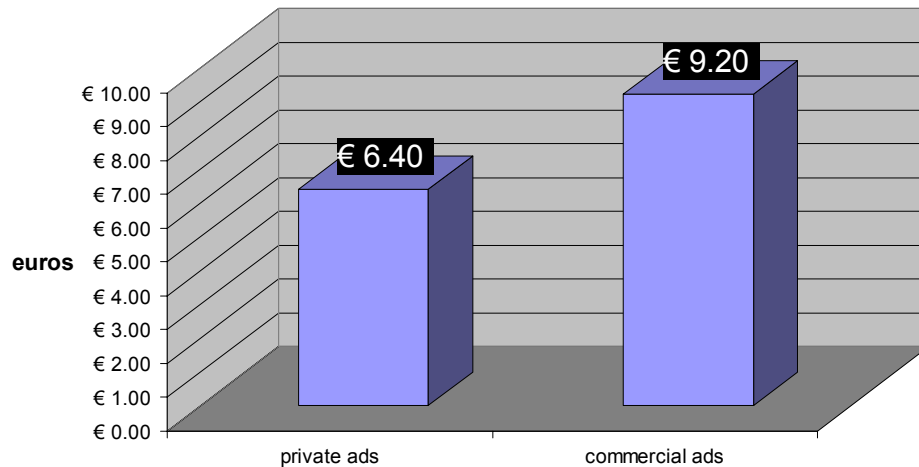
Revenue splits

Respondents report that, on average, their revenue streams deliver the following percentage revenue to their businesses.



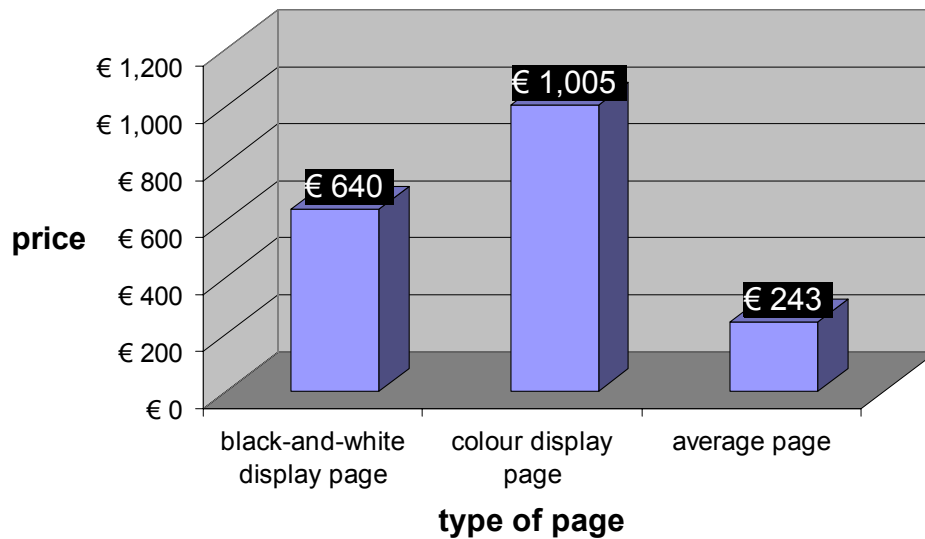
Average revenue generated from private vs. commercial ads

There is clearly quite a lot of upselling of private ads going on, as these figures are much closer than expected.



Average revenue generated for display pages vs. average page yield

A black-and-white display page generates on average €640 revenue compared with a colour page at € 1005. If one takes the average revenue generated throughout the paper across all pages the average falls to only € 243, this includes private ads and commercial lineage ads.



Based on the average page revenue of € 243, average revenue generated per square cm of page can be calculated. This ranges from € 0.07 to € 0.40 with an average of € 0.23.

Whilst display advertising undoubtedly boosts the average revenue per page, partially compensating for the low revenues of private ads, the real star performer in terms of revenue per page is the commercial lineage ad. This will be measured more thoroughly in the next survey.

Value for money?

Taking the average revenue generated per page and relating it to the average circulation per edition, we can calculate the 'value for money' that each publication delivers to advertisers.

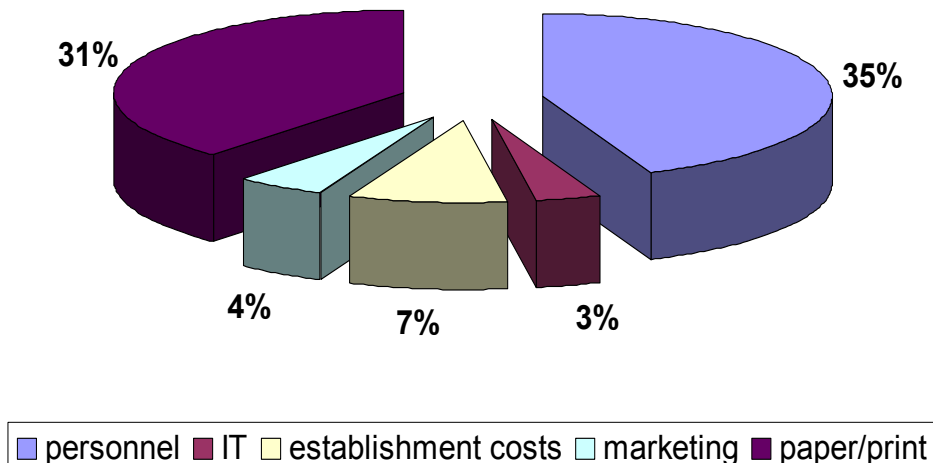
Based on copies printed, the average cost for advertisers to reach 1000 readers is € 9.79 and ranges from € 2.55 to € 32.91.

Based on actual copies sold, the average cost for advertisers to reach 1000 readers is € 10.62 and ranges from € 4.26 to € 44.87.

Costs

Cost splits

Unsurprisingly, the three Ps – personnel at 35% and paper and print at 31% - come in as the two largest costs your businesses face.



Production and distribution

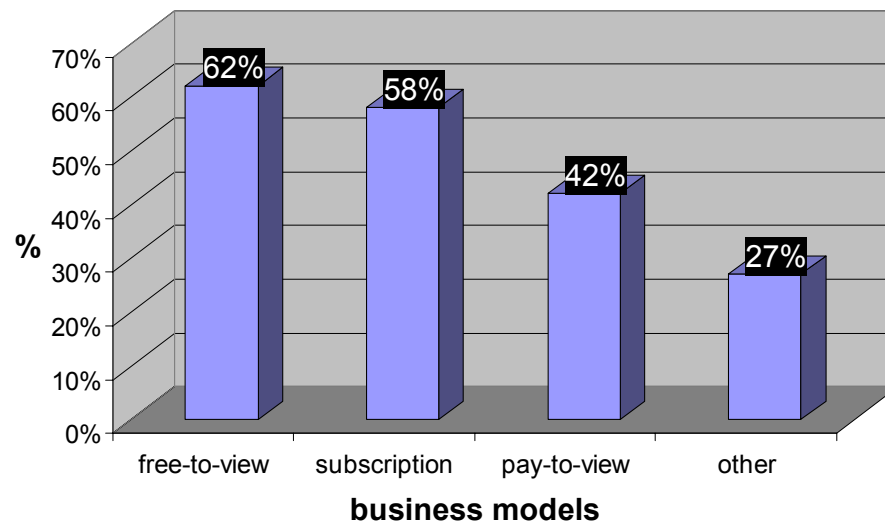
- the average production cost per copy is just under a third of a euro
- respondents using third-party distribution report an average 29% commission charge
- there is little difference in the retailer commission between third party and own distribution with the own distribution having a slight edge at only 22% as compared to 24%
- the average delivery costs for own distribution are 13%

Online

- the majority of respondents are very active in developing their online businesses
- on average they attract 45 501 users per week to their website and generated over 1.23 million page views per week each
- the average user therefore requests 30 pages per week (ranging from 2 to 138)

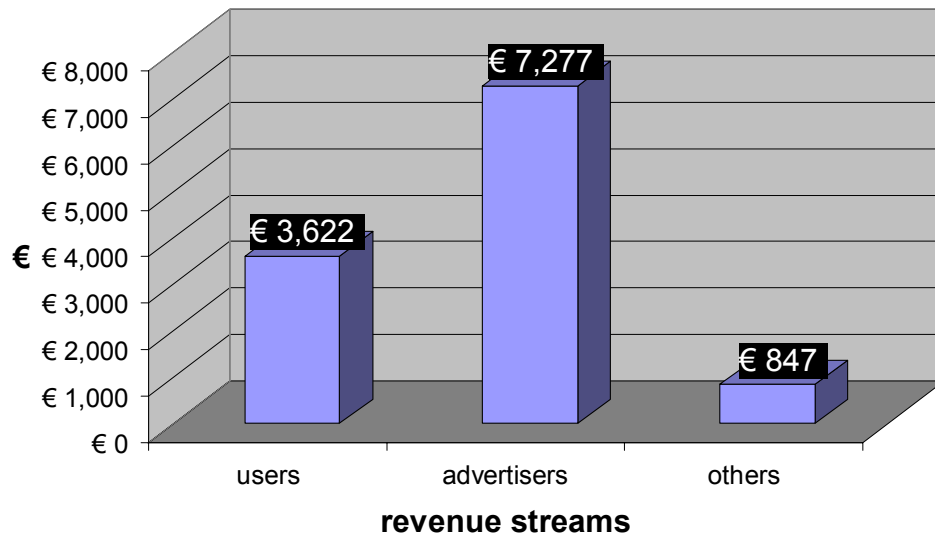
Business models

Most operate more than one business model with free-to-view proving most popular at 62%, running counter to the free-ads philosophy of charging the consumer not the advertiser.



Revenue streams

Unlike the revenue streams for the printed products, most money seems to be coming from paid-for advertising online.



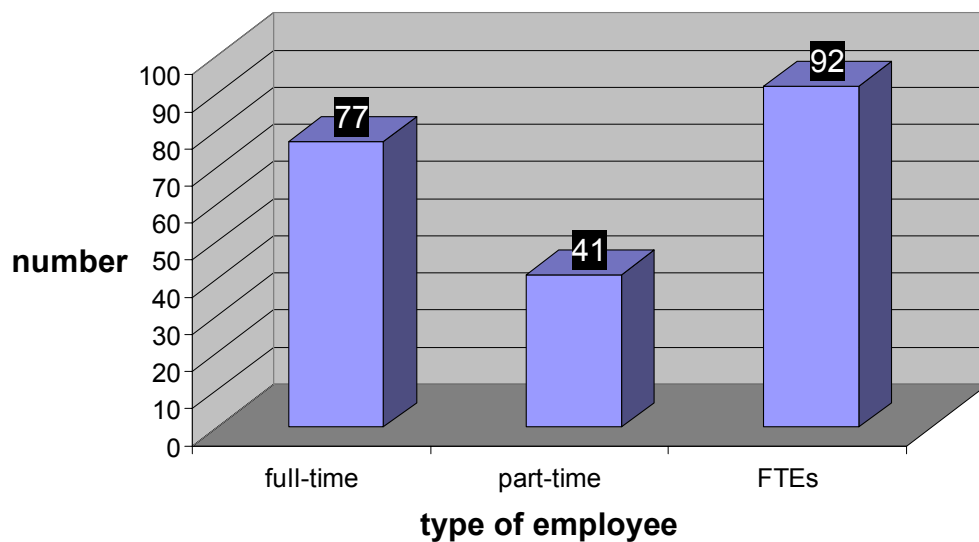
Profitability

The average operating profit of the publishing unit comes in at 23% with the specific publication contributing slightly ahead of the average at 24%. Online contributes about 15% of that operating profit at 4%.

Resources

There's a wide range of levels of staffing, demonstrating the diversity of FAPIA members. Full-time staff counts range from 2 to 500, part-time from 0 to 200 which equates to a full-time equivalent range of 3.5 to 600.

Types of employee



The average percentage of total FTEs who are sales people is 33%

Productivity

On average, each FTE produces 6.97 pages per week or 1.16 pages per day.

Acknowledgements

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Further information

For any further information or to ask any questions about the results of this benchmarking survey, please contact Lucie Hime, Executive Director on +31 20 638 2336 or on l.hime@fapia.nl.