

ICMA AUTUMN 2003 BENCHMARKING STUDY

TRADITIONAL FREE-ADS, PAID-CIRCULATION PUBLICATIONS

Basic data

There are 18 respondents from 16 countries falling into this category.

The oldest publication is 28 years old and the youngest is only 2 years old; the average is 15 years old.

No two formats are the exactly same but the average area of a single page is 1116 sq.cm. e.g. 28 x 40 cm. (173 sq. inches e.g. 11 x 62 inches). The range is from 733 sq. cm. (114 sq. inches) to 1485 sq. cm. (230 sq. inches)

Paper weights are remarkably consistent with 45 gsm (grammes per sq. m.) being the most popular choice and an overall average of 49 gsm. The lowest is 45 gsm and the highest is 80 gsm.

The populations served by respondents range from 850,000 to 9,000,000 with an average of 3,682,571.

Penetration of the target population area ranges from 0.1% to 4% with an average of 1.06%.

The average cover price per edition is € 1.56; the lowest is € 0.27 and the highest is € 2.85.

Frequency ranges from 1 edition per week (the most common) to 5 editions per week.

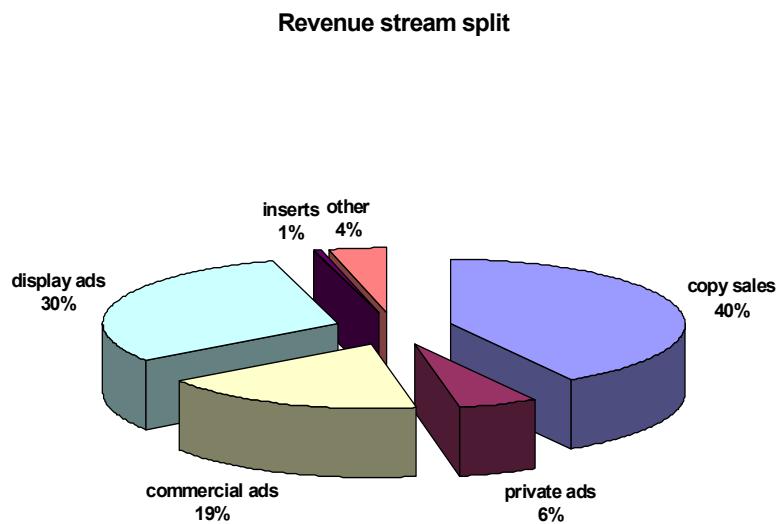
On average, 31,957 (range 4,300 to 85,000) copies are printed and 21,568 (range 1,400 to 76,000) copies are sold per edition. This makes the average percentage sold 60% and therefore unsold 40%.

The average copy sales revenue per edition is € 31,920; the lowest is € 649 and the highest is € 100,106. (These figures exclude commissions paid to distributors and retailers).

The number of pages printed per edition range from 44 to 240 with an average of 102.

Revenue

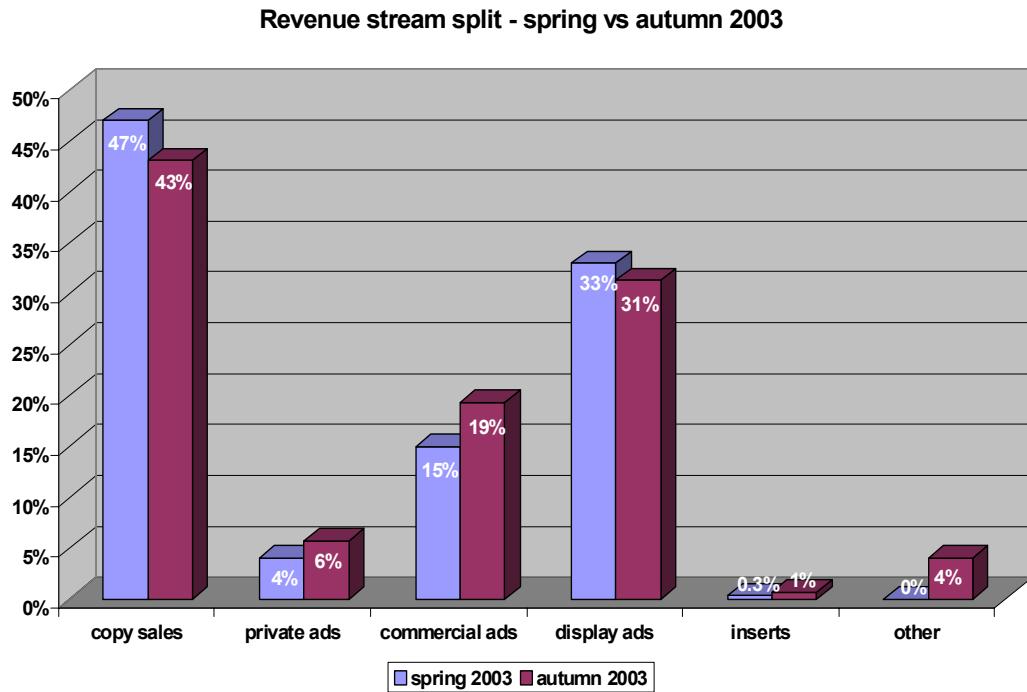
Revenue streams are split thus:



Respondents still derive the largest proportion of their revenues from copy sales – on average 40%. This is followed by display ad sales revenue at 30% and then commercial ads revenue at 19%. Private ads generate on average 6% of revenues whilst other revenues come in at 4% and inserts at 1%.

NB Online revenues are excluded from these charts.

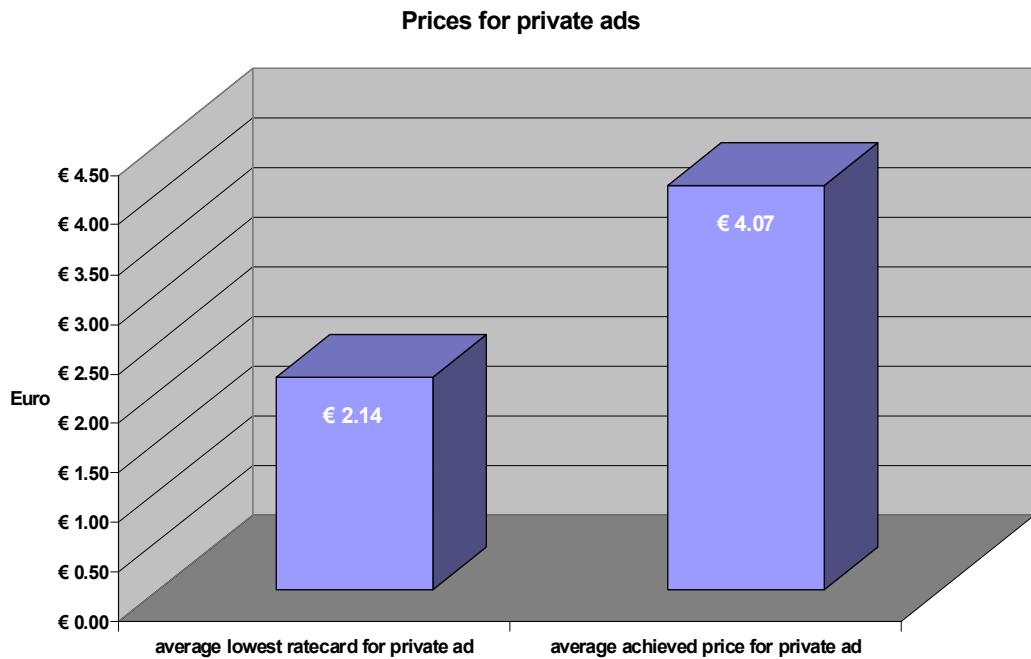
It is interesting to compare these to similar figures obtained from the Spring 2003 survey.



Revenue generated from copy sales fell by 9% over this period. Private ads and commercial ads grew by 24% and whilst revenue from display ads dropped back by 6%, overall revenue from advertising sources grew by nearly 8%.

This reflects the increased focus on generating revenue from advertisers and the continuing difficulties in sustaining copy-sales revenue, particularly in Europe. As these figures exclude online revenues, it is impossible to evaluate how much lost copy sales revenue has been replaced by online user-generated revenue.

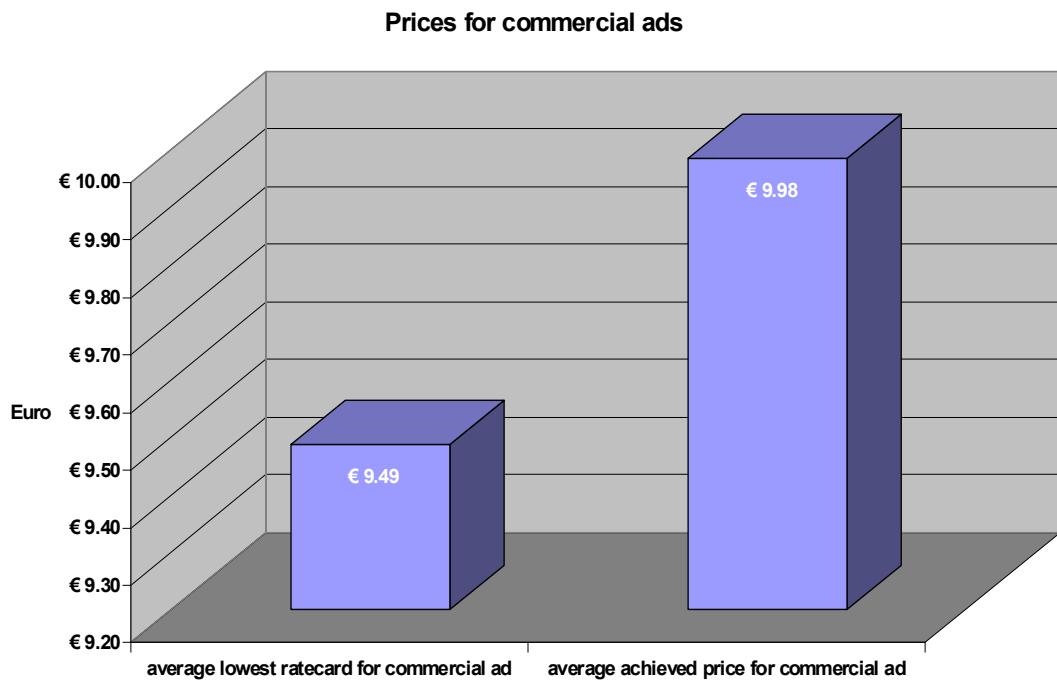
The average increase in cover price over the previous 12 months is 4%. The range is very large with some respondents reporting a decrease of 25% and others feeling able to raise their cover price by up to 25%. The most popular strategy is to hold the price steady and not implement any increase.



Whilst the lowest average ratecard price for a private ad (typically a lineage ad) is only € 2.14, the average achieved price for a private ad is nearly double this at € 4.07.

It is clear that a proportion of private advertisers are willing to be upsold (Power-Ads, semi-display, photo-ads etc.) to improve their chances of getting good response.

These figures reflect the current trend of turning the traditional cost-centres of call-centres into revenue-generating units as advertisers are offered paid alternatives to the free lineage ad. Some publishers are taking this a stage further and are launching outbound call programmes to re-book or upsell existing ads.

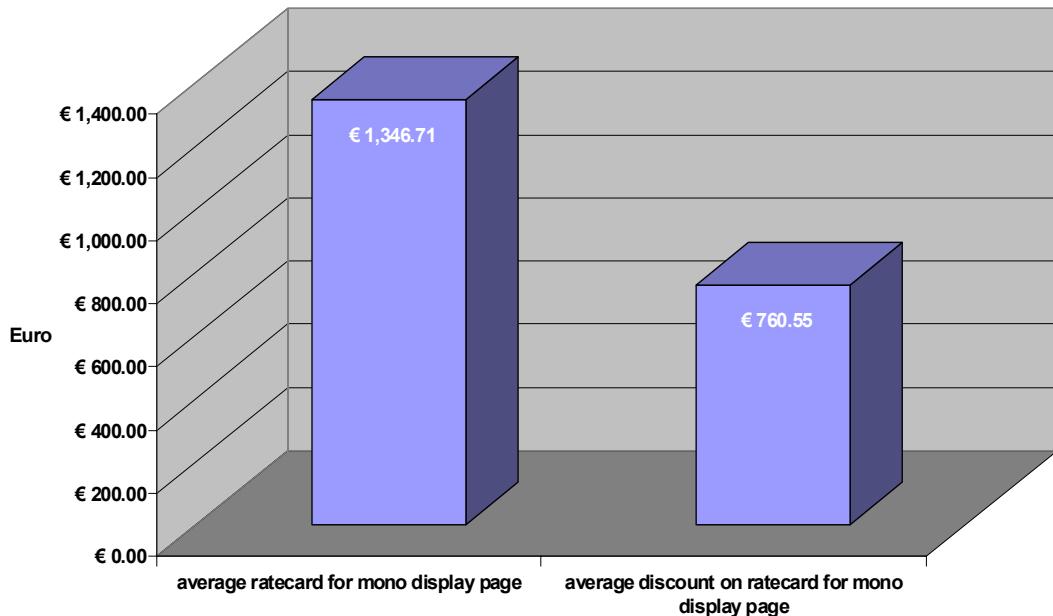


Likewise, whilst the lowest average ratecard price for a commercial ad is € 9.49, the average achieved price is slightly higher at € 9.98 (this includes lineage, Power-Ads, semi-display and photo-ads) – the objective is to measure the amount of revenue generated per transaction.

The difference is smaller than for private advertisers as commercial advertisers prepared to pay more to make a bigger impact than lineage ads tend to move into the display category.

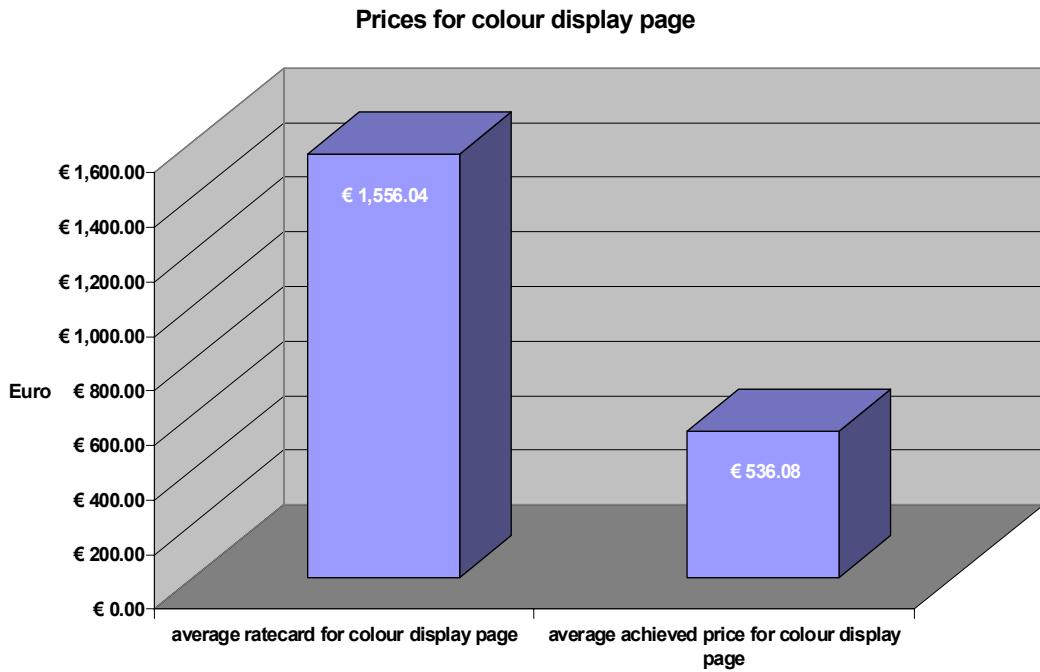
However, standard commercial lineage ads usually prove to generate the highest margin per page thus making them a valuable contributor to the publisher's revenue streams.

Prices for mono (black & white) display page



The average discount from ratecard prices for a mono display page is 44%.

This high level of discount reflects the fact that most display advertisers are series advertisers who benefit from a high percentage discount due to the volume of business that they place.



The average discount from ratecard price for a colour display page is 66%.

This level of discount is even higher than that given for mono pages and for much the same reasons.

This discounting policy ensures that the best yield per page (ad sales revenue generated by a single page) is delivered by commercial lineage ads.

On average, 44% of the ads (all ad types) in any given issue are 'new' i.e. have not been repeated from the previous issue. This figure ranges from 5% right up to 89%.

The average ad sales revenue per page is € 373 and ranges from a modest € 13 to an impressive € 1,099.

If the CPM (cost per thousand readers) is calculated using the average revenue achieved per page, the average CPM is therefore € 17.29 using the average number of sold copies and only € 11.69 using the average number of printed copies.

If ad sales revenue per sq. cm. is calculated (to work out how much money is being made from the 'real-estate' that is sold), the average per sq. cm. is € 0.32 and the range is from € 0.02 to € 0.88. Per sq. inch the average is € 2.15.

The average ad sales revenue from each issue is € 34,963.

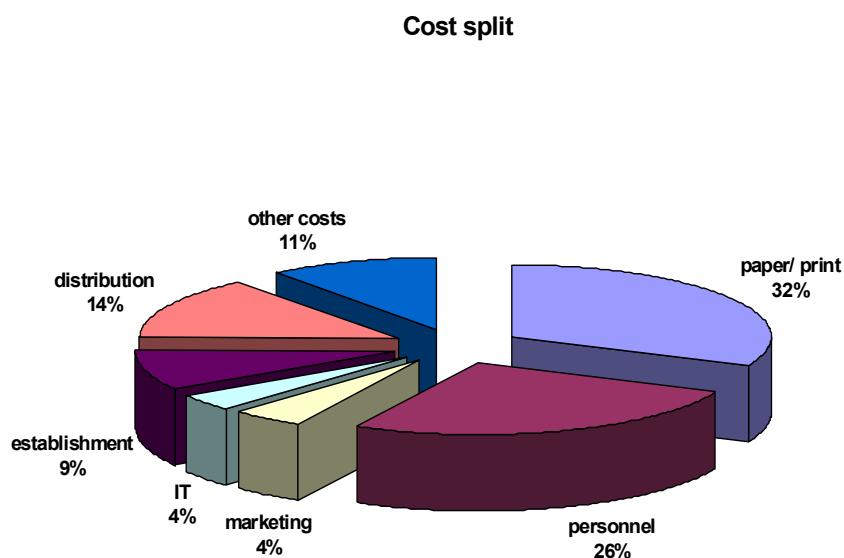
Costs

The average production cost (paper and print) of producing a single copy of an edition is € 0.28 (range € 0.04 to € 0.46).

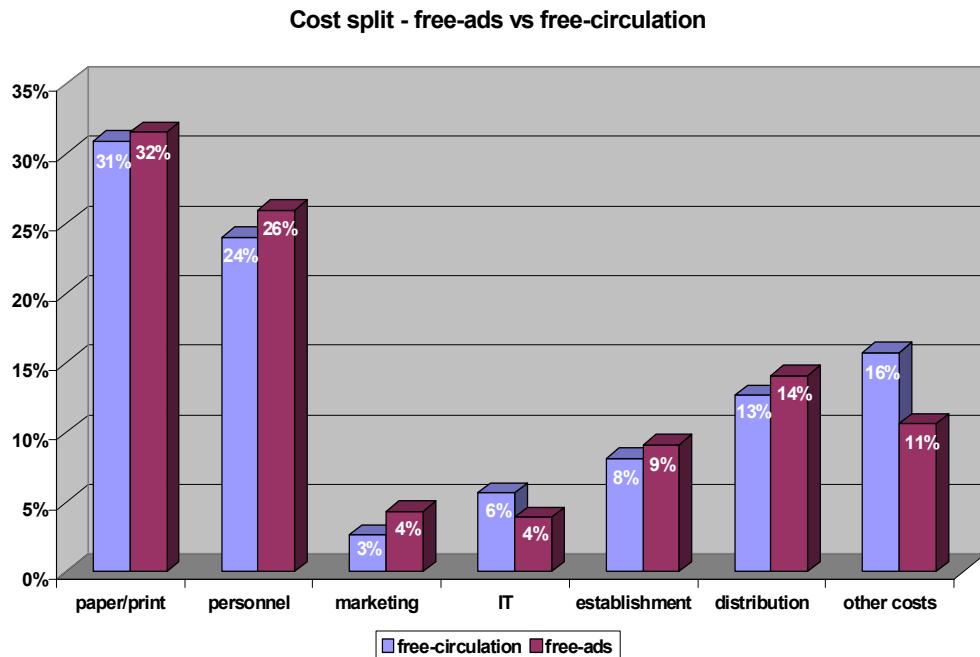
The average production cost per thousand pages works out at € 2.75, based on an average issue size of 102 pages.

The average cost of producing an edition of average size is therefore € 8,948.

The costs of producing a free-ads, paid-circulation publication split as follows:



The cost base for free-ads and free-circulation publications is remarkably similar.



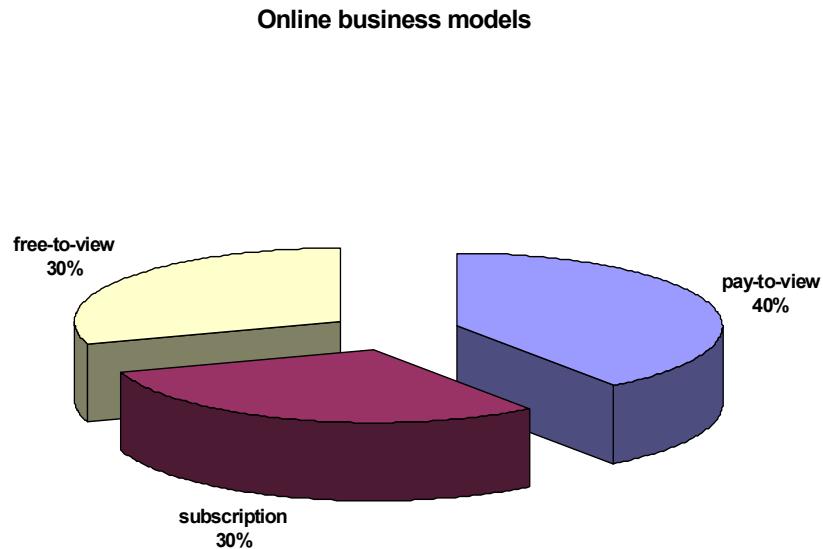
As a percentage of the cover price, respondents paid on average 28.8% (range 8% to 50%) to distributors and 21.6% (range 18% to 30%) to retailers.

Online

Weekly numbers of unique visitors to websites now total an average of 35,992 (range 5,000 to 100,000).

The average weekly number of unique page views is 744,940 (range 131,225 to 2,500,000).

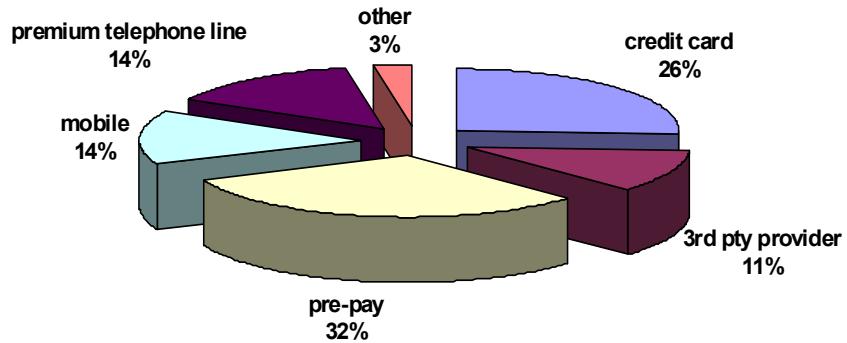
Most respondents stick to just one business model, generally pay-to-view but 25% combine business models, offering free-to-view and also subscription.



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Most respondents (70%) charge users in some fashion with only 30% choosing the free-to-view option.

Payment models



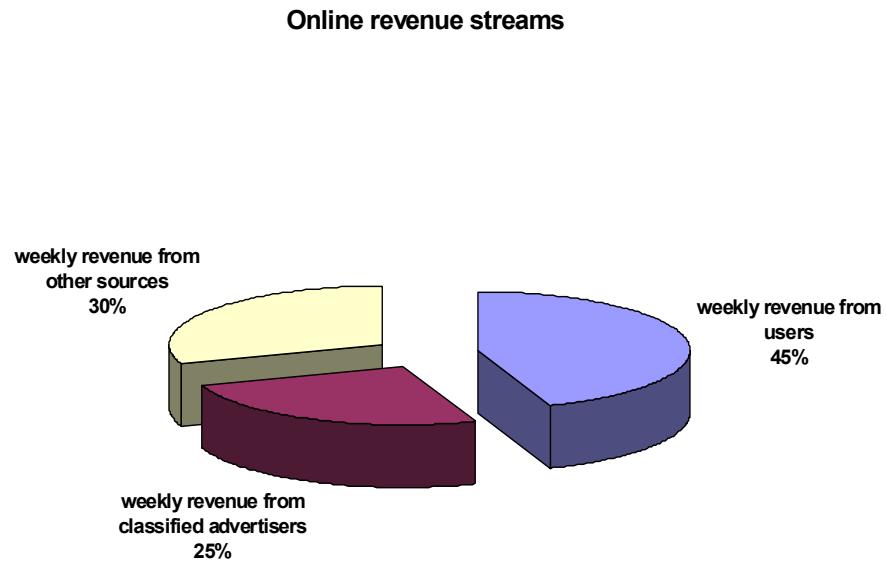
Most respondents operate at least two or three payment models to offer users the broadest possible choice. The pre-pay concept is the most popular, closely followed by credit card use.

Users account for an average of € 2,323 per week in revenue, ranging from € 0 to € 16,399.

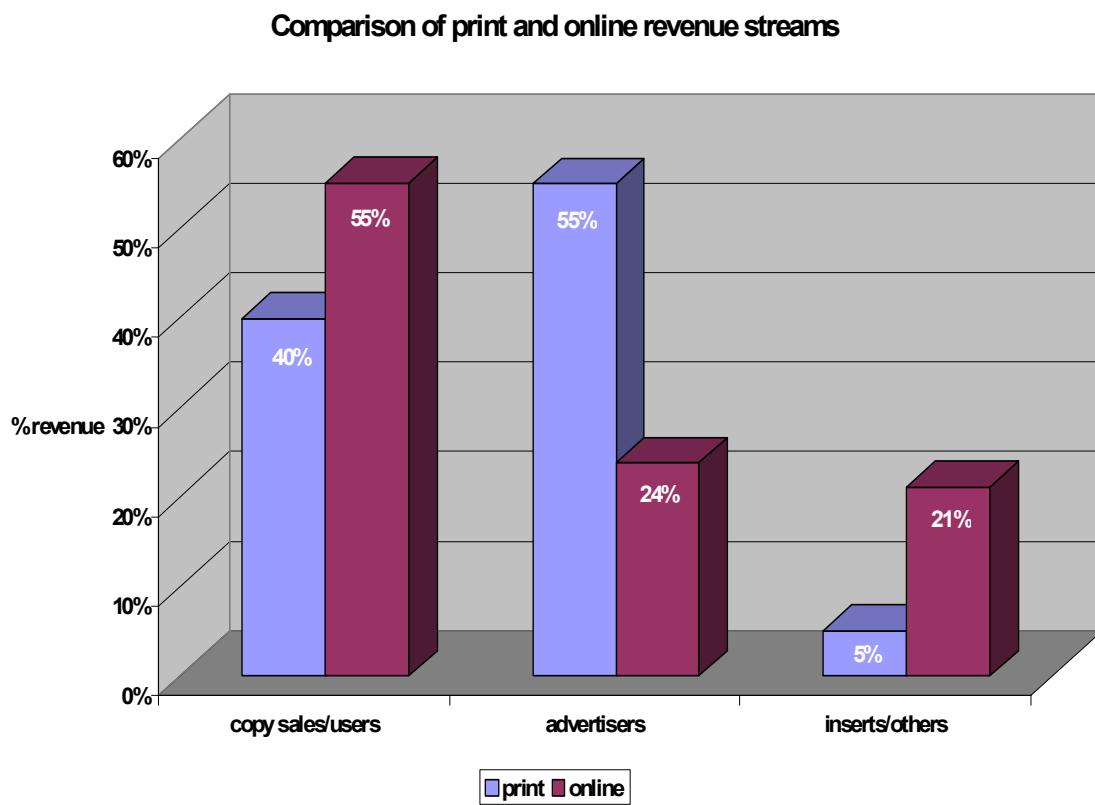
Classified advertising accounts for an average of € 1,004 per week in revenue, ranging from € 0 to € 5,119.

Other sources of revenue (e.g. banners) average out at € 891 per week, ranging from € 0 to € 3,190.

Total average weekly online revenue is therefore € 4,229 with a low of € 400 and a high of € 17,354.



The online revenue streams are interesting to compare against print revenue streams.



Corporate

The average operating profit of a free-ads publication is 28%.

The average operating profit of a business unit is 30%.

Online contributes on average 4.2% as a percentage of total revenue.

On average, each business unit employs 59 FTEs. A third of these are sales-focused.

PAID-ADS, FREE-DISTRIBUTION PUBLICATIONS

(NB. Some of these publications offer limited free-ads to private individuals)

Basic data

There are a total of 4 respondents from 3 countries falling into this category.

The oldest publication is 28 years old and the youngest is only 2 years old; the average is 14 years old. Generally, in relation to free-ads publications, free-circulation publications are a more recent phenomenon and therefore tend to be younger.

No two formats are the exactly same but the average area of a single page is 695 sq. cm. (108 sq. inches) e.g. 231 cm x 300 cm (91 inches x 118 inches). The range is from 495 sq. cm. (77 sq. inches) to 832 sq. cm. (129 sq. inches).

Paper weights are all 45 gsm.

The populations served by respondents range from 40,000 to 500,000 with an average of 213,333.

Penetration of the target population area ranges from 8% to 35% with an average of 24%. This is significantly higher than the penetration level for free-ads papers and reflects the targeted distribution area and the higher average ('sold') circulation.

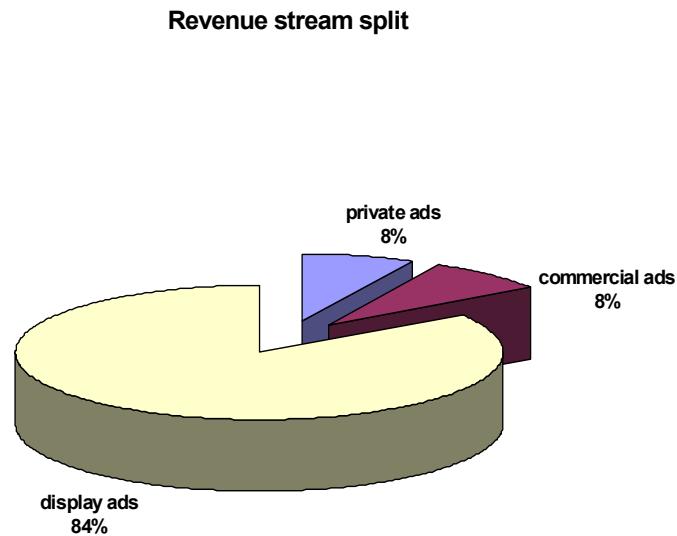
Frequency ranges from 1 edition per week to 1 edition per month.

On average, 28,750 (range 12,000 to 38,000) copies are printed and distributed per edition.

The number of pages printed per edition range from 44 to 240 with an average of 58.

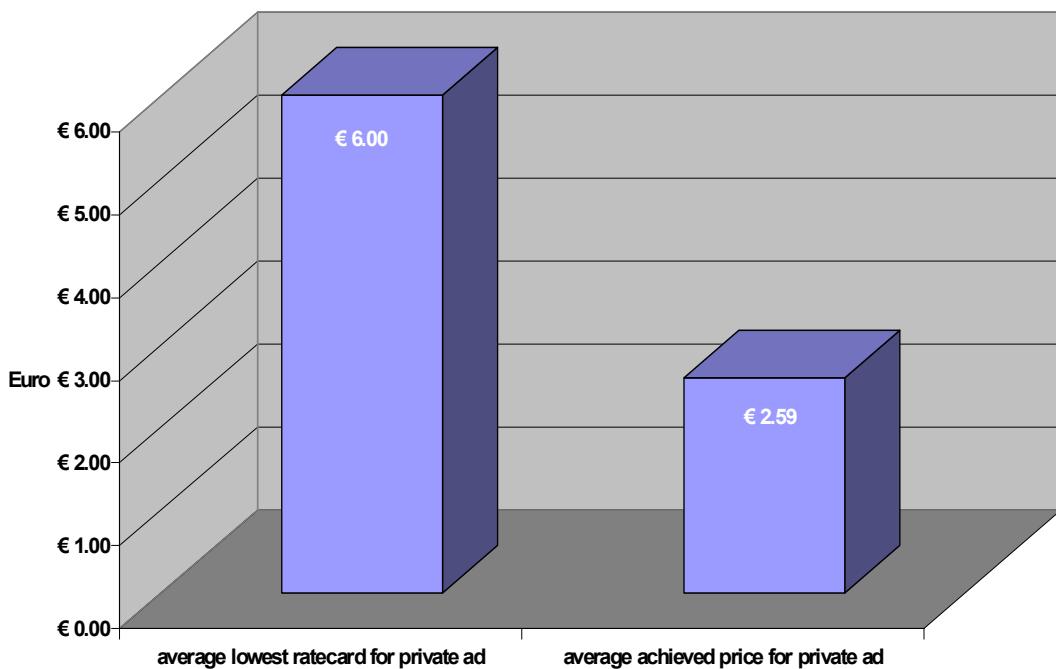
Revenues

Revenues are split thus:



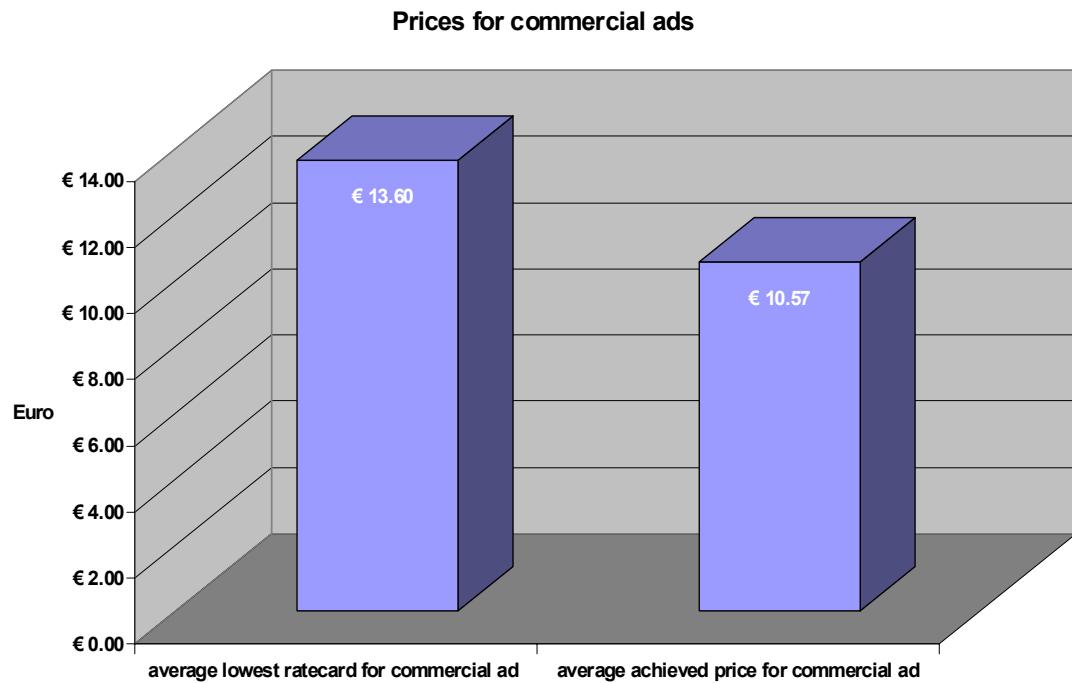
Unsurprisingly, it is display ads that make up the lion's share of revenue for free-distribution publications at 84%.

Prices for private ads



This is very different from what is seen with the free-ads publications where the average achieved price of a private ad is about double the lowest ratecard price.

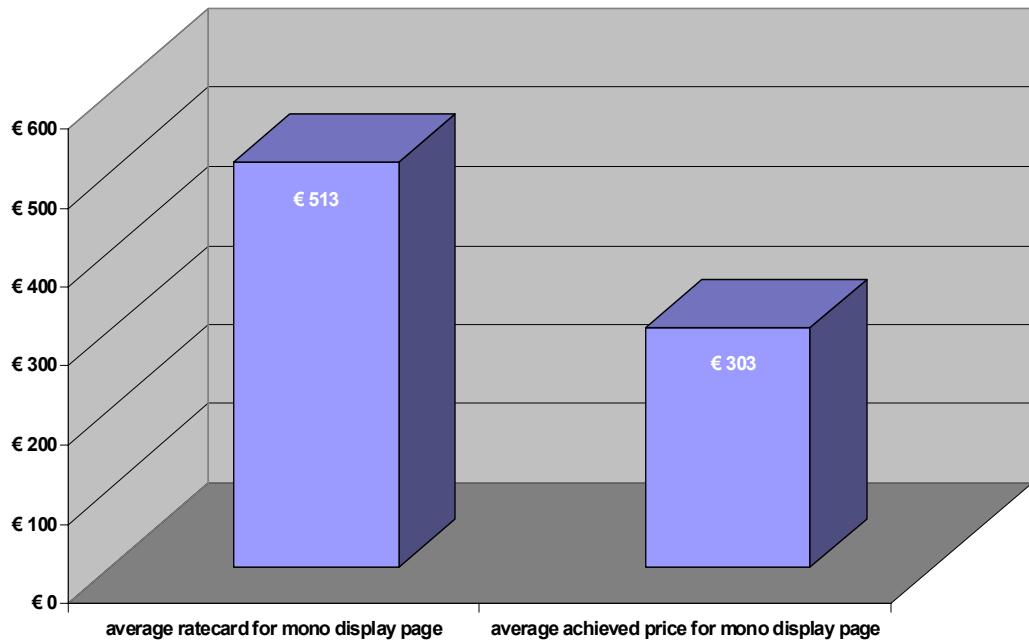
It is hard to say why this is the case other than attributing it to large numbers of series advertisers.



These figures are very different from free-ads where the achieved price is higher than the lowest ratecard.

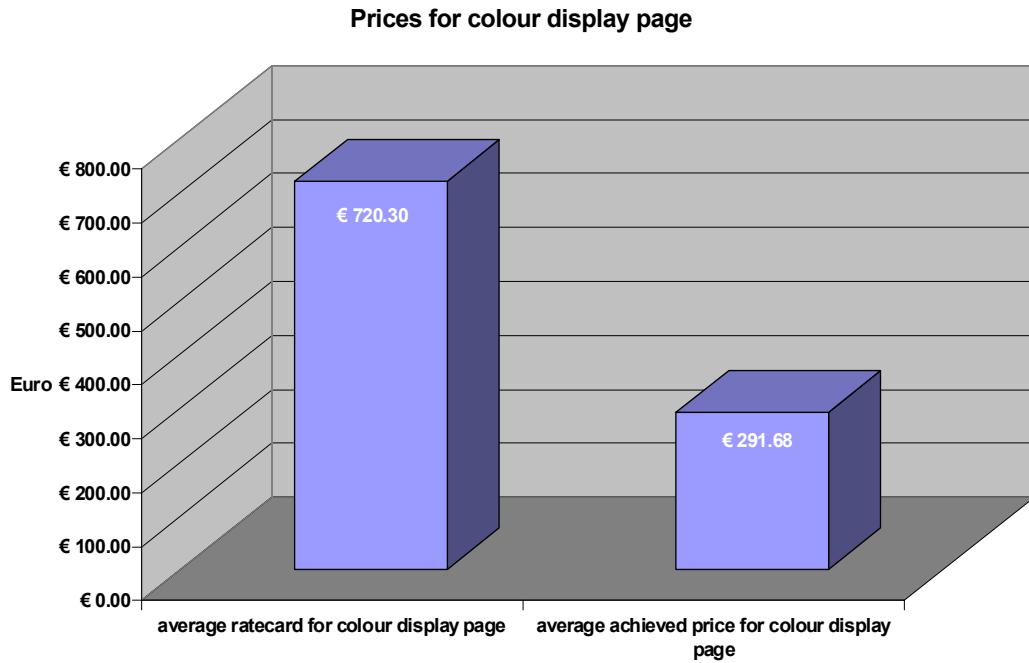
Maybe it is because there are more long-term series advertisers who benefit from volume discounts? However, the differential is smaller than that of ratecard and achieved price in private ads.

Prices for mono (black and white) display page



The average discount from ratecard prices for a mono display page is 35%.

This is less than the 44% that free-ads publications tend to discount mono display pages.



The average discount from ratecard prices for a colour display page is 57%.

Both average discounts on mono and colour pages are slightly lower than those commonly found in free-ads publications.

On average, 30% of the ads (all ad types) in any given issue are 'new' i.e. have not been repeated from the previous issue.

The average ad sales revenue per page is € 317 (compared to € 373 for free-ads papers) and ranges from € 241 to € 504.

If ad sales revenue per square cm is calculated (to work out how much money is being made from the 'real-estate' that is sold), the average per square cm is € 0.47 and the range is from € 0.29 to € 0.71. This compares well with the € 0.32 per sq. cm. of free-ads papers. Per sq. inch, this works out at € 2.94 compared to the free-ads figure of € 2.15.

The average ad sales revenue from each issue is € 18,362 versus € 34,963 for free-ads papers which are on average twice the number of pages.

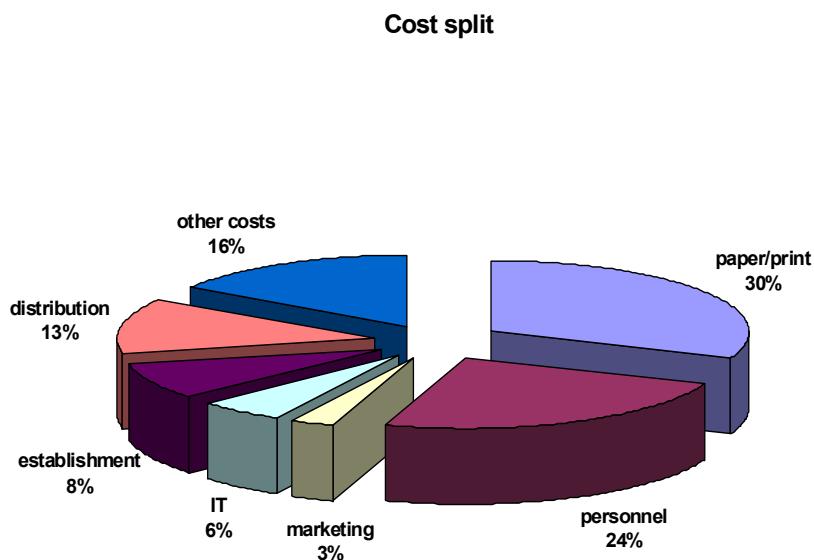
Costs

The average production cost (paper and print) of producing a single copy of an edition is € 0.10 (compared to free-ads average of € 0.28).

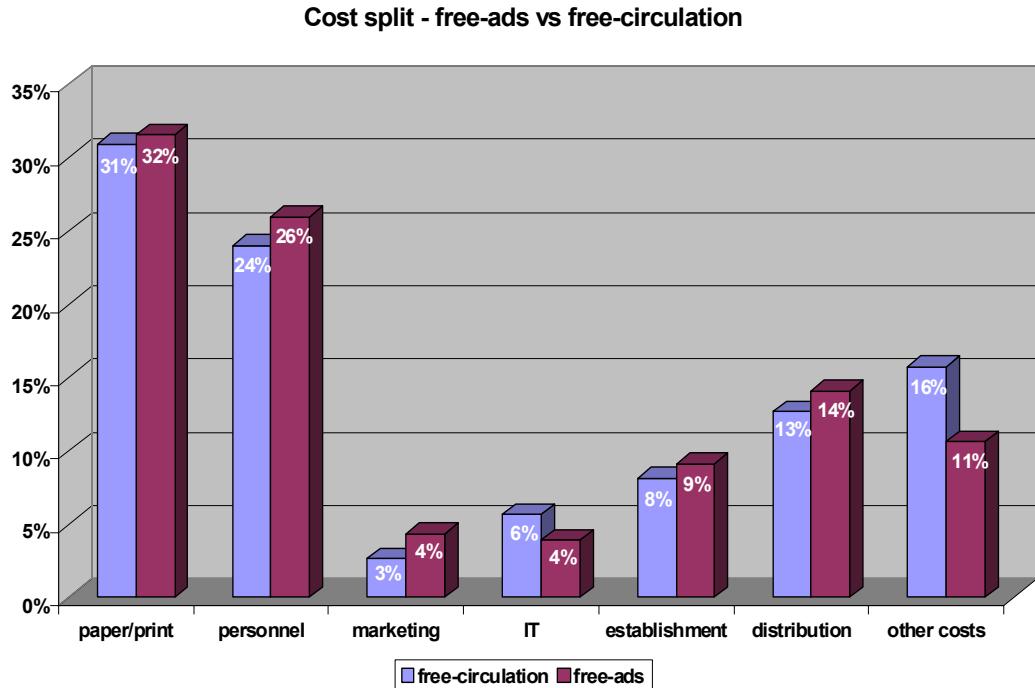
The average production cost per thousand pages works out at € 1.72, based on an average issue size of 58 pages.

The average cost of producing an edition of average size is therefore only € 2,875.

Costs split out as follows:



The cost base for free-ads and free-circulation publications is remarkably similar.



Online

There were insufficient respondents to the questions on online to draw any useful conclusions.

Corporate

The average operating profit of a free-distribution publication is 15%.

The average operating profit of a business unit is 46%.

On average, each business unit employs 81 employees. Half of this number are sales-focused, compared with 33% in free-ads operations.