Managing Profits is a recurring research project initiated by ABM in 2012 and extended this year to SIPA members. It focuses on operational and financial benchmarks for media and information companies. With four years of company-wide data and three years of brand-specific data to use in drawing trend lines, the research takes a detailed look at how the data has shifted since we started this project. The results were presented at ABM’s Annual Conference in May 2014, and this document is an executive summary of key takeaways. A white paper with full research results will be released in mid-June.

With the addition of SIPA members, this year saw a record level of participation, 36 companies and 82 brands detailed. The survey is an online questionnaire that participants can fill out over a month-long open period. The survey asks for about 175 data points on a company-wide basis over the recently ended year and the year before that. The survey then asks for some broader data on the company’s top ten brands. Then the research takes a deep dive into three of those brands, asking for about 85 data points for each of the three. The project focuses on “brands” as strategic business units that can be compared both within and among companies, so that the research offers members a way to compare their own operations to similar ones across the industry.

The 2014 Managing Profits Report is sponsored by Readex Research and WeiserMazars. Readex is also a research partner in conducting the project.
Key Points and Takeaways from Managing Profits 2014

General Industry Trends

Event and digital revenue has grown as a share of total revenue at the expense of print. By 2013, print is now no longer the largest source of revenue for responding companies ...

Our results show that print’s rate of decline is slowly increasing. Digital has seen high growth in general, and 2013 was a great year for digital display and especially mobile advertising. Although last year was a banner year for event growth, this year’s data reflects slower growth.

Also, it is larger companies that are innovating and diversifying revenue streams. Smaller companies remain deeply tied to print revenue. This graphic shows revenue streams by company size ...

Questions? Contact ABM’s Michael Alterio at 212-784-6365 or m.alterio@abmmail.com.
Print Takeaways

Print remains an important revenue stream for the large majority of members. Editorial staff have become slightly less productive over time in terms of print, perhaps because publishers are using editorial resources for digital content (below left, productivity has fallen from 111.0 pages per editor in 2011 to 105.9 in 2013). Smaller brands tend to be less productive, at least in part because smaller niche and newsletter brands (SIPA members) remain profitable at relatively low folio counts (below right, for the smallest brands, productivity is only 75.5 pages per editor).

Larger companies sell more print ad space as a percent of total folio. The smallest companies may be niche or newsletter publishers (SIPA members) who derive substantial revenue from subscriptions and who therefore are under less pressure to maintain a tight ad/edit ratio.

One key takeaway on print is that although revenue is falling steadily, profitability – on a company-wide basis, trending in the 18 percent to 20 percent range – has remained solid. As a revenue stream, print is declining in importance, but print remains an important contributor to the bottom line.
Event Takeaways

Event revenue is most important to larger companies.

### Event revenue as a percent of total revenue*

<table>
<thead>
<tr>
<th>Revenue Bracket</th>
<th>8%</th>
<th>13%</th>
<th>21%</th>
<th>32%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $5 mil</td>
<td>8%</td>
<td>13%</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>$15 to $50 mil</td>
<td></td>
<td>13%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over $50 mil</td>
<td></td>
<td></td>
<td></td>
<td>32%</td>
</tr>
</tbody>
</table>

* Based on revenue from 2010-2013

That’s because larger events, such as trade shows, generate 71.8 percent of total revenue for brands that operate trade shows, while conferences generate 16.0 percent of total revenue for brands that operate conferences. Trade shows are not just big business: they are more profitable than smaller events, such as conferences, too:

### 2013 Event Brand Profitability

<table>
<thead>
<tr>
<th>Profitability Category</th>
<th>Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability for 30 brands with event revenue over $100,000</td>
<td>44.6%</td>
</tr>
<tr>
<td>Brands with event revenue under $1 mil</td>
<td>13.4%</td>
</tr>
<tr>
<td>Brands with event revenue of $1-$5 mil</td>
<td>30.9%</td>
</tr>
<tr>
<td>Brands with event revenue over $5 mil</td>
<td>47.9%</td>
</tr>
</tbody>
</table>

Overall, conference brands have a brand-level profitability of 21.5 percent, while trade show brands have a brand-level profitability of 47.7 percent. (“Brand-level profitability” ignores company-wide expenses.)
Digital Takeaways

A plurality of digital brands – 31 percent – utilize a primarily display ad monetization model, but they generate 54 percent of total revenue.

Digital brands are relatively easy to launch because expenses are low, aside from compensation – and existing media companies already have much of the needed staff in place to try a digital strategy. Low expenses have contributed to high profitability: Digital brands saw brand-level profitability from digital offerings at 54 percent in 2014.

Digital publishers are able to command premium CPM rates for display ads. Managing Profits respondents report online CPMs in the $25 to $50+ range. Non-targeted advertising on consumer or non-specified sites generally command CPMs as low as less than $1, and as high as $15 on premium slots.

Larger digital brands tend to command higher ARPs, perhaps because a larger audience can be more profitably sub-segmented.

Overall Industry Projections and Conclusions

Over the coming five years, print revenue for ABM companies will continue to dwindle as event and digital revenue increases, as in this forecast for the years ahead:

The growth of digital media at the expense of print is by now a foregone conclusion rather than a revelation. More interesting, perhaps:

- Print brands remain profitable, even as total revenue shrinks.
- Event revenue is growing, more print brands are launching conferences and trying trade shows.
- Digital revenue is diversified, but display ads remain quite profitable, and mobile advertising is expanding.

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