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8.4

M E M O R A N D U M

TO: Mr. N. S. Hibshman

August 21, 1962

FROM: C. S. Rich

Re: Transference of Advertising Sales to
the Representative of the IRE

1. It would seem premature to transfer the advertising sales of ELECTRICAL ENGINEERING at the present time to the representative of the IRE. It would be better to wait until the IEEE editorial committee should determine which publications will be established.
2. Due to our small volume of advertising sales since 1959, our ratio of total sales and promotion cost to net advertising income has been higher than the IRE because of the following reasons:
- (a) In the heavy industries the recession has been much more severe than in the electronic industries, principally because of the price profit relationship anti-trust inditelements in comparison with the rapid growth in the electronics field, plus the government contracts for the guidance and control in outer space, as well as the communications. The attached curves show the decline in page volume of leading power publications since the peak of 1957 which has been much greater than the percentage decline of electronic publications, some of which have shown an increase in that period of time.
 - (b) You also have a memorandum of May 14 in regard to the dollar volume taken out of the electronic industries which shows that Electronic Design has taken 5-1/2 million dollars out of the industry, Electronics \$4,142,000 and Electronic News \$2,993,000, Electrical Design News \$1,856,000 and the IRE Proceedings \$1,800,000. As the Proceedings is a prestige publication with the greatest effective circulations in the electronics industry of any of the competing publications and with the added leverage of the show it becomes very questionable whether this has been a particularly effective selling job.
3. ELECTRICAL ENGINEERING does not have a circulation in any of the large markets; in comparison with the leading publications addressed specifically to those markets we rate only fourth or fifth by circulation among the power publications, and in the electronics market we would be tenth or twelfth, so far behind that we are not even considered competition, with the eight publications listed by the IRE Proceedings.
- 9.49.439

4. Most publishers are agreed that if you have a sufficient volume of business to keep a staff fully occupied, it is better to have your own sales staff than a representative. In these days of highly competitive selling with keen competition representatives handling three or four publications are unable to most effectively sell one of those publications. As I understand it the representative of the IRE now has four publications and a show -- Law and Order, Mayors and Management, Signal, and Proceedings of IRE. The selling of Law and Order and Mayors and Management requires calls on an entirely different clientele. Referring again to the curves, if Electronic Design shows an increase in page volume of 44.9% from 1957 through 1962, and Electrical Design News shows an increase of 86%, and the IRE Proceedings in the same markets a decrease of 27.8% in the same period of time, one might very well raise the question has that been such a good sell?

5. Assuming that our staff would be taken over by the IRE representative to sell ELECTRICAL ENGINEERING, it would have to be sold in combination with the IRE Proceedings. If our sales staff was selling on a salary and commission basis, they would naturally concentrate on the sale in Proceedings at a 12-time page rate of \$1080 a page in 1963 compared to the 12-time page rate for ELECTRICAL ENGINEERING of \$635. Thus Proceedings would be sold to the detriment of ELECTRICAL ENGINEERING which would be to the benefit of IEEE.

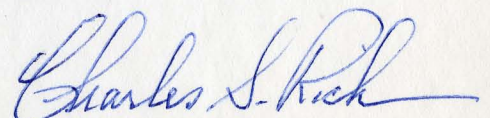
6. Our sales staff have been given assurance that through merger there would be no loss of employment, yet it is realized that in the employ of the IRE representative at a 25% commission that he could not maintain their present salary levels plus pension benefits and still make a profit for himself and pay overhead expenses at the present volume of business.

7. Because the sales staff of a representative has to handle four or five different publications competing in different markets against a different circle of competition, the sales staff is not sufficiently sharp to counteract questions raised and most effectively put forward the value of the publications they represent. If there is a sufficient volume of business and all people on the sales staff can be fully and effectively employed, the job can be done for less than through a representative, and for less than the amount of profit required by the representative for his own livelihood.

In view of the foregoing reasons, I cannot recommend a transference of the sale of ELECTRICAL ENGINEERING at the present time, nor can I see from the record any evidence that a better or more effective job could be done. In fact, the close tie between the sale of advertising space and the space in a "show" may be the crucial point over which society publications could lose their nonprofit status tax privileges as well as the lower mailing rates.

In the light of present practice it would seem that a representative with a business in the range of \$1,000,000 to \$1,500,000 commission should be about 20% and include all the promotional effort. In the range of a \$500,000 business the commission should be 30 to 35% and include all of the promotional effort. For these reasons the rate of the IRE representative seems very high.

Very truly yours,



Charles S. Rich

ELECTRICAL PUBLICATIONS

94
57/60

No. of
Pages

4500

4000

3500

3000

2500

2000

1500

1000

500

ELECTRO-TECHNOL.

ELEC CONST + MAINT

ELECT ENGG

ANNUAL
ADVERTISING
PAGES

1951-1962 (PERS)

ELECT CONST & MAINT.

ELECTRO-TECHN.

ELECT ENGG

28.4

-65.6

-70.1
-45.6

'51

'52

'53

'54

'55

'56

'57

'58

'59

'60

'61

'62

PROBABLE



No. of
Pages

ELECTRIC POWER PUBLICATIONS

0%±
57/60

ELECT LT & PWR

ELECTRICAL WLD

ELECTRICAL WEST

ELECTRICAL ENGR

ADVERTISING
PAGES

1951-1967 (PAGES)

5000

4500

4000

3500

3000

2500

2000

1500

1000

500

'51

'52

'53

'54

'55

'56

'57

'58

'59

'60

'61

'62

PERCENT

ELECTRICAL WORLD

ELECTRIC LT & PWR

ELECTRICAL WEST

ELECTRICAL ENGR.

-40.7

-66.4

-57.3

-65.6

No. of
Pages

ELECTRONIC PUBLICATIONS

90 ±
'57/'62

ELECTRONIC DESIGN

ELECTRONICS

PROCEEDINGS IRE

ELECTRICAL DESIGN NEWS

ANNUAL
PAGES OF
ADVERTISING
'51 - '62 (Projected)

5000

4500

4000

3500

3000

2500

2000

1500

1000

500

'51

'52

'53

'54

'55

'56

'57

'58

'59

'60

'61

'62

ELECTRONICS

PROCEEDINGS
IRE

ELECTRONIC
DESIGN

ELECTRICAL DESIGN
NEWS

-17.7

+44.9

+86.0

-27.8