

2011 FOLIO: B-TO-B CEO SURVEY

Will this year be a return to growth?

by Matt Kinsman

CHART 1: Approximately how much of your organization's revenue do you estimate came from each of these sources in 2010?

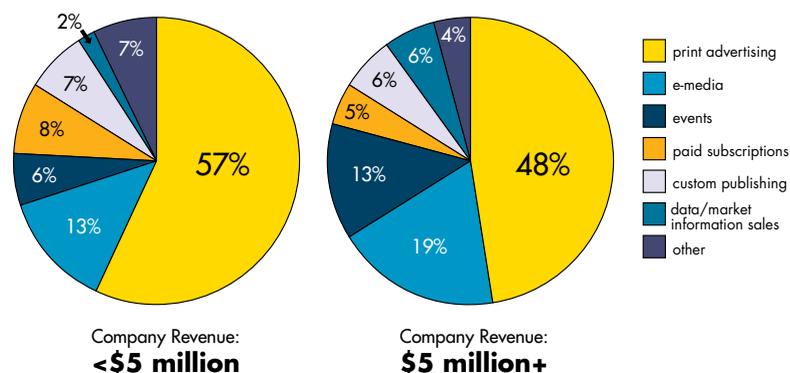
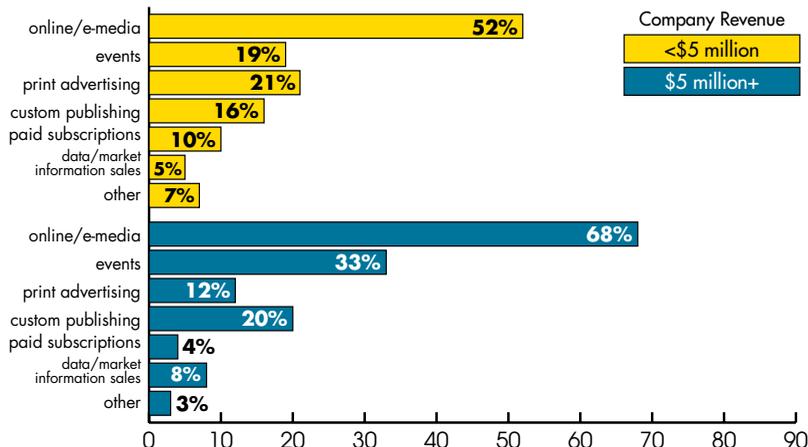


CHART 2: What were the fastest growing parts of your organization's business in 2010?



From 2008 through 2010, many b-to-b publishers were holding on by their fingertips. While the same could be said for a disconcerting number of publishers in 2011, many organizations are anticipating growth and actually investing in areas that warrant it for the first time in years.

Print remains the largest single revenue stream for most b-to-b publishers but continues to decline. In 2010, publishers generating more than \$5 million in annual revenue saw an average of 48 percent of total revenue coming from print, compared to 57 percent for smaller publishers [Chart 1, page 30].

However, e-media was the fastest growing revenue stream last year (cited by 68 percent of larger publishers and 52 percent of smaller publishers). While the event industry was hammered almost as hard as print over the last few years (and event M&A dwindled to almost nothing in the media industry aside from UBM's acquisition of Canon Communications for \$287 million), larger publishers said that was their second-fastest growing revenue stream [Chart 2, page 30]. Most smaller publishers—many of which

CHART 3: Compared to 2010, how do you expect your organization's revenue to change in 2011?

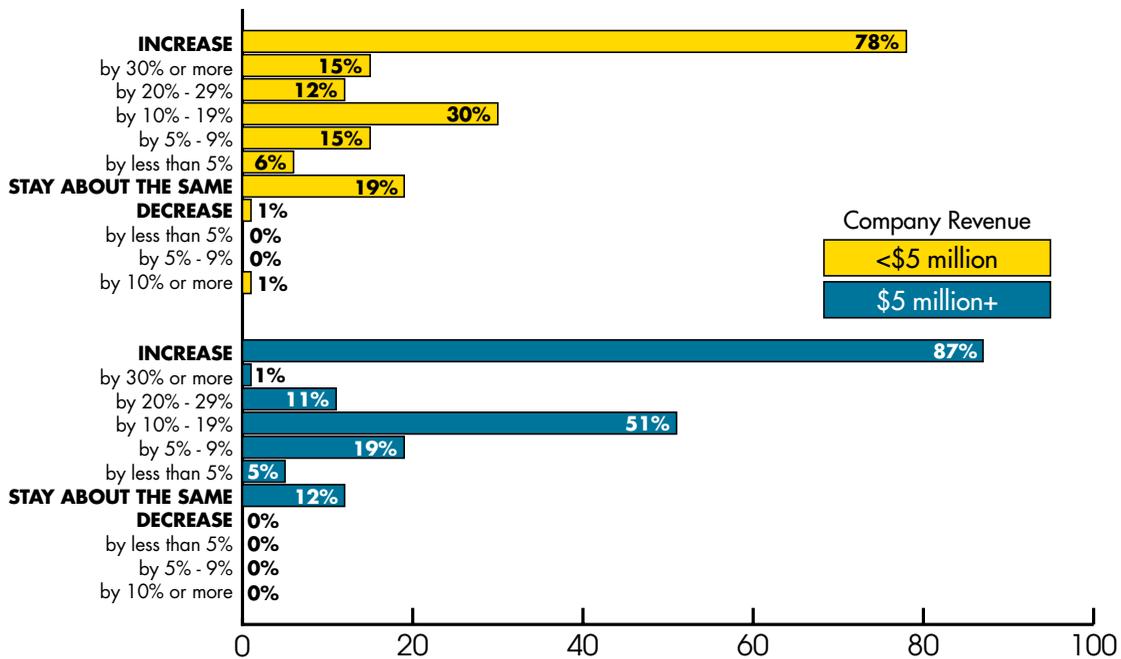
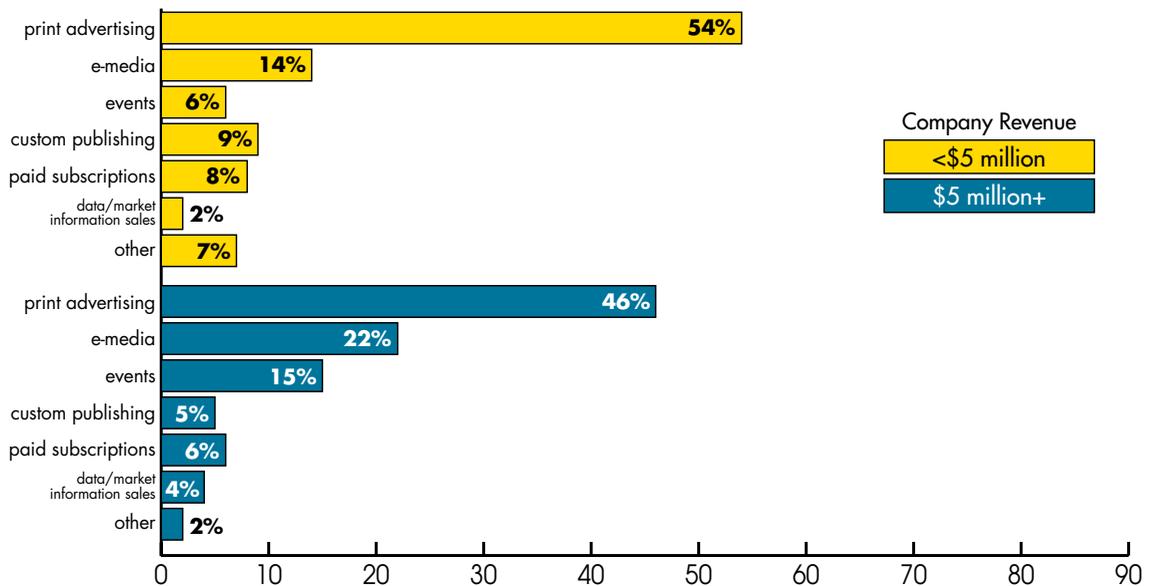


CHART 4: Approximately how much of your organization's revenue do you estimate will come from each of these sources in 2011?



don't have the resources or the audience to build large shows, said print was their second-fastest growing revenue stream last year.

In 2011, 87 percent of larger b-to-b publishers and 78 percent of smaller b-to-b publishers say they expect an

increase in overall revenue [Chart 3, page 31]. The majority of both larger and smaller publishers (51 percent and 30 percent respectively) say they expect a double-digit increase between 10 percent and 19 percent. No larger publishers and just 1 percent

of smaller publishers say they expect overall revenue to decrease this year.

Revenue Ratios

Print will account for 46 percent of revenue for larger publishers and 54 percent of revenue for smaller

CHART 5: From which sources do you anticipate increased revenue for your organization in 2011?

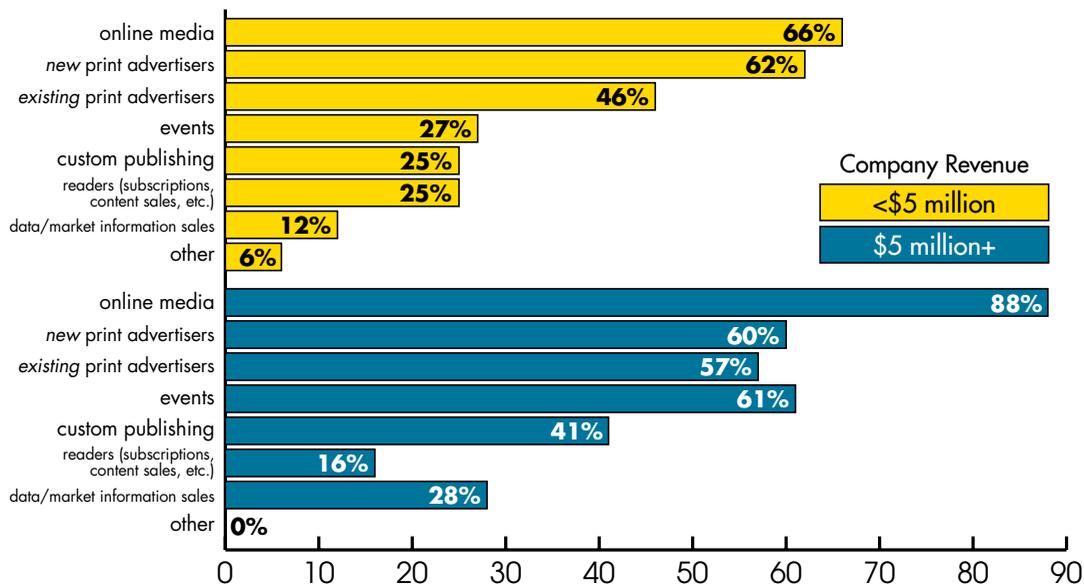


CHART 6: What was your organization's overall profitability in 2010?

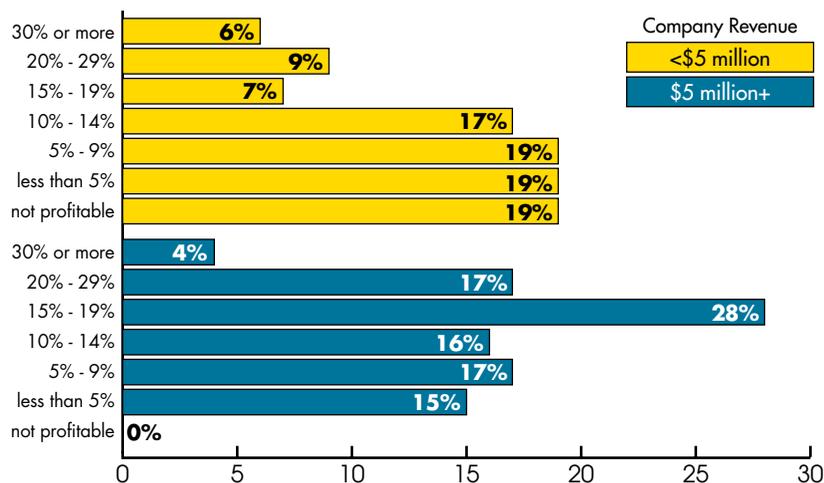
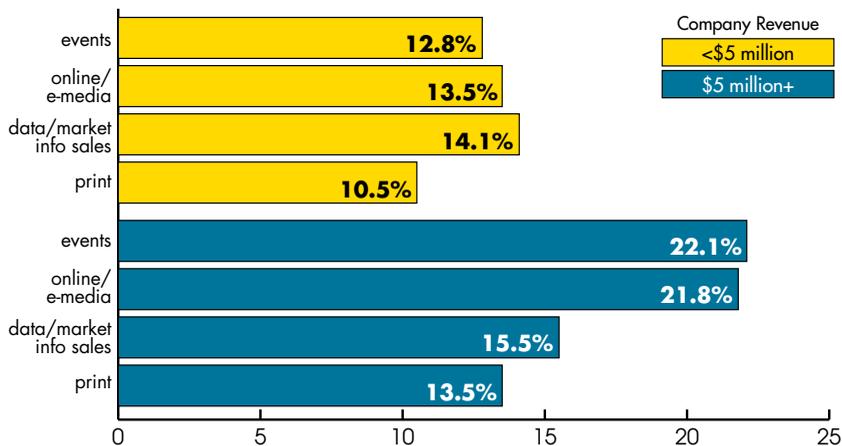


CHART 7: How profitable were each of these areas of your organization in 2010?



publishers this year, while e-media will account for 22 percent for larger publishers and 14 percent for smaller publishers.

When it comes to print, 60 percent of larger publishers say they expect increased revenue from new advertisers (versus 57 percent who anticipate more dollars from existing advertisers), while 62 percent of smaller publishers say they expect more dollars from new print advertisers and 46 percent expect more dollars from existing advertisers.

Expectations for custom publishing and marketing services have jumped significantly. Forty-one percent of larger publishers expect more revenue from custom this year, compared to 25 percent of smaller publishers [Chart 5, page 32].

Profitability

Profits are a different story. While 28 percent of larger publishers say they had a profit margin between 15 percent and 19 percent in 2010 (and zero said they weren't profitable), 57 percent of smaller publishers said their profit margin was between zero and 9 percent [Chart 6,

CHART 8: Compared to 2009, about how much did your organization's operating expenses increase in each of these areas in 2010?

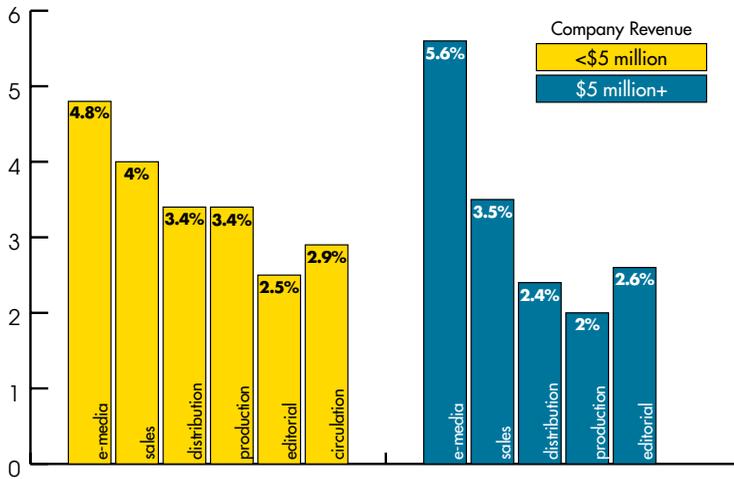
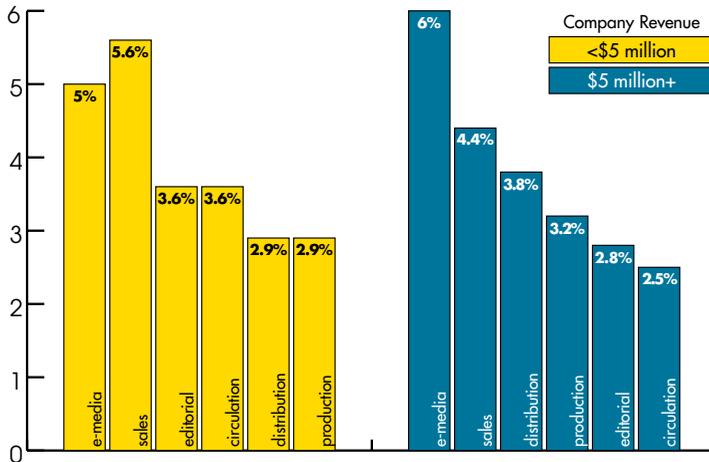


CHART 9: Compared to 2010, about how much do you anticipate your organization's operating expenses will increase in each of these areas in 2011?



page 32]. Events and e-media were the most profitable areas for larger publishers, while data and information sales was the most profitable area for smaller publishers [Chart 7, page 32]. Print was the least profitable area for both large and small b-to-b publishers (13.5 percent and 10.5 percent, respectively).

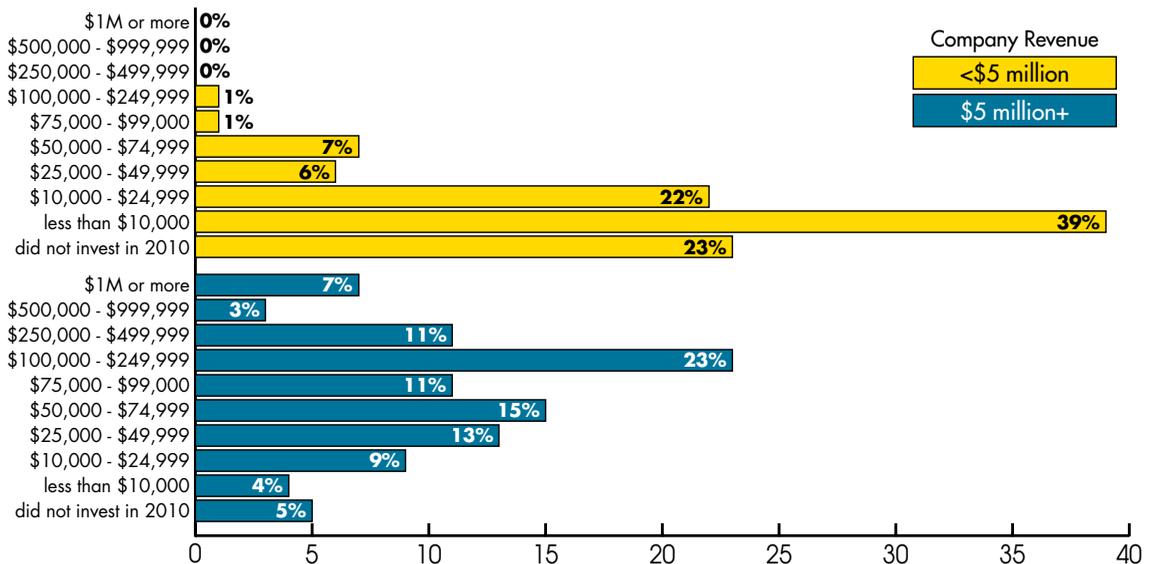
Operating Expenses and Technology Investment

Tech spending on e-media increased for both large and small b-to-b publishers and will again in 2011, according to respondents (larger publishers expect operating expenses to jump 6 percent in e-media, while smaller publishers expect a 5 percent increase).

Larger publishers will see the lowest rise in operating expenses in circulation (followed by editorial), while smaller publishers will see the lowest increase in spending against distribution and production (2.9 percent for each).

Seven percent of larger publishers invested \$1 million or more in new technology last year (while the majority say they spent between \$100,000 and \$249,999. The majority of smaller publishers (39 percent)

CHART 10: How much did your organization invest in new technology in 2010?



say they spent less than \$10,000.

The majority of large publishers spent the bulk of their tech investment on the Web site while smaller publishers spent the most on computer hardware and software.

What's Next

Smaller and larger publishers have many of the same priorities in 2011.

Revenue growth and increasing profitability are the top priorities for both larger and smaller b-to-b publishers in 2011 [Chart 14, page 36] as is increasing the Web business and delivering ROI for advertisers.

Cutting costs remains a top priority for 10 percent of smaller publishers.

Meanwhile, 35 percent of larger publishers plan to launch an online startup while 20 percent expect to launch a new print magazine in 2011 (a fairly high number considering the shift away from print in recent years). Last year, just 12 percent of larger publishers said they expected to launch a new print product. "We're being profitable by

CHART 11: In what one area was your organization's largest technological investment in 2010?

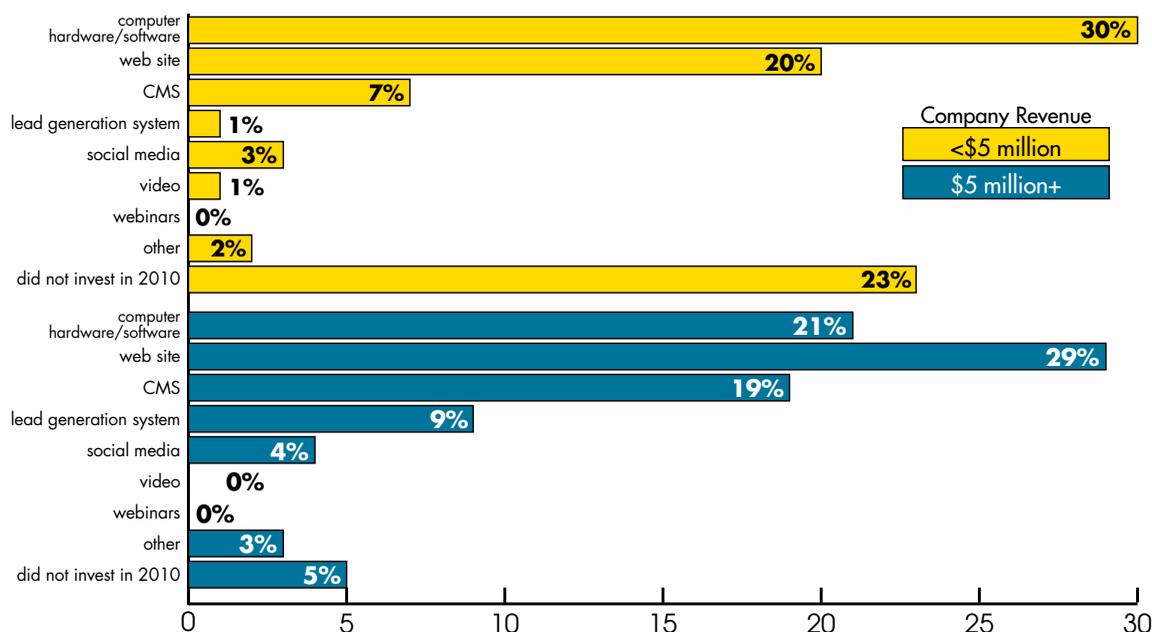


CHART 12: In which of these areas is your organization planning to hire in 2011?

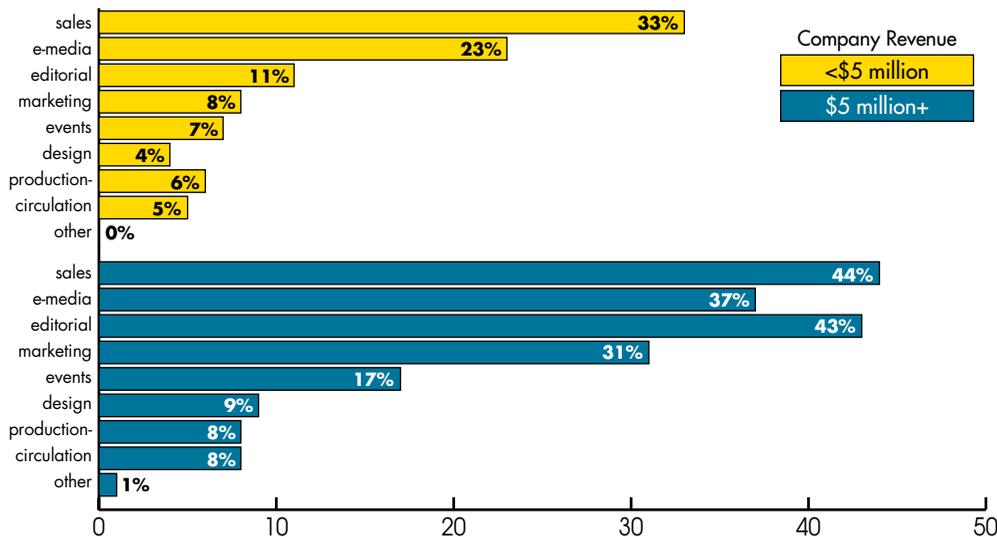
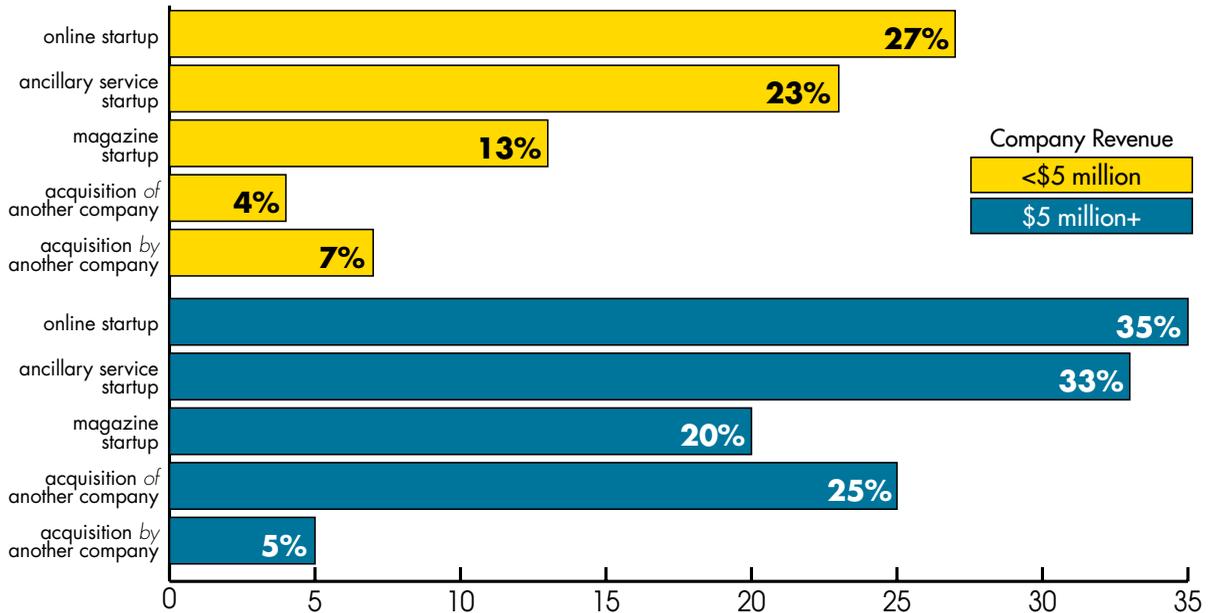


CHART 13: Which of the following changes do you anticipate for your organization in 2011?



growing our smaller publications,” said one respondent.

Meanwhile, 27 percent of smaller b-to-b publishers plan to launch an online startup, while just 13 percent are planning a magazine startup.

When it comes to mergers and acquisitions, 25 percent of larger publishers say they’re looking to buy another company, compared to 4 percent of smaller publishers. Just 5 percent of larger publishers expect to be sold, compared to 7 percent of smaller publishers. ☒

METHODOLOGY

The survey sample of 1,000 was selected by FOLIO and Readex Research from domestic subscribers with executive management titles in b-to-b and consumer publishing. Data was collected via mail survey from January 14, 2011 to February 28, 2011. Results were filtered to include only those who say they are involved in b-to-b publishing. The margin of error based on those 217 respondents is plus or minus 6.2 percent at the 95 percent confidence level.

CHART 14: What would you consider your organization’s top priorities for 2011?

