



On United Nations' Plaza

American Institute of Electrical Engineers

345 EAST 47th STREET ♦ NEW YORK 17, N. Y. ♦ PLaza 2-6800 (Area Code 212)

United Engineering Center

April 19, 1962

Confidential

Mr. N. S. Hibshman
Executive Secretary
American Institute of Electrical Engineers
345 East 47th Street
New York 17, N. Y.

Dear Mr. Hibshman:

Attached is a copy of our sales cost 1956-1961 in comparison with the sales cost of the Proceedings of IRE for the calendar year 1960. Figures for the IRE have been taken from their audited report.

To make our costs comparable, the 2% discount has been added to the net income figures shown in our audited reports and headquarters' rent has been omitted.

There are also costs charged to our advertising which are not usually considered as advertising costs. For example -- according to J. K. Lasser, the cost of the ABC audit is chargeable to circulation; but because we have no similar account, it is charged to advertising promotion. We also absorbed \$3,000 of cost a year to run the Engineering Societies Personnel Service advertising pages and 2 or 3 more pages for EJC. Our promotional expense also absorbed the cost of the display booth at the Coliseum and the complete restyling of the magazine. Naturally, our costs have been very high in the past year due to the lowered net income.

Very truly yours,

Charles S. Rich
Manager of Publications

CSR:sg
Att.

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	<u>ELECTRICAL ENGINEERING</u> <u>Fiscal Year April 30, 1961</u>	<u>PROCEEDINGS OF IRE</u> <u>1960</u>
Gross Income	\$405,093	
15% agency commission		
2% Discount		
Net Income	\$339,551	\$1,419,962.58 ^{includes} +2% disc. ?
Commissions - PIRE		334,020.61
Special Promotion Expense	\$ 31,348	97,174.93
Discount 2%	6,250	23,488.48
Stationery & Supplies	502	
Telephone & Telegraph	4,845	
Travel	12,511	
Salaries	91,308	
Rent - Chicago & Cleveland Offices	<u>1,500</u>	
	\$148,264	\$ 454,684.02
	$\frac{\$148,264}{345,801} = 43\%$	$\frac{454,684}{1,419,962} = 32\%$

	<u>1960</u>	<u>1959</u>	<u>1958</u>	<u>1957</u>	<u>1956</u>
Net Income	\$429,280	\$414,655	\$414,580	\$534,861	\$407,265
2% disc. on 95% of net	<u>10,050</u>	<u>7,875</u>	<u>7,860</u>	<u>10,160</u>	<u>7,740</u>
	\$439,330	\$422,530	\$422,440	\$545,021	\$415,005
<u>ELECTRICAL ENGINEERING</u>					
Sales Cost Total	\$137,685	\$145,480	\$147,412	\$115,377	\$ 65,568
Sales Cost - Per Cent	31.3%	34.2%	35.6%	21.2%	15.8%

TOTAL PAID PAGES OF ADVERTISING

CALENDAR YEARS 1955-1961

<u>ELECTRICAL ENGINEERING</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>Per Cent Decline Since 1956</u>
Product	760	846	950	757	651	568	418	50.6%
Recruitment	<u>132</u>	<u>330</u>	<u>247</u>	<u>119</u>	<u>159</u>	<u>90</u>	<u>43</u>	<u>87.0%</u>
	892	1176	1197	876	810	658	461	60.9%
PROCEEDINGS OF IRE*	2037	2417	2400	1866	2369	2058	1675	30.7%

	<u>ELECTRICAL ENGINEERING</u>		<u>PROCEEDINGS OF IRE*</u>	
	<u>First Quarter</u>		<u>First Quarter</u>	
	<u>1961</u>	<u>1962</u>	<u>1961</u>	<u>1962</u>
Jan. pages	46	33	142	103
Feb. "	33	27	126	105
March "	<u>49</u>	<u>36</u>	<u>325</u>	<u>294</u>
	128	96	593	502
Per Cent Decline		25%		15.35%

*As reported in Industrial Marketing

Advertising decline has been more severe in the heavy industries (Power) than the electronic industries. In ELECTRICAL ENGINEERING, over 70% of the advertising is in the power field.

In a decline, society publications go down more than trade publications and power publications more than electronic publications. For example:

	<u>Total Pages</u>		<u>Per Cent Decline</u>
	<u>1960</u>	<u>1961</u>	
11 Society Publications	11,585	9,410	-18.8
9 Trade Power Publications	14,755	12,678	-14.1
7 Electronic Publications	16,857	15,201	-9.8

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