

(8.4)

MEMORANDUM

To: Mr. N. S. Hibshman

March 7, 1962

From: Charles S. Rich

Re: Secretary Brasher Inquiry

Attached is a tabulation which shows comparison of advertising volume with gross national product and new plant and equipment from 1956-1961. While the gross national product was good in 1961, consumer publications were still showing a considerable loss in page volume. 1958 was the low year in expenditure for new plant and equipment. In this year, most of the society publications and industrial publications took an appreciable drop in advertising volume. Expenditures for new plant and equipment increased after 1958; but society and industrial publications continued to show a decline in advertising volume with the exception of a few electronic publications in the years 1959 and 1960. For these reasons, it is necessary to look toward other reasons for the decline in volume.

The summary at the bottom of Table II shows that in a period of advertising decline society publications go down more than the commercial publications and trade power publications (heavy industry) have gone down more than electronic publications.

In connection with the decline in consumer advertising the Gallagher Report of January 22 points out that this has been due to a vicious spiral. Ad rates have been raised to meet rising costs; circulations have been boosted to justify raising of ad rates; and rates are raised again to meet the costs of added circulation. Publishers should have concentrated on increasing volume of advertising and number of accounts; whereas advertising managers cried for more circulation so that they could raise ad rates and boost revenues the easy way. Revenues went up but costs went up higher and advertising volume went down.

In the case of ELECTRICAL ENGINEERING which is rated fifth in effective circulation in the utility market (heavy industry) and ninth or tenth in the electronic market, it is natural that we would go down more than the number one publications, blanketing those markets. As pointed out in the Gallagher Report of January 29, 1962, "Significant development during times of cut back advertisers stick with leading publications in the field and drop secondary publications." The situation in Great Britain is probably quite different and the publications of the Institution of Electrical Engineers may be the leading publications over there.

CSR:sg
Att.: 2 Tables

Charles S. Rich

9.49, 436

TABLE I.

COMPARISON OF ADVERTISING VOLUME WITH GROSS NATIONAL PRODUCT AND
NEW PLANT AND EQUIPMENT

	1956	1957	1958	1959	1960	1961
Gross National Product (billions)	\$ 419.2	\$ 442.8	\$ 444.5	\$ 482.8	\$ 504.4	\$ 521.2
New Plant and Equipment (billions)	\$ 35.08	\$ 36.96	\$ 30.53	\$ 32.54	\$ 35.68	\$ 34.50
"Electrical Engineering" (Gross Billings)	\$593,064	\$680,318	\$512,938	\$511,545	\$439,214	\$317,135
Per Cent decrease in dollar volume	--	+14.7%	-13.5%	-15.8%	-26.0%	-46.5%

Ten Leading Magazines	Ad Pages	Per Cent 1956 vs.		Per Cent 1960 vs.	
		Ad Pages	1960	Ad Pages	1961
Business Week	5,864	4,872	-16.9	4207	-13.6
New Yorker	4,937	5,315	+ 7.8	5133	- 3.4
Life	4,655	3,360	-27.7	3158	- 6.0
Saturday Evening Post	3,508	2,788	-20.5	2071	-25.7
Time	3,450	2,959	-14.2	2505	-15.3
Newsweek	3,251	2,877	-15.9	2465	-14.3
U. S. News and World Report	3,204	2,836	-11.5	2427	-14.4
Fortune	2,034	2,242	+10.2	1867	-16.7
Vogue	1,799	1,846	+ 2.6	1561	-15.4
Better Homes & Gardens	1,651	940	-43.0	746	-20.6
Society & Industrial Publications (decline in page volume)		First 9 mos.			
Civil Engineering, ASCE		- 1.6%	- 1.0%	0.0%	- 8.0%
Mechanical Engineering, ASME	0.00%	-27.5%	-13.6%	- 8.2%	-22.6%
Electrical Engineering, AIEE	+ 25%	-26.6%	- 7.6%	-12.0%	-30.0%
Aero-Space Engineering, IAS		-40.0%	- 8.1%	-20.0%	-44.2%
Proceedings of IRE	- 0.7%	-22.2%	+28.6%	-13.1%	-18.3%
Electronics	+ 1.5%	-16.1%	+14.3%	+ 1.3%	-10.7
Electronic Design		+ 1.2%	+40.0%	+12.6%	- 9.1%
Control Engineering		-21.3%	+22.8%	+ 0.1%	- 8.0%
Electro-Technology		-22.8%	- 6.7%	- 6.1%	-22.8%
Electric Light & Power	+ 8.8%	-24.4%	- 8.2%	-14.2%	-23.8%
Electrical World	+ 3.1%	-17.3%	+ 1.6%	- 9.2%	-16.6%

TABLE II.

DECLINE IN ADVERTISING VOLUME, JANUARY-NOVEMBER
1960 vs. 1961

	Pages 1960	Pages 1961	Per Cent Increase or Decrease
<u>SOCIETY PUBLICATIONS</u>			
Civil Engineering, ASCE	843	780	- 7.5%
Chemical Engineering Progress, AIChE	868	780	-10.3
Mechanical Engineering, ASME	1,119	859	-21.8
Mining Engineering, AIME	441	399	- 9.5
Proceedings of IRE	1,923	1,563	-18.7
S.A.E. Journal	1,052	861	-18.2
Metal Progress, ASM	1,717	1,400	-18.5
ISA Journal	637	530	-16.8
The Tool Engineer, ASTE	1,954	1,587	-18.8
Aero-Space Engineering, IAS	395	223	-43.5
Electrical Engineering, AIEE	636	428	-32.7
<u>POWER PUBLICATIONS</u>			
Electrical Construction & Maintenance	1,925	1,684	-12.5
Electrical Design News	1,556	1,703	+ 9.4
Electro-Technology	2,131	1,648	-22.7
Electrical World	3,506	2,927	-16.5
Electrical South	787	672	-14.6
Electrical West	904	723	-20.0
Power	1,824	1,551	-15.0
Electric Light and Power	1,227	919	-25.1
Automation	895	851	- 4.9
<u>ELECTRONIC PUBLICATIONS</u>			
Automatic Control	518	470	- 9.3
Electronics	4,605	4,129	-10.3
Electronic Design	4,846	4,344	-10.3
Proceedings of IRE	1,923	1,563	-18.7
Control Engineering	1,495	1,380	- 7.7
Telephony	2,185	2,067	- 5.4
Telephone Engineer	1,285	1,248	- 2.9

SUMMARY

From above society publications go down more than trade publications and power publications more than electronic publications.

Society Publications	11,585	9,410	-18.8
Trade Power Publications	14,755	12,678	-14.1
Electronic Publications	16,857	15,201	- 9.8