

Digital revenue in 2008

For leading magazine publishing companies

% OF '08
AD REVENUE

		% OF '08 AD REVENUE
MARTHA STEWART	Martha Stewart Living Omnimedia declined to participate in this report. But its filings with the Securities and Exchange Commission through Sept. 30 reported print ad revenue of \$71.4 million and digital ad revenue of \$8.6 million. We used those figures to calibrate a fourth-quarter print-ad-revenue estimate from Publishers Information Bureau and arrive at \$11 million for '08 digital revenue; 10% of estimated print and digital ad revenue. That's probably an underestimate though; co-CEO Wenda Harris Millard recently called the fourth quarter "high season" for ad sales. And based on '07's fourth-quarter, we think she's right. So we adjusted for that and got to \$14 million.	12% \$14 MILLION
TIME INC.	Time Warner revealed in a recent SEC filing that Time Inc. collected 10% of its ad revenue from digital, and broke out Time Inc.'s ad revenue for '08's first three quarters. We used new PIB estimates of fourth-quarter print ad revenue (calibrated downward in proportion with the difference between the actual figures and PIB estimates for the earlier period) to arrive at \$2.45 billion in print ad revenue. Taking 10% of that produced our \$245 million estimate.	10% \$245 MILLION
HACHETTE	Hachette Filipacchi Media U.S. declined to participate, but said in '07 that it would generate more than 10% of its '08 revenue from digital. That includes circ revenue, digital properties unattached to magazine brands and other factors that complicate estimates. But we used that 10% figure and PIB's print ad revenue estimate (adjusted downward, 30% for most, to account for discounts) to get to \$118 million. That may overstate, though. Ad Age's Media 100 estimated its '07 total revenue at \$531 million, which suggests digital is closer to \$53 million.	LESS THAN 10% \$118 MILLION
RODALE	Rodale, publisher of Men's Health and Prevention, gave us the 9% figure we needed to work backward from adjusted PIB print ad revenue and get a \$39 million estimate. Several magazines also have fee-based online clubs, such as the Fit Coach club from Women's Health. Rodale Inc., which includes book publishing and other units, said it gets 40% of digital revenue from e-commerce.	9% \$39 MILLION
MEREDITH PUBLISHING	Meredith said it gets 6% to 8% of its magazine ad revenue from digital, so we called it 7% and started working through the SEC filings. Using PIB to estimate ad revenue in the fourth quarter (official results have not been filed) and attempting to separate out Meredith's broadcast division, which also sells internet ads, we estimated Meredith publishing got \$90 million in digital ad revenue.	7% \$90 MILLION

HEARST MAGAZINES

Hearst told us that digital contributed 6.5% of its magazines' total ad revenue last year. Using an adjusted PIB estimate, a little algebra produced an estimate that Hearst titles collected \$124 million in digital ad revenue last year. Hearst said it expects to get 8% of its magazine ad revenue from digital in 2009. Hearst publishes titles such as Cosmopolitan and Esquire.

6.5%

\$124
MILLION

BONNIER

The 5% figure from Bonnier and our adjusted PIB revenue estimate delivered a \$27 million estimate. Our calculation, and PIB's Bonnier ad figures, appear generous. Bonnier's web site boilerplate says it has "more than \$350 million in annual revenue"; that figure includes ad and circ revenue; 5% of \$350 million would be only \$17.5 million.

5%

\$27
MILLION

WENNER

Wenner has just now, in '09, brought in a chief digital officer. RollingStone.com is operated under license by Real Networks, which pays Wenner a fee. That may change when the contract expires at the end of 2010. For now, we took Wenner's own 5% figure—treating the Real payments as ad revenue—and calculated our estimate using adjusted PIB print ad revenue figures.

5%

\$22
MILLION

AMERICAN EXPRESS

We used the company's 4% figure and adjusted PIB estimates to arrive at \$11 million in 2008 digital revenue for the company. American Express Publishing's titles include Departures, Travel & Leisure and Food & Wine.

4%

\$11
MILLION

CONDÉ NAST

The Newhouse family's publishing empire loves print so much that it whacked plenty of digital staff when it implemented its recent budget cuts. It wouldn't ballpark the contribution from digital ad revenue, but current and former company executives said 3% of overall revenue is a fair figure. Again turning to PIB print-ad-revenue estimates, but adjusting downward by a more modest 10% to reflect Condé's relative discipline at maintaining rates, we calculated that it may have collected as much as \$104 million from digital last year. Don't read too much into that relatively big number: Adjusted PIB puts Condé's print ad revenue at \$3.3 billion in 2008. And former insiders said the digital dollar revenue was close to half of our estimate here.

3%

\$104
MILLION

BAUER PUBLISHING

Bauer never made the mistake of emphasizing ad pages to the detriment of circulation profits; on the contrary, newsstand sales are its lifeblood. That's begun changing a bit as the company uses its big newsstand circulations to lure advertisers. But Bauer, publisher of titles such as In Touch Weekly, still doesn't want websites sapping print retail sales. Last summer it introduced a teen humor site, at 4TNZ, but it still gets a negligible amount of ad revenue from the web.

0%

\$0