

AMERICAN BUSINESS MEDIA

The Association of Business Media Companies

ABM Brand Extension Committee

Case Study Spotlights

This series of case studies explores how B2B media companies are growing their businesses through brand extension projects.

Topic: International Licensing & Partnering

The Opportunity: International Licensing & Partnering refers to arrangements through which B2B publishers will license use of a product brand to a foreign publisher for the purpose of producing an international product version.

The benefits of international licensing & partnering include: creating additional revenue streams from an existing brand; extending a brand globally; enhancement of domestic brand; ability to cross-sell advertisers into international markets; improve market position versus domestic only competitors; enhanced concept development opportunities.

Case Study # 1 – Aviation Week Group licenses branded content to China’s *International Aviation* magazine and creates a sales agreement.

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Background: Aviation Week Group is comprised of 50 products with a world-wide paid circulation of over 104,000 (not including *International Aviation* China). *Aviation Week* is recognized as a leading brand in the aviation, aerospace and defense publishing markets. During the late ‘80’s the growing importance of the Chinese aviation, and aerospace markets became apparent to industry and the media. With the encouragement of several large advertisers including, GE, Boeing, and Air Bus, McGraw Hill initiated a licensing/partnership arrangement with an existing Chinese aviation publication.

Objective: Aviation Week Group was interesting in penetrating the emerging Chinese aviation market. By forging a relationship with China’s *International Aviation* magazine, published by the Chinese Government with a paid circulation of 50,000 in China and a 48 year history, the Aviation Week Group was able to penetrate the Chinese market from

the inside without the financial risk of launching a new foreign edition. The relationship allowed Aviation Week Group to significantly increase revenues by gaining access to a new market.

Execution: Under the licensing agreement, *Aviation Week's* logo appears on the cover of *International Aviation* magazine, all licensed content also appears under the *Aviation Week* brand. *Aviation Week* does not collect revenue for content or licensing of its logo, however, they do receive the right to sell advertising to appear in *International Aviation*.

Aviation Week Group, with its global marketing and sales team sells all advertising originating from outside China, keeping a substantial, agreed upon percentage of advertising revenue and remitting the rest to *International Aviation*. *International Aviation* receives the advertising files and is responsible for translating any English-only advertising into Mandarin.

International Aviation editors select *Aviation Week* editorial to be published, but *Aviation Week* retains final approval of what content appears under its name. This process is carefully monitored by *Aviation Week* to ensure editorial priorities are met. *International Aviation* is responsible for translating all content to appear in *International Aviation*. Content is published in both English and Mandarin.

What started as a quarterly publication of *Aviation Week* content in *International Aviation* 16 years ago has now grown to a monthly publishing schedule.

Publisher's Platform Advantage: The extraordinary reputation of the *Aviation Week* brand as well as McGraw Hill's global marketing network was what attracted *International Aviation* to the project. *International Aviation* was convinced that the addition of *Aviation Week's* content would enhance their product, and that the McGraw Hill sales team would provide advertising contracts they otherwise would not have gotten.

Execution Lessons Learned: Patience, perseverance and confidence with a blend of humility are required to enable a long-term relationship and success in the Chinese market. If looking for a short-term relationship, stay out of China.

To avoid delays and uncertainty, it is important to control the billing/collection process domestically.

Expectations: It was expected that this relationships would provide additional profits to the Aviation Week Group. It has been profitable for the past 12 years and now accounts for a substantial revenue source.

Summary and Future Plans: The relationship with *International Aviation* has been a highly successful brand extension for the Aviation Week Group. Future plans include the development of partnership conference with exhibits and sponsorships which is

scheduled to launch this fall. The partnership conference will include exhibitors and sponsors from outside as well as inside China, a testament to the growth of the Chinese aerospace market.

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Case Study # 2 – Establishing *Solid State Technology* in Taiwan

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About PennWell: Headquartered in Tulsa since 1910, PennWell is a highly diversified media and information company providing 45 print and online publications, 50 conferences and exhibitions, research, databases, Internet-based services and other information products to strategic global markets. These markets include oil and gas, electronics, semiconductor manufacturing, lasers, communications, computer graphics, information technology, control technology, electric power, water and waste-water management, fire services and dental practices. PennWell has additional offices in Nashua, New Hampshire; Seattle, Washington; Fair Lawn, New Jersey; Campbell, California; Providence, Rhode Island; London, England, Schwabisch Gmund, Germany, and Hong Kong.

Solid State Technology, published monthly by PennWell, is a magazine for the semiconductor industry. Founded in 1958, it has more than 41,000 subscribers, including engineers, operators and managers in semiconductor manufacturing plants, suppliers of tools and materials for these plants, and researchers. It provides news and analysis about the latest technologies affecting semiconductor manufacturing.

Background: In 1997, Asian Projects Inc. was approached by PennWell to find global partners for *Solid State Technology* magazine. At the time, the gravitational center for semiconductor manufacturing was quickly shifting from the U.S. and Japan to other manufacturing areas in Asia. The obvious first step was Taiwan. During the late 1990's, Taiwan had emerged as major powerhouse in the global chip-making industry. U.S. makers of machinery, equipment and other resources used in semiconductor manufacturing badly wanted to reach managers and engineers at these Taiwanese factories. But there was no magazine in Taiwan aimed specifically at them.

PennWell was initially undecided about whether to enter Taiwan by licensing *Solid State Technology* or by establishing a wholly owned subsidiary. Asian Projects recommended the licensing route because it was low risk, low cost and allowed the company to get into the market almost immediately, ahead of its competitors.

Execution: Working closely with PennWell, an Asian Projects consultant made several trips to Taiwan to find suitable partnership candidates to publish a Chinese-language edition of *Solid State Technology*. PennWell eventually chose Arco Infocomm Publishing, a division of Ace Group (<http://www.acegroup.com>). Arco was already publishing several high-tech magazines in Taiwan and seemed eager to gain access to strong technology content and to ally itself with an internationally known brand in the semiconductor industry.

Asian Projects then helped PennWell structure and negotiate a multiyear agreement. The licensing fee for the venture was pegged to an increasing percentage of the Taiwanese magazine's overall advertising revenues.

The first year of the licensing venture was hard work for both sides of the partnership. Asian Projects helped facilitate cross-cultural communication, which was critical to insuring that the launch was successful. The potential for miscommunication involved much more than language because magazine publishing in Taiwan is very different from in the U.S., in almost every aspect, including circulation, ad sales, promotion and editorial. As part of the licensing agreement, PennWell provided training to Arco to insure that publishing standards of *Solid State Technology Taiwan* matched those of the parent publication.

The partnership between PennWell and Arco was profitable for both sides from the outset. Within a few months of signing the agreement, Arco launched a Chinese-language edition of *Solid State Technology Taiwan*, based largely on PennWell content, first as a bimonthly and later expanded to eight times a year. Arco editors in Taiwan added valuable local content. PennWell also became the exclusive advertising sales agent for *Solid State Technology Taiwan* outside Taiwan, and Arco became the exclusive advertising sales agent in Taiwan for the U.S. edition of *Solid State Technology*

Benefits: *Solid State Technology Taiwan*, which recently celebrated in its fifth anniversary, gave *Solid State Technology's* U.S. customers access to a vital overseas market. As a result, the partnership has greatly enhanced the prestige and international cachet of the U.S. edition. By taking the licensing route, rather than trying to launch a wholly-owned edition, PennWell was able to see measurable results almost immediately.

Today, *Solid State Technology Taiwan* is widely regarded as the most influential semiconductor manufacturing magazine in Taiwan, and it contributes regularly to PennWell's bottom line. What began in 1997 as a first tentative step in globalization has evolved into a steady international revenue stream for PennWell. The partnership in Taiwan – and the business model on which it is based – has also led to other profitable

partnerships for a number of PennWell properties with locally-based publishing partners in China, Korea, Taiwan, Hong Kong, Japan, Russia and Italy, including a *Solid State Technology China*, launched in 2001.

Future Plans: The current decade is seeing another shift in the global center for semiconductor manufacturing – this time to China. The market for new semiconductor manufacturing equipment and materials in China was estimated at US\$1.2 billion in 2003 and is still growing. China is now clearly the most important overseas market for suppliers to these factories from the rest of the world. Look for *Solid State Technology China*, now published bimonthly, to dramatically expand its publishing activities in 2005.