

Roy Morgan

— International —

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The Power of Newspaper Editorial & Advertising

Country Press Association
106th Annual Conference
at Parliament House NSW
October 26, 2006

Presented by
Michele Levine, Chief Executive
Gary Morgan, Executive Chairman
Roy Morgan Research Pty Ltd
Melbourne, Australia

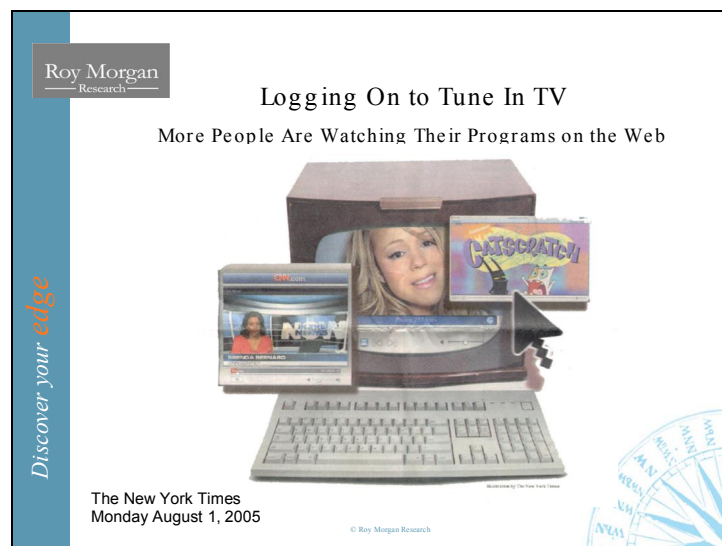
We are today at the convergence or crossroads of two revolutions:

- the technological revolution, epitomised by Google – borderless, without boundaries or barriers;
- the cultural revolution – barriers and boundaries everywhere – communities that are almost fortress-like in their ability to lock out those who don't belong. There are examples everywhere – 'tribes' in football, cliques at school, 'clubs', opera buffs, Harley Davidson fans, art lovers, students, professors, mothers in mothers club, alumni, etc.

Media and communications are intrinsically intertwined with these two revolutions, powering them and at the same time, being drawn in and teased out.

At the heart of the crossroads is the consumer – a consumer increasingly in control or at least increasingly taking control.

Today we see television coming to us through computer screens (New York Times August 1, 2005).



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We see advertising through mobile phones (Wall Street Journal on-line, August 22, 2005) and Advertisers being turned into content producers (AdAge.com online August 23, 2005).

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Discover your edge



This billboard in a London train station sends related material to Bluetooth cell phones.


The Wall Street Journal online
Aug 22, 2005

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Discover your edge

TURNING ADVERTISERS INTO CONTENT PRODUCERS

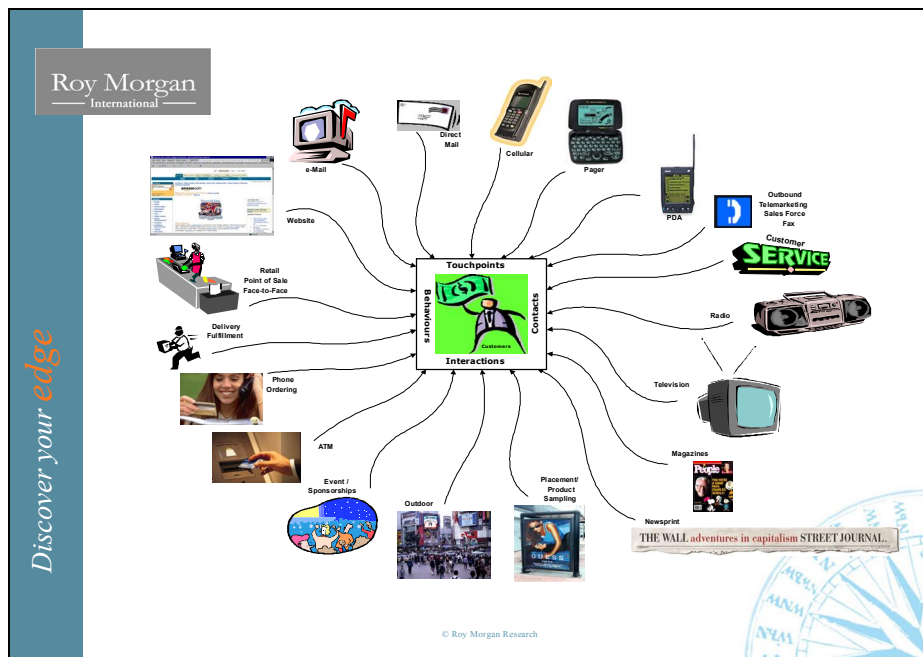


NEW YORK – Two niche cable networks are finding marketing bucks in one of advertising's hottest trends: turning the advertiser into content producer.

Source: **AdAge.com ONLINE EDITION**
Aug 23, 2005

© Roy Morgan Research

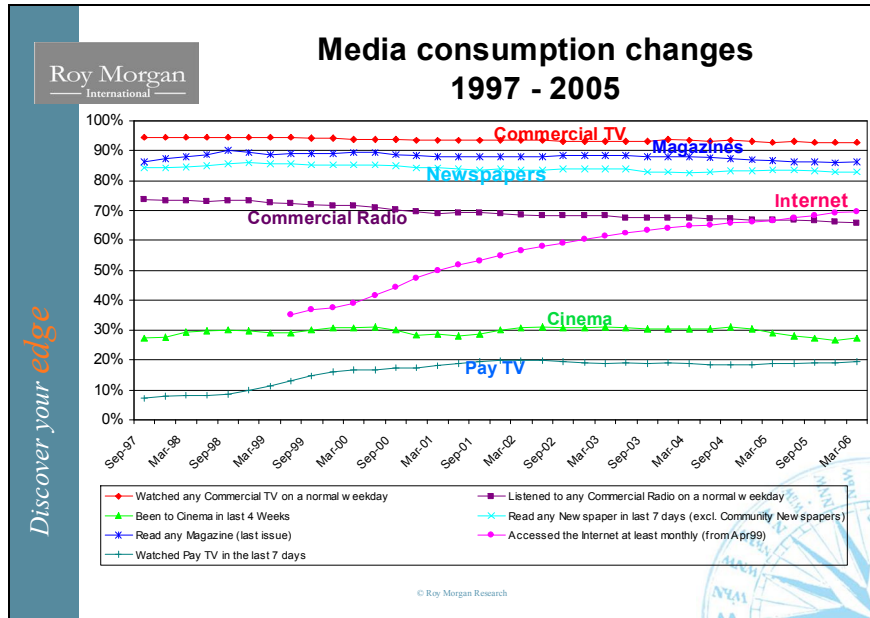
So many communication channels.



Not so long ago, if you wanted to introduce a new product or brand into the marketplace, you could almost guarantee to reach 90% of Australia's population by doing a Sunday Night "Road block" – that is, advertise at the same time on Channel 7, 9 and 10 during the Sunday night movie.

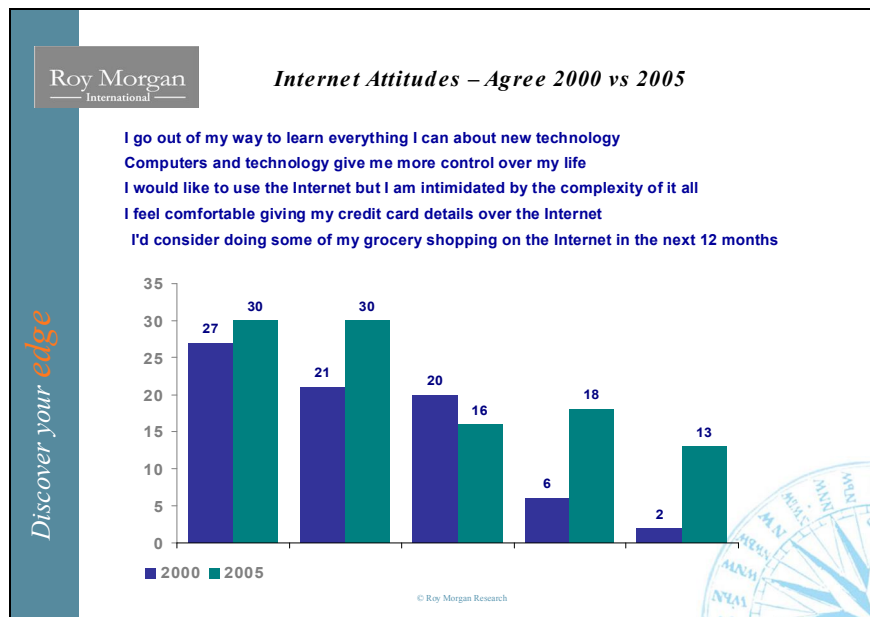
Then came the Internet, Pay-TV, DVDs, PlayStations, Palm Pilots, I-pods, etc. The last 10 years have seen dramatic change in media – predominantly focused on Internet take-up.

Internet has resulted in a net reduction in a whole range of activities.

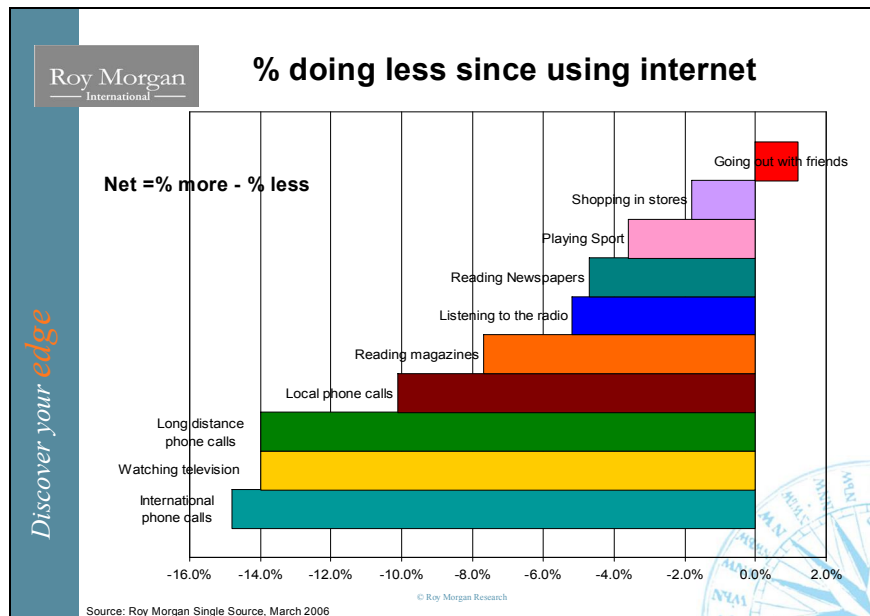


Increased comfort with the technology is obvious – with substantially more Australians now agreeing:

“Computers and technology give me more control over my life.”
“I feel comfortable giving my credit card details over the Internet.”



The channels to the consumer are now greater than ever before and increasing faster than ever.



We are pleased that you have invited us here today to talk about newspapers. It has forced us to go back and revisit the lessons learned many years ago. We've come full circle, and there is some wonderful news for newspapers.

1940s – 1950s

In the 1940s and 1950s, Roy Morgan, under the direction of Sir Keith Murdoch, conducted many surveys for The Herald and Weekly Times, Associated Newspapers, News, Advertiser, etc. The studies focussed on understanding reading preferences and behaviour.

The following examples show just some of the learnings from those times¹.



On the front page of The Sun, Melbourne, Wednesday May 1, 1946: The headline “Plot to kill MacArthur” was read by 100% of readers – male (red) and female (blue). The “Surprise Senate Move” was read by 100% of males but only 56% of females.

The picture at the bottom left hand corner was looked at by 93% of male readers and 94% of female readers.

At first glance, it looks as though the further down the page, the lower the reading levels. This is not a general phenomenon as we’ll see later.

¹ Source: Archival material from The Roy Morgan Research Centre Pty Ltd.



The Sun, Saturday November 17, 1945, demonstrates the interest in **local news**.

A small article, tucked away in the right hand column, "Tram stop talks postponed" was read by 65% of male readers (20% of female readers).

Again, it's clear the pictures are noted by large proportions of readers.

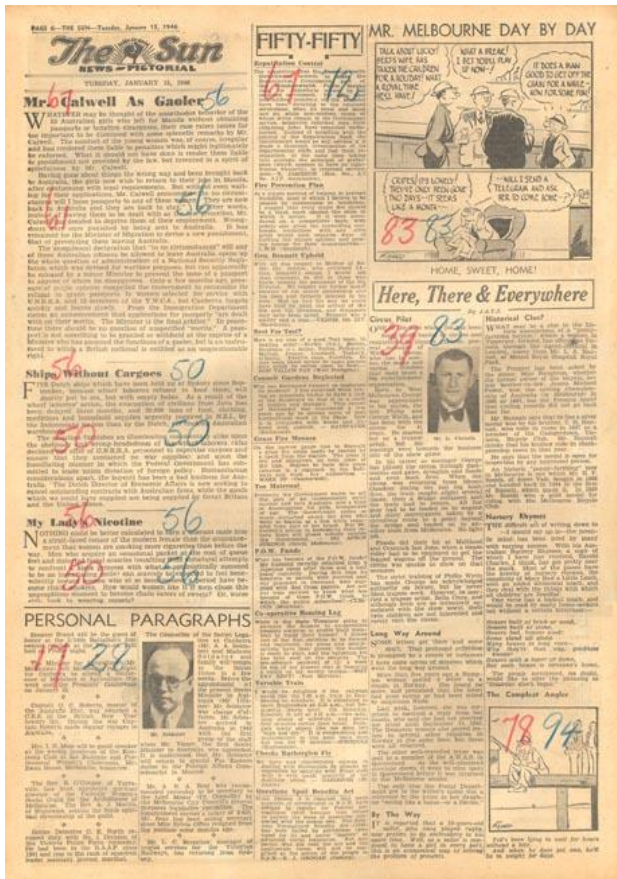


Page 6 of The Sun, Wednesday April 3, 1946, shows cartoons have strong appeal among "Artisan" (blue collar) readers. (High readership of cartoons is still true today.)

The cartoon, "Mr. Melbourne Day by Day" was read by 96% of male readers and 88% of female readers.

Even the tiny "Sleepwalker" cartoon at the bottom of the page was read by 92% of male readers and 60% of female readers.

If we now look at the Editorial on this page, female readers were consistently more likely to read the Editorial than were male readers.



If we look at the Editorial on Page 6 of The Sun, Tuesday January 15, 1946, we see male readers higher than female readers for most parts of the Editorial. It would seem people will look to the Editorial, but will only read the topics which interest them, and not surprisingly, different things interest different people.

This page also shows high levels for Artisan (blue collar) readers of FIFTY-FIFTY (letters), 67% of male readers and 72% of female readers.

This "letters" reading is particularly interesting. We tend to think of interactivity as a recent, or even new phenomenon. This data from 1946 suggests that feedback, the opportunity to have your say, or hear what others like you have to say, is perennial.

If we now look at two J Kitchen & Sons soap ads – we see one for Velvet Soap on Page 9, read by 6% of male readers and 6% female readers, and one for Lux on Page 19 which was read by 17% of male and 39% of female readers – the highest on the page (The Sun, Tuesday January 15, 1946).



From an editorial perspective, at face value, this example is less than interesting. However, there are several important myths exploded here – of relevance for both editorial and sales:

- (a) The later page (page 19 of page 9) did **not** receive less reading;
- (b) A soap ad can attract interest with the right “creative” picture;
- (c) The top of the page is better for attracting attention.

We now come to an early newspaper-inserted (magazine) supplement – The Sun Women’s Magazine – Wednesday April 3, 1946. At least the front page of this supplement was read by 84% of female readers and 46% of male readers.



It is important to note that a newspaper-inserted (magazine) supplement, like any article or component of a newspaper, will not be read by everyone – and that those who choose to read it may have a different profile from the total reader base.

This is relevant for some of today’s newspaper-inserted magazines such as The Weekend Australian Magazine which has **more** readers than The Weekend Australian (To March, 2003: 927,000 readers of 910,000 readers); and more female readers.

Other newspaper-inserted magazines also have **fewer** readers than the newspaper which carries them.

The data also shows evidence that different subgroups in the community have different degrees of interest in various topics. For instance, “MONEY MARKETS, MINING” on Page 17 of The Sun, Tuesday February 5, 1946, was of much greater interest to the “Better off” people than “Artisans” (blue collar), Page 23 of The Sun, Saturday June 22, 1946 – see all the zeros!

But note the cartoon at the bottom of the page achieved 75% of male and 71% of female artisan readers.

The same page, “MONEY MARKETS, MINING” on Saturday June 1, 1946, did achieve interest from Artisans, with the headline “General Motors – Holden’s Preparing For Production of Australian Car” – read by 24% of “Artisan” males and 5% of “Artisan” females. This was obviously something that held some relevance for the group – even though as a general rule, company information was not of interest.

Sport, it appears, was not as important in 1946 as it is today. This is an interesting phenomenon, a man-made phenomenon – even a media-made phenomenon.

THE SUN - Sydney, January 15, 1946 - PAGE 11

WHO IS STATE'S OLDEST RACEHORSE? Gippstand Pony His Strong Claims To Honor

Two New Stars Planned For Peninsula

WIND is the chief pony or racehorse still in the State. It is the oldest racehorse in the world, and its origin is traced to the Gippstand pony of Victoria. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

PLANS for a state state on the Metropolitan Peninsula are being hastened by the fact that the Gippstand pony is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

THE STAR Not For Mentolo

THE STAR is a horse of the Gippstand pony breed. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

SALE OF STWARDS OPEN MELBORNE INDUSTRY

SALE of stwards open in Melbourne. The sale is being held at the Melbourne Race Club. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

Latest Scratchings

Latest scratchings for the Melbourne race. The scratchings are as follows: 35-17, 39-6, 28-6, 28-6, 7-0, 11-0.

Williamstown Racing Club

WILLIAMSTOWN RACING CLUB. The club is holding a meeting on Saturday. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

BEAR IN MIND!

BEAR IN MIND! SENNITT'S ICE CREAM. The club is holding a meeting on Saturday. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

TYES FURNITURE CARPETS LINOLEUMS MANCHESTER

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THE SUN - Sydney, Jan. 15, 1946 - PAGE 11

REAL LEAGUE PRESSURE NOW ON

Jack Dyer's Weekly Review

Essendon Chosen Against Carlton

WITH half the matches played, permits closed and horsekeepers and players re-elected by a spell just week, the business end of the League football season really starts with the 14th round today.

The leaders have swung into the straight, and their selectors will now pick the side each Saturday they would like to see play for them in the grand final.

I believe the most important factor in winning a premiership is to bring every player in a side to his top just at the start.

WHAT'S ON TODAY

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BYER SELECTS

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Match Of Year At Essendon

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Grammar Contests

GRAMMAR CONTESTS. The club is holding a meeting on Saturday. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

C.Y.M.S. Interstate Game On Sunday

C.Y.M.S. INTERSTATE GAME ON SUNDAY. The club is holding a meeting on Saturday. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

Footscray's Best Of Season

FOOTSCRAY'S BEST OF SEASON. The club is holding a meeting on Saturday. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

Danger Point For Richmond

DANGER POINT FOR RICHMOND. The club is holding a meeting on Saturday. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

Meaning is essentially a function of the mind in the life of the Australian Aborigine. The club is holding a meeting on Saturday. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

DOUBLE TAX DEADLOCK WITH BRITAIN

PRIORITY QUESTION

CANBERRA, Monday.—Australia and the United Kingdom have been unable to reach an agreement on the question of double taxation.

THE MINISTER OF TAXATION (Mr. Jackson) discussed it with taxation authorities in London during his recent trip, without result. Later talks between the British Chancellor of the Exchequer (Dr. Hugh Dalton) and the Minister for External Affairs (Dr. Evatt) in London were inconclusive.

WIMMERA ELECTION RULES DEFIED BY MR. EVATT

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COACHES BELIEVE BREAK BY BY BUILDING UNION

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DARWIN COST OF LIVING WORSE FOR HOUSEWIVES

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STRAIGHT OR Swirl

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Colorful Cheeks

COLORFUL CHEEKS. The club is holding a meeting on Saturday. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

Slimming Wardrobes

SLIMMING WARDROBES. The club is holding a meeting on Saturday. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

Manton's

MANTON'S. The club is holding a meeting on Saturday. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia. It is the only racehorse in the world which has been bred in Australia.

Finally, like today, there is now no doubt that "Beautiful Women" interests both male and female readers – 62% of women, 61% of men, see Page 7 of The Sun, Tuesday February 5, 1946. It is worth noting the high readership by women (57%) of the "STRAIGHT or Swirl" advertisement while 71% of men read "Double Tax Deadlock with Britain".

When Sir Keith Murdoch died, little interest was shown in this kind of research – the focus shifted to sales, ie circulation and readership audience measures to demonstrate reach to advertisers.

1960s – 1970s

In the 1960s, the focus was predominantly on measurement of media audiences to help in selling ad space.

Another important issue in the '60s and '70s, was that of “regular” reading vs “casual” reading. This was important from both a content/editorial perspective and an advertising sales perspective.

From the editorial perspective “loyal” or “regular” readers are very important. In 1974, Roy Morgan Research provided the attached special analyses for Sir Philip Jones (Chairman, Herald Weekly Times) which showed that The Sun had more “loyal” readers than The Age, The Sydney Morning Herald, or the Sydney Sun/Mirror. (Attachment 4)

From an ad sales perspective a more “casual” reader base will result in the publication reaching a larger audience over several issues.

1980s – 1990s

The focus in the 1980s was readership profiles and matching the profile of readers against the target market:

- Who is the reader?
- What do they buy?
- What else do they read, watch, listen to (early multimedia)?
- What motivates them? What are their values?

Multimedia and Media-Mix

The 1990s saw a real focus on newspapers within the multimedia context. The new paradigm of communication productivity emerged, along with the notion of targeting customers with engineering-like precision.

In 1998, we presented a paper at the Inch Club, “*Proof! Same budget, get 30-50% greater value!*”). In this paper, we demonstrated that the replacement of some TV in the media budget with print would significantly **increase** reach and **reduce** the total cost (see below).

Discover your edge

Test: McDonald's

Target - Heavy Fast Food Consumers

	TV only	TV + Press	+/-Var
■ Total Cost	\$1,373,500	\$1,347,000	-2%
■ Cost/1000 reached	\$1,116	\$870	-22%
■ % tot reach	70%	88%	+26%
■ 4+ Reach	68%	80%	+18%

Roy Morgan
Research

In the 1990s it became obvious that increasing newspapers share of the advertising dollar relied on multi-media advertising.

The real issues since the 1990s are major changes in media environment.

Lots of things have changed. We have seen: colour in newspapers, newspaper-inserted magazines, dramatically improved free and community newspapers (including strong regional branding), internet usage soared, pay TV etc.

The one constant is that at the end of the multitude of offerings is the consumer - a consumer making choices. Roy Morgan Research data shows clearly that newspapers, and newspaper-inserted magazines, are a channel by which the consumer can be reached quickly (newspapers and their magazines communicate significantly faster than magazines).

If the newspaper is thought of as the end point – the choice the consumer makes– it is easier to understand how to drive readership (and readers-per-copy).

We believe there are three main driver areas:

- (a) **External factors** - Everyone knows there are good news days and bad news days. For instance, during the War in Iraq readership of Time Magazine increased from 353,000 readers in March 2003 to 561,000 readers in April 2003. Other external factors such as competition also have an impact on readership, eg if there was no television or internet, there would probably be more newspaper reading and more time spent reading newspapers.

But there's more to it than the luck of the day (a good news day).


The other two drivers of readership are:

(b) **Content** – Everything about the publication serves to create interest and credibility, and the particular reading experience which in turn creates readership, re-reading, pass on reading, purchasing, deeper, longer and more exclusive reading (ie no need to read any others); and

(c) **Promotion** - Advertising, marketing, and promotional activities.

That brings us to the present and the future.

The good news is that newspapers are transforming not disappearing. The following example shows that while average issue readership of the Sydney Morning Herald is flat over the last three years, if we include readership online the total readership has increased by 23%. For more examples see [Newspapers are transforming rather than disappearing](#), and also [Roy Morgan Research and Website Visitation Measurement](#).



Newspapers are transforming rather than disappearing

Discover your edge

Sydney Morning Herald

	2003 '000	2006 '000	% Difference
Monday - Friday av. Issue readership	879	879	0%
Newspaper only	683	637	- 7%
smh.com.au only	299	457	+ 53%
Both newspaper & online	196	242	+ 23%
TOTAL READERS	1178	1336	+ 13%

Source: Roy Morgan Single Source, March 2003 & 2006

© Roy Morgan Research

The overall trend for country newspapers is similar to other newspapers – indeed, other non-internet media.

The clue to the future comes from the on-line world – the growth of such phenomenon as My Space – and the whole idea of communities of interest and shared interest. This is the cultural revolution mentioned at the beginning.

While all media compete for Big News events – international news, national news even State news, the individual also wants to be part of their local community that’s relevant to them – both for:

- that community’s news, and

- an understanding of how the big news events will relate to their community.

Today only the regional newspaper delivers that.

The challenge is to ensure that this strong need continues to be met by regional newspapers (back to Sir Keith Murdoch's focus on understanding what readers want). But also, today, remaining relevant will probably mean that the actual medium (hard copy) will have to be supported and enhanced by community feedback and involvement via on-line, community websites, blogs etc. Embrace them and use them rather than fight them and fear them (the early research told us people love seeing their views in print).

2000 - The 21st Century

The early research done by Roy Morgan for Sir Keith Murdoch **debunked** many of the myths that people still believe today.

1. Articles/ads on the front pages are always read by more people - False
2. Articles/ads on the top of the page are always read by more people - False
3. Ads in deeply interesting pages have greater impact than those in low interest pages - False

Let us make sure that the disappearance of newspapers is just another myth we can debunk.

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