

# Roy Morgan Research

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## ***Proof! Same budget, get 30-50% greater value!***

*presented to* **The Inch Club, ANA Hotel, Sydney**

*by* **Gary Morgan, Executive Chairman**

**Michele Levine, Chief Executive**

**The Roy Morgan Research Centre Pty Ltd**

**May 7, 1998**

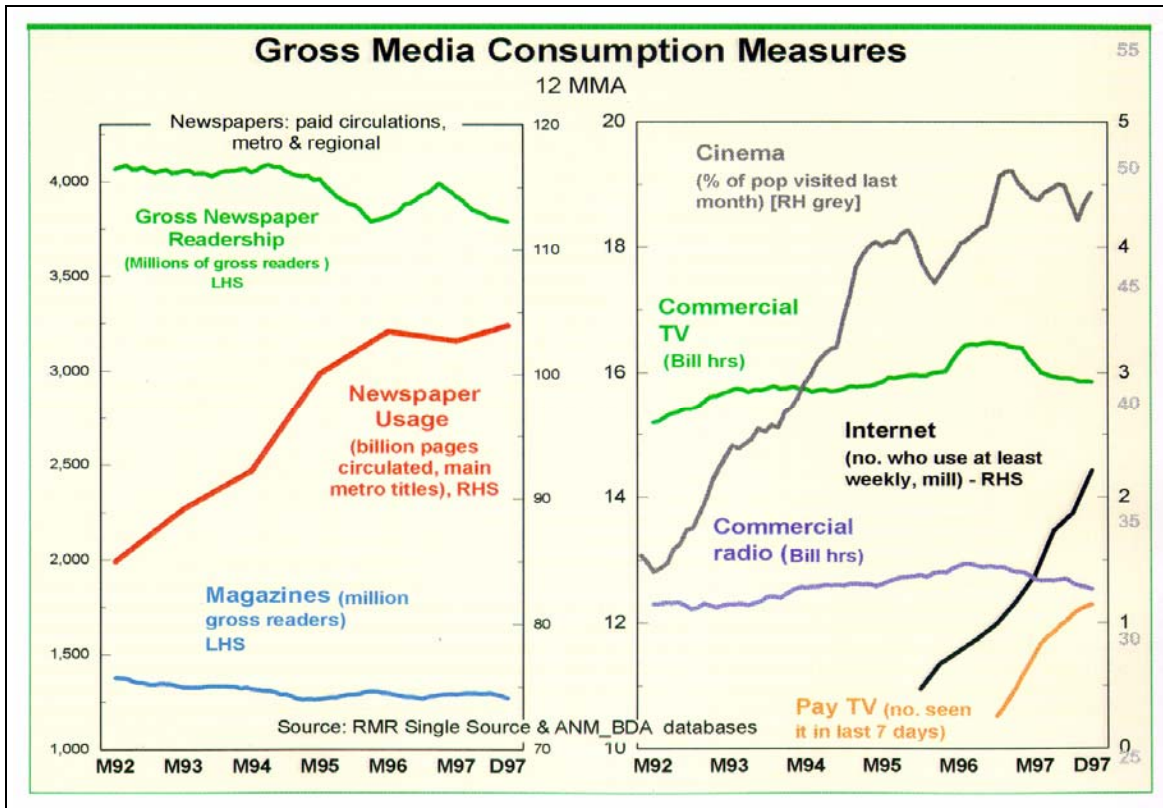
### **Media today - a brief overview**

The last twelve months has been a period of substantial change and growth for the product which we know as “newspaper-inserted magazines” or “newspaper inserts”.

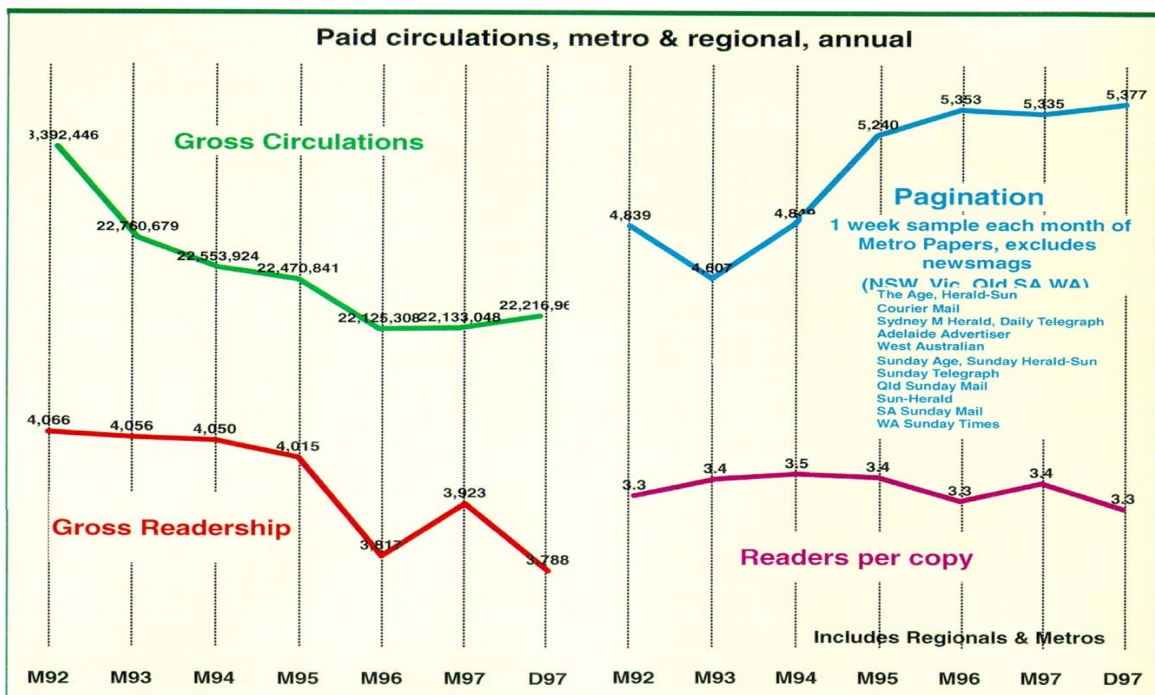
The preliminary Roy Morgan Readership figures for March were released yesterday to publishers, so I’m sure you’ll be interested in the newspaper inserts. But first I would like to look at some bigger trends in media. These trends have been collated by Brian Dermott & Associates, largely from Roy Morgan Single Source data (The Roy Morgan Readership Survey) but also include other industry resources and primary research undertaken by Brian Dermott & Associates, sponsored by Australian Newsprint Mills Ltd and Roy Morgan Research.

Newspapers, as measured by **pages circulated**, have increased substantially over the last five years. However, reading is trending slowly down. Suburbans are pushing in. People are reading a smaller number of fatter newspapers. Magazine readership is flat. Electronic media - TV, cinema and radio are all relatively flat.

The new media - internet and pay TV are showing strong growth.

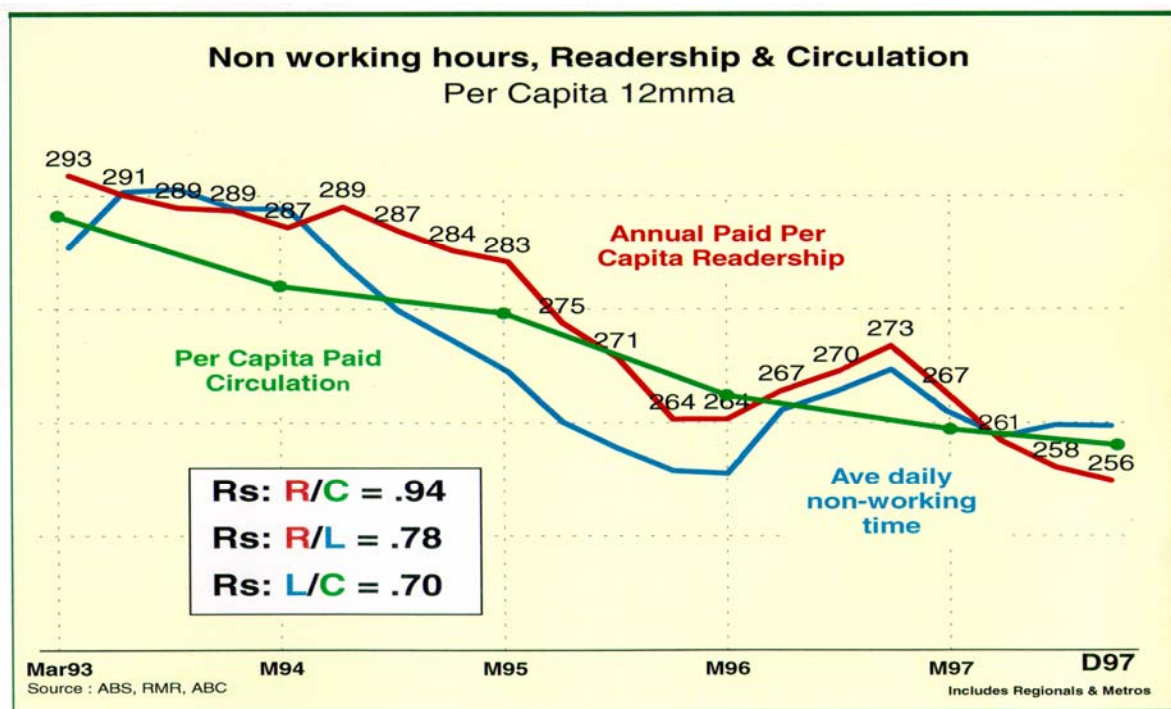


Key indicators for newspapers show circulation (or sales) down over 5 years, but up a bit in the last year, pages up, readership has declined over the last five years, largely in line with circulation. Readers per copy overall is consistently 3.3 to 3.5.

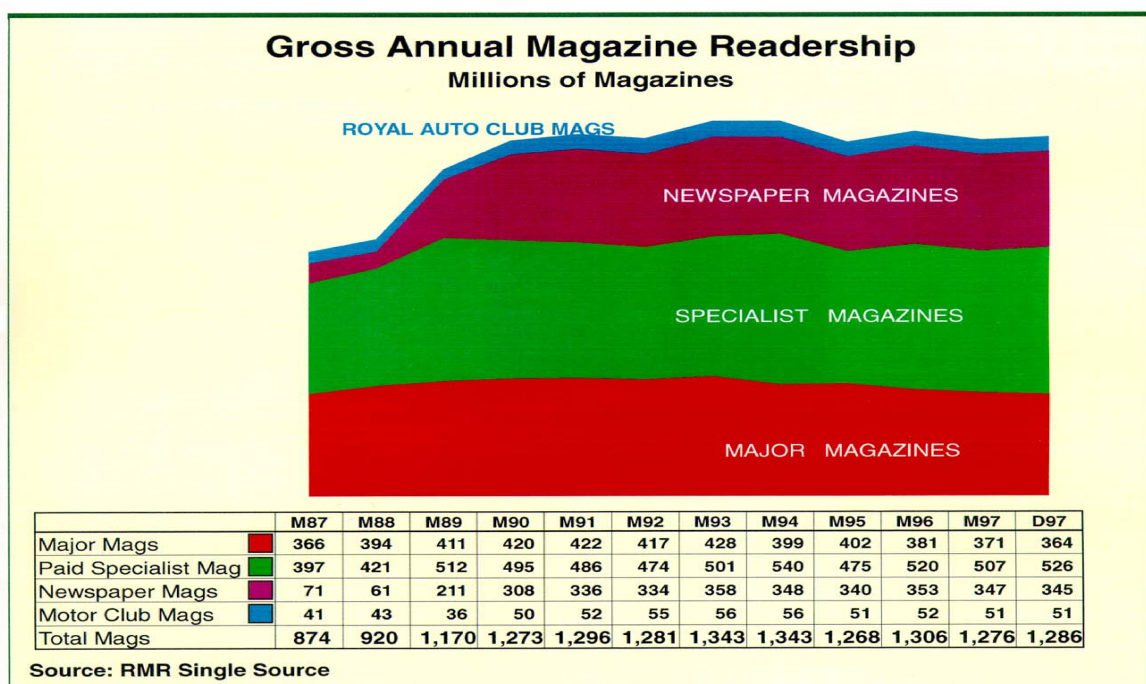


The next chart shows an important correlation, identified by Brian Dermott & Associates between leisure time (average daily non-working time) and newspaper readership and circulation.

As leisure time (non-working time) decreases, so does readership and circulation.

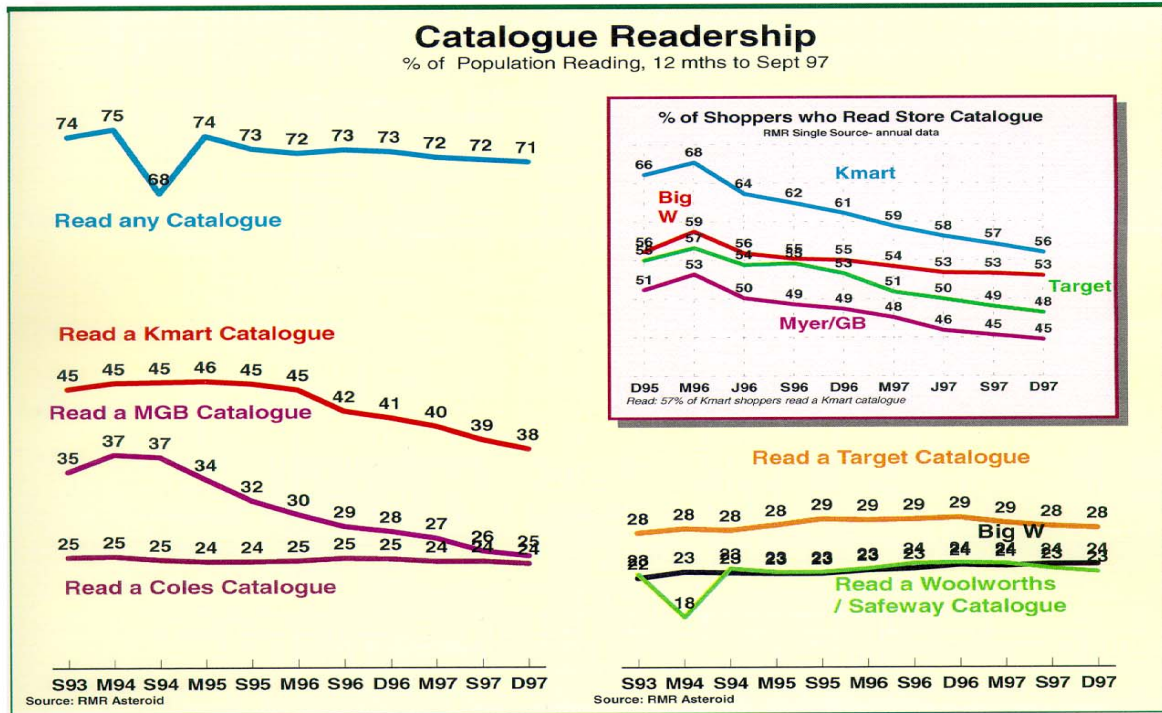


The next chart shows an increase in magazine readership over the last 10 years, but the last few years have been fairly flat. The major magazines have decreased, while specialist magazines have increased.

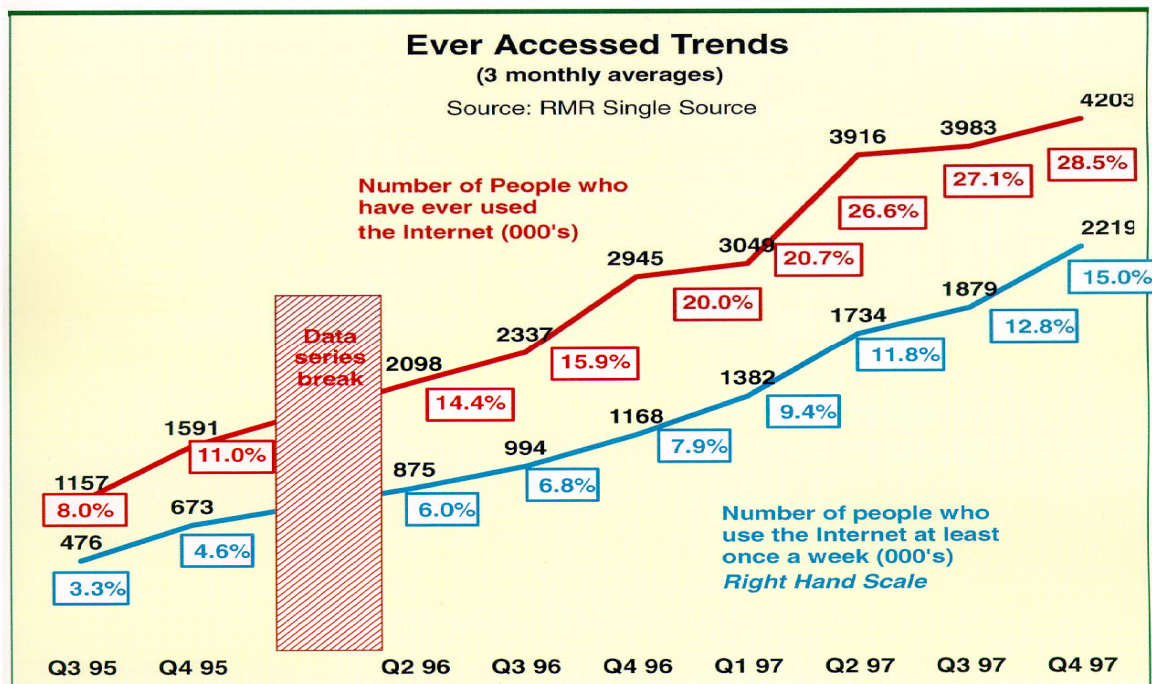




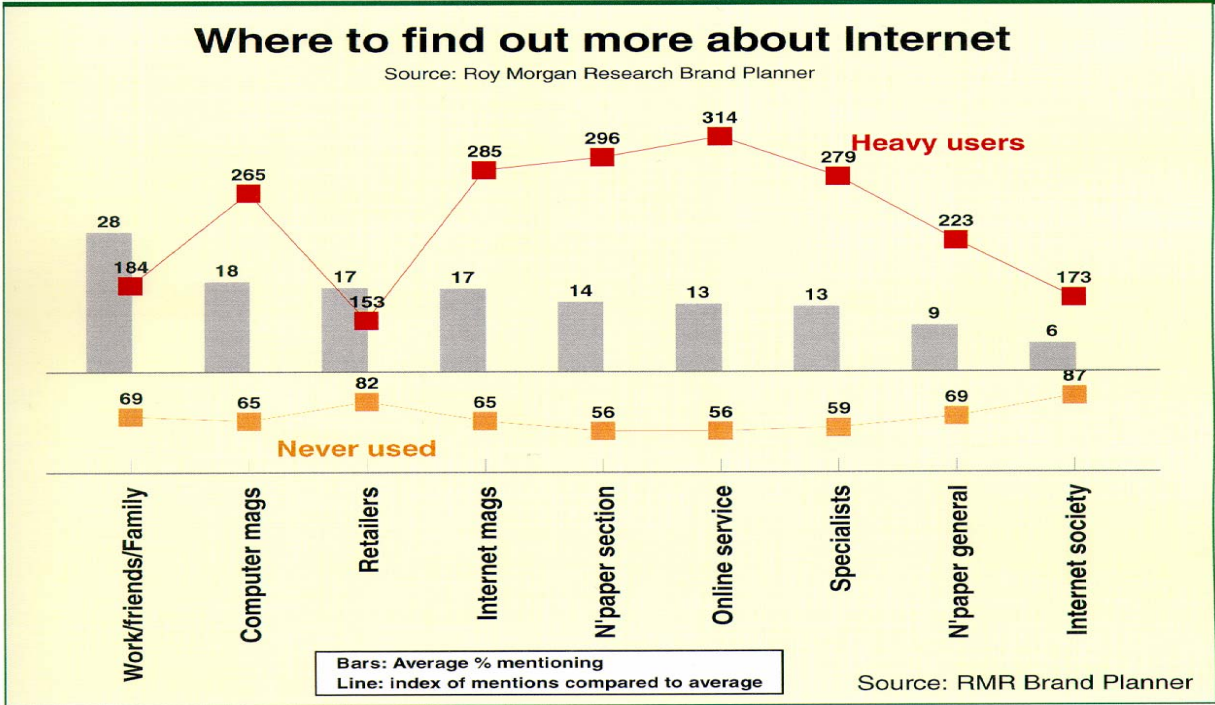
Catalogue readership is sliding gently from 74% read any catalogue in 1993 to 71% in 1997.



Internet usage is still rising.



The following chart shows where people source information about the internet. Most often used source of information is word of mouth (friends, family, work experts). But among heavy users, newspapers are almost as important as on-line services.



Let's come back now to the issue of today - newspaper inserts:

- New titles have been launched in the Sydney and Melbourne Sunday papers (namely Sunday Life and Sunday Magazine);
- Several existing titles have been revamped or relaunched (Good Weekend, The Australian Magazine and some of the TV guides);
- There has been continued heavy promotion of both the host newspapers and the inserts in the marketplace, and cross promotion from the host publication to inserts.

In the last quarter of 1997 we began measuring the readership of the new Sunday inserts, Sunday Life and Sunday Magazine. The initial results from that quarter showed very low readership levels. While this could have been due to their being new, it alerted us to look for other reasons. By consulting our second source of readership data, the leave-behind Roy Morgan Single Source Media Diary, there was evidence to indicate the readership levels from the face-to-face survey were being under-estimated.

This re-focused our attention on the methodology used to collect readership of the newspaper inserts. For some years the methodology had involved measuring the inserts **with** weekly magazines using the “first-time-reading” method. Concern was expressed that the readership levels of inserts are under-estimated when they are measured with non-inserted weeklies (such as New Idea, Who Weekly and Woman’s Day).

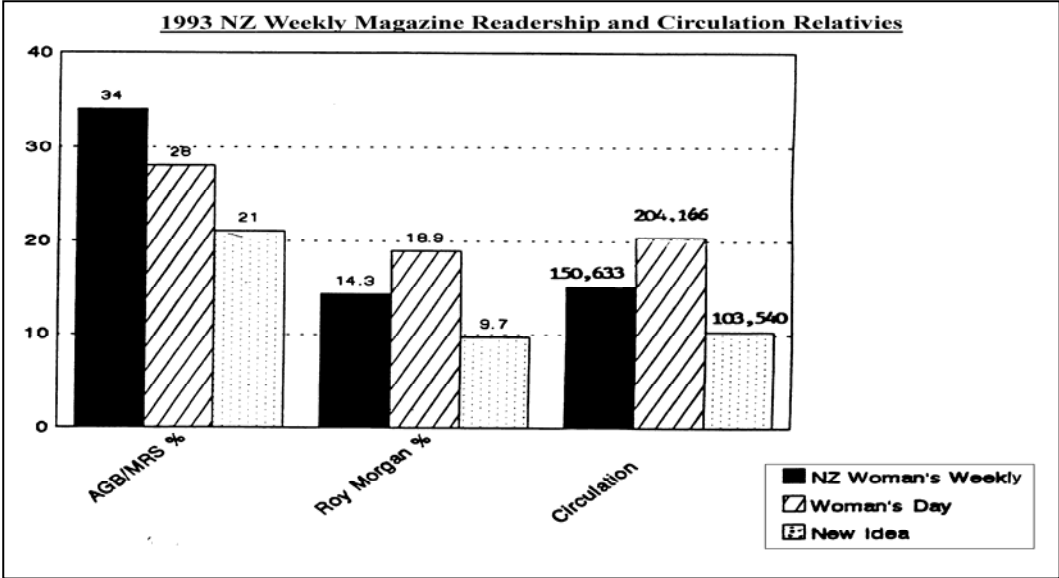
Therefore, to avoid potential confusion we have altered the question structure so that the inserts are now measured separately (and after) all other weekly magazines. The “first-time-reading” methodology is still employed to measure the newspaper inserts.

This change has seen an increase in the readership of the newspaper inserts. The results for the non-inserted weekly magazines have not been affected by the change - that is, in the January-March 1998 quarter there have been some increases, some decreases and some stable results for the non-inserted weekly magazines, which is typical of what happens in any quarter.

Because of the substantial changes in host publications and the heavy promotion and advertising of both hosts and inserts, it is difficult to identify how much of the increase in readership is due to the revised methodology and how much to changes in the marketplace and readership levels. However, Roy Morgan Research is confident that the latest quarter figures for these inserts are realistic and logical.

Given that this means there is a discontinuity in the data series for the newspaper inserts, and since the Sunday inserts were launched in the last quarter of 1997 (in the survey results for the period to March 1998), we have decided to treat **all** the inserts as if they are new publications from January 1998.

For years, Roy Morgan Research has argued that it is important to have sensible readership levels - sensible relativities not only between various print titles, but also between print & TV.



Until recently, print did not compete actively with TV, so our call to have sensible relativities has fallen on deaf ears...

Today, it is extremely important.

## **TV only or TV and Print**

*“The client is thinking TV - the most beautiful words in advertising.”* Peter Jordaan, Ad News 1994.

*“The aim is to achieve greater advertising productivity by enabling more powerful impact at a lower cost.”*

This should be music to the ears of the print media.

There are moments in any business when massive change occurs, when all the rules of business shift fast, furiously and forever.

Andrew Grove, President and CEO of Intel, in his recently published book *“Only the Paranoid Survive”* calls such moments strategic inflection points.

A strategic inflection point can be set off by almost anything:

- mega competition or the entry of alternatives (substitutes)
- a change in regulations
- even a seemingly modest change in technology

In the print media and media research business, we have all these and more.

We believe today our industry is at a strategic inflection point (as are many of our clients' industries). Andrew Grove points out that, managed wrongly, a strategic inflection point can mean the end of the game. Managed right, it can turn into a powerful force.

Clearly, we all want to manage it right - so I have tried to address the topic of measurement within this new paradigm.

## **Different Measures for Different Media**

First, then, let us look at the issue of media measurement. There are, of course, today different measures for the different media:

- TV
- Radio
- Magazines
- Newspapers
- Cinema
- Catalogues
- Direct Mail
- Internet

Broadly speaking, TV is measured by diary or meter; radio is measured by diary; magazines and newspapers by readership surveys either face to face, telephone or self-completion; cinema by survey; internet by survey - site-specific measures of hits or visits, or some combination.

The obvious questions are:

Why do we need measures?

Why are the methodologies and measures different?

### **Why do we need measures?**

The need for measures, it seems to us, is all about currency:

- currency for buying ‘space’;
- currency for planning;
- currency for evaluating performance; and
- currency for advertisers to know that the \$’s spent in advertising have some financial logic.



## **Why are the methodologies and measures different?**

The reason for the different methodologies has to do with:

- technology;
- the way the media is distributed;
- costs;
- end-user needs and willingness to pay, and
- history!

So we now have a sense of today and yesterday - the real question is “How do we move forward?”

At Roy Morgan Research, in order to move forward we listen to our clients and look at what’s changed and what’s still the same.

## **What’s changed?**

So much has changed:

- Technology changed what we measure and how we can measure it; we have the new media; the new and the old media are converging; and media is converging with communications.
- Users/clients have become more demanding, more sophisticated and increasingly more practical.
- Social changes have also come into play.
- The economics of information are changing (collecting, analysing and reporting).

The market itself has changed with moves to larger media buying houses, and globalisation of markets and marketing.

## **And what is the same?**

At Roy Morgan Research we have come to the conclusion three things are still the same:

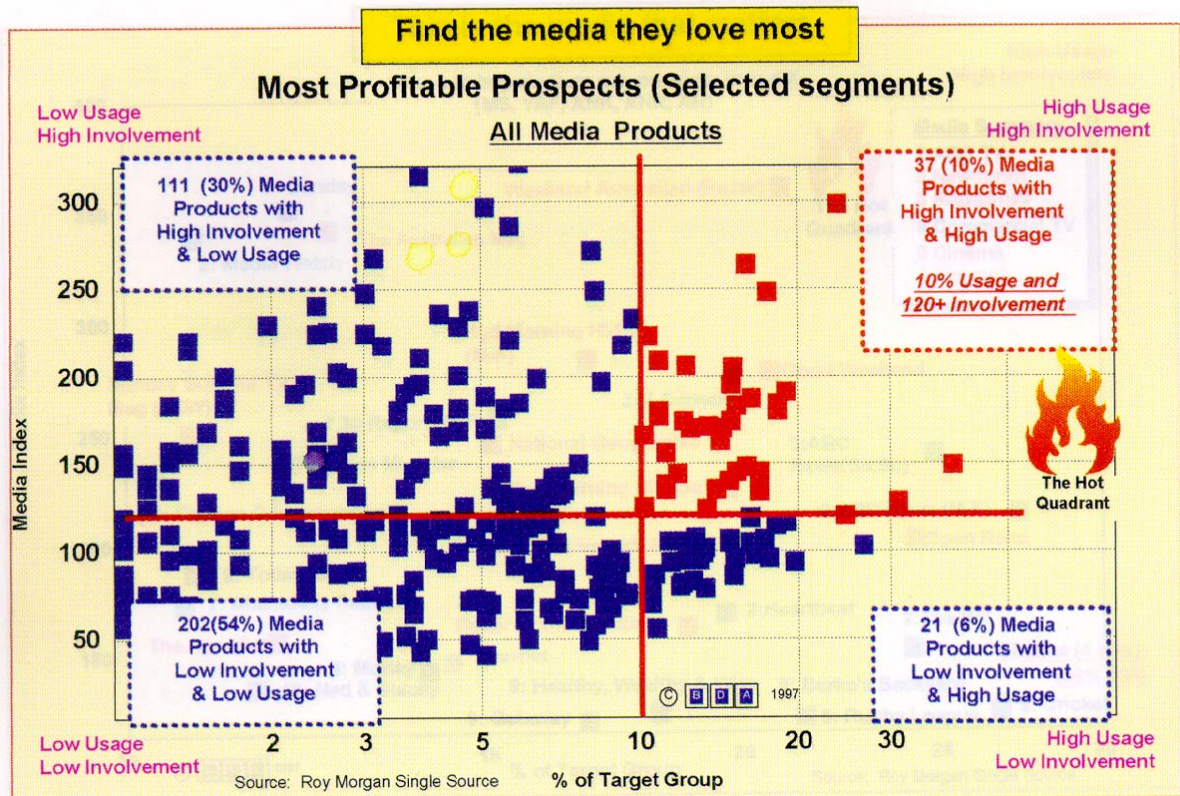
- First, the end consumer - is still a person - watching, reading, listening and making choices;
- Second, there is still a need for some kind of currency between key negotiators - although the arena for these negotiations is changing;

- Third, the overall aim of the advertiser is still the same: **to achieve increased advertising productivity by enabling more powerful impact at lower cost.**

We began by saying, “*The client is thinking TV are the most beautiful words in advertising.*”

But “*The aim is to achieve greater advertising productivity by enabling more powerful impact at a lower cost.*” This should be music to the ears of the print media. Let us show you why.

## Prospects use all the media

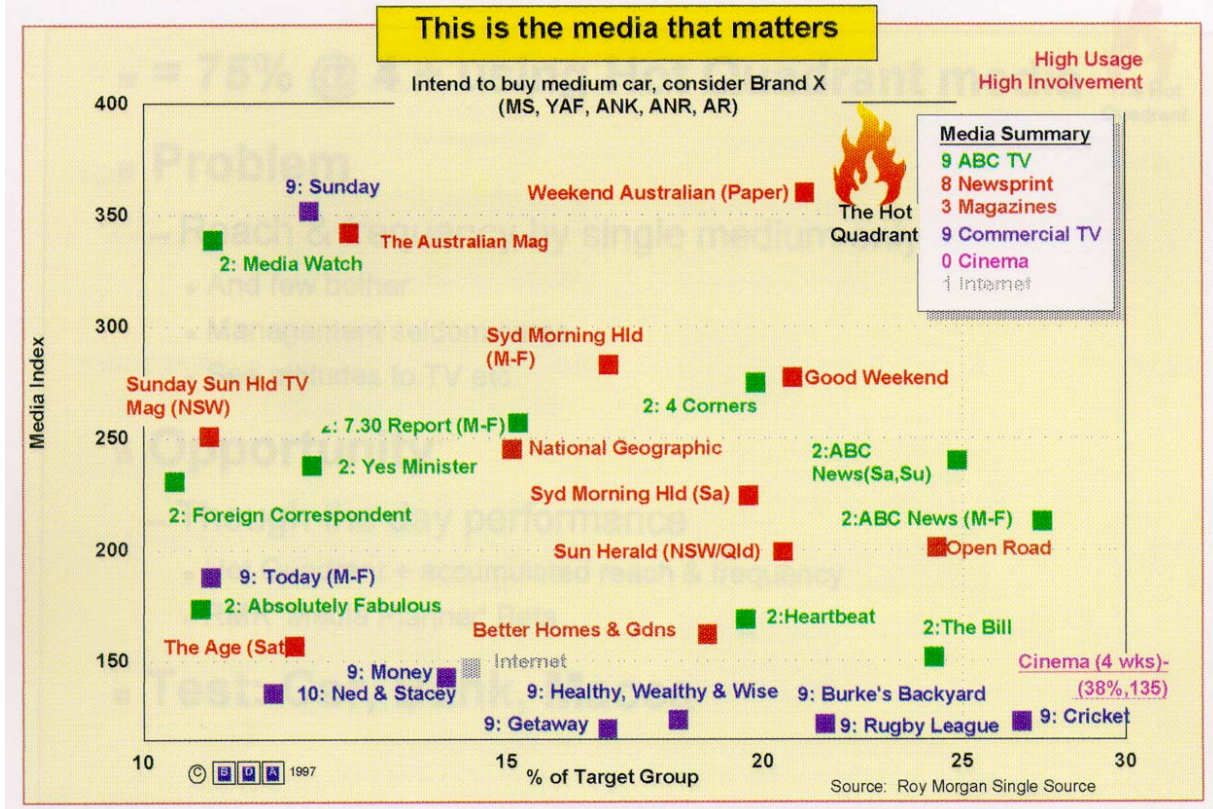


This example takes the defined ‘Most Profitable Prospects’ for a major holiday destination defined in the Roy Morgan Single Source data, and considers the 400+ media products - titles, programmes, internet, cinema etc - which we use. On the chart, each blob is a media product.

But only the red blobs in the top right hand quadrant are used by over 10% of these prospects, more than 20% ahead of the population as a whole.

If we are an advertiser, our money will be best spent on whatever is in that ‘Hot Quadrant’... Even a huge advertiser like McDonald’s can save. In fact, the ‘Hot Quadrant’ newspapers improved the performance by around 20%.

# The Hot Quadrant is the key



In this 'Hot Quadrant' - we see a distinctive pattern. Lots of red - newspapers, "newsmags" - and green - ABC television.

There is also some blue - (self-development) commercial TV.

It follows that to fit into the lives of these prospects, it is best to use the media which is in the 'Hot Quadrant'.

But we are pursuing the goal of more productive advertising, so how does this help?

How do we define most productive? Hot quadrant plus accumulated reach + frequency, eg say 75% reach with a frequency of 3+ using only the Hot Quadrant media.

Each campaign, or client, may have a different communication target. But until now, there's been a problem here - reach and frequency analysis was available only one medium at a time.

But now at last, the new ASTEROID MediaPLANNER product from Roy Morgan Research allows us to measure the performance of the 'Hot Quadrant' media across print and TV.



## Test: McDonald's

Target - Heavy Fast Food Consumers

	<u>TV only</u>	<u>TV + Press</u>	<u>+/-Var</u>
■ 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%

Before going further, it is important to note two things:

- the TV viewing levels in Roy Morgan Single Source are extremely close to the TV ratings as measured by Nielsen; and
- the relativities between print and TV are sensible.

## Test: RACV

Target - AAMI Comprehensive Insurance Customers

	<u>TV only</u>	<u>TV + Press</u>	<u>+/-Var</u>
■ Total Cost	\$752,330	\$322,681	-58%
■ % tot reach	73.2%	94.4%	+29%
■ 3+ Reach	68%	72%	+6%

## Test: Toyota

Target - All people who are Toyota Considerers

	<u>TV only</u>	<u>TV + Mags</u>	<u>+/-Var</u>
■ Total Cost	\$525,249	\$277,169	-52%
■ % tot reach	75.1%	92.4%	+23%
■ 3+ Reach	69.0%	72.1%	+4.5%



Discover your edge

## 50% @ 3+ - Final analysis

Target - Women intending to purchase a small car.

	<u>TV only</u>	<u>TV + Mags</u>	<u>+/-Var</u>
■ Total Cost	\$148,000	\$100,422	-32%
■ Cost/000	\$4,564	\$2,253	-51%
■ % of target	63%	87%	+38%
■ 3+ Reach	49%	52%	+6%

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## 65% @ 3+ - Final analysis

Target - Drunk Diet Coke in last 7 days

	<u>TV only</u>	<u>TV + Mags</u>	<u>+/-Var</u>
■ Total Cost	\$495,200	\$323,064	-35%
■ Cost/000	\$1,859	\$955	-48%
■ % of target	66%	84%	+27%
■ 3+ Reach	56%	65%	+16%

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These examples show that the TV and Print combination is more productive for clients; whether you spend less for more performance, or the same for less, or any other variation, the cross media reach and frequency analysis shows substantial benefits.

And in each case where there is a good result, the gain for print is high.