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Australia's Nation-wide Research Organisation

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Roy Morgan Readership Seminar

Melbourne and Sydney

April 10/11, 1991.

- Presented by -

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John Davis and Chris Gibson

Thank you for coming today. For one reason or another, readership data is important to everyone here - advertisers, agencies and publishers.

Readership information influences how, when and where a **lot** of money is spent. So it's important the data is as **accurate as possible**.

By accurate we mean:

. figures which, as closely as possible, reflect the true reading **levels** of newspapers and magazines

. figures which reflect readership **relativities** between publications.

From time to time you'll read articles or hear comments which criticise our readership survey - or even about plans by certain publishers to launch their own competitive surveys in Victoria.

We have **no problem** with **informed constructive** criticism. This helps us to improve our readership survey. In fact over the past 20 years, many improvements have been made with the help of our harshest critics, the publishers.

Much of the criticism, however, is **misinformed** criticism, launched by people who do **not** understand readership research. Quite often these people just stir up **trouble** which deflects everyone's attention from the **real issues**.

We don't want to go into too much technical detail about research today. We'd like to look at the '**big picture**', and the **real** issues. These are:

a) Although our readership survey isn't perfect, we believe it is one of the most accurate readership surveys in the world today. It is certainly **far** more accurate than the 'Recency' method used in many countries - including the UK and New Zealand.

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b) Unlike the surveys using 'Recency', our readership survey does not produce grossly inflated readership estimates. This has important implications when an advertiser uses a **mixture** of print and television or radio advertising.

c) We'd also like to discuss the controversial issue of newspaper inserted magazines. We understand newspaper publishers continue to **incorrectly** attribute the readership of newspapers such as The Weekend Australian and Saturday's SMH/Age to the magazines distributed with them (The Australian Magazine and Good Weekend).

This is **wrong**, and we'll explain why.

A) THE WORLD-WIDE READERSHIP SCENE

Firstly, let's put Australian readership research in the context of the **world** scene.

Recently we spent a week in Hong Kong at the 5th World-Wide Readership Symposium. We're pleased, but at the same time sad to report, that Australia is still one of the few countries around the world with a decent readership survey.

That might sound arrogant, but it's true. Here's why.

[SLIDE 1 - SEE ATTACHMENT 1]

Currently around the world, there are basically three schools of thought about readership:

i) 'Recency'

'Recency' relies on respondents being able to remember which monthly magazines they've read in the previous month; and which weekly magazines they've read in the last 7 days.

You don't have to be a genius to know it's virtually impossible for people to accurately remember, without assistance, which monthly magazines they've read in the last 30 days. It's also obvious people find it **more** difficult to accurately remember events that happened **four weeks** ago, than events that happened in the **previous week**, or **yesterday**.

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So, the readership of monthly magazines is more difficult to measure than the readership of weekly magazines (or daily newspapers). Because of this, **relativities** in the readership levels for monthlies and weeklies can be, and **are** distorted by the 'Recency' method.

Publication reading **levels** are also distorted by 'Recency'. Recency overstates magazine readership by anything between 20% and 100%. (For anyone interested in knowing more about **why** this happens, we would be happy to discuss it with them.)

ii) **'First Reading Yesterday' (FRY)**

The FRY method asks respondents only about publications they read **yesterday**. In principle it's a vast improvement on the 'Recency' approach.

FRY has gained some popularity in Northern Europe, however, its users openly admit a major practical limitation: it requires **huge** samples to work properly - particularly when measuring small titles. Without this, FRY produces very **unstable** data.

At the recent Symposium, the Dutch for example reported on their unsuccessful attempt to 'patch up' this problem.

iii) **'Through-the-Book'**

The third method, 'Through-the-Book', involves showing respondents **actual copies** of specific issues, and asking them whether or not they've read them before.

Even for those not technically minded about research, this method is a simple, common sense approach. The Roy Morgan Readership Survey, is based on this philosophy (as is the Simmons readership survey in the United States).

But it has its problems: full 'Through-the-Book' is cumbersome and relatively expensive.

Over the past 20 years, we have developed **less expensive** methods which **simulate** 'Through-the-Book' results.

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We've found, through extensive experimentation, that **different** methods are needed to measure **different** types of publications. We call this the 'composite' method.

The 'composite' method recognises the greater difficulty people have in remembering events that happened several weeks ago than in remembering what they did last week. It also recognises the differences in the life span of monthly, weekly and daily publications. The 'Recency' method does **not**.

Despite the **obvious** pitfalls of the 'Recency' method, most countries (including the UK, many European countries, New Zealand, and one research company in the US) continue to use this outdated, inaccurate approach.

The Australian industry recognised years ago how farcical the 'Recency' system really is. That's why AGB McNair no longer has a readership survey in Australia.

[SLIDE 2 - SEE ATTACHMENT 2]

In New Zealand however, the situation is different.

This is some recent New Zealand data which compares results for 16 major newspapers and magazines from **our** survey with results from AGB's **'Recency'** survey.

The typical number of 'readers-per-copy' shown for **newspapers** is about the same in each survey - 2.3 in ours, and 2.6 in AGB's.

However, AGB credits magazines with, on average, a massive 'readers-per -copy of **5.8**. This is 71% higher than the 3.4 'readers-per-copy' shown by our 'composite' method.

There are 2.3 people aged 14 and over in the average New Zealand home. To achieve the readers per copy level of 5.8 suggested by the AGB McNair survey, every man, woman and teenager would have to read every copy purchased by someone in their household. Every copy would then have to be passed on and read by every man, woman and teenager in a **second** household, and then passed on again and read by half the people in a **third** household.

This is obviously ludicrous!

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And it has **important implications**.

B) **MULTI-MEDIA**

For example, for many years companies have simultaneously advertised on television and in magazines and newspapers. There now appears to be a growing interest in obtaining **reach and frequency** figures for multi-media campaigns.

Obviously publishers would **like** to be able to sell against television using grossly inflated readership figures. At least in Australia though, publishers are realistic enough to know it's just not on.

But imagine a multi-media scheduling system in New Zealand using readership data like AGB's! The magazine publishers would have a field day ripping off television, and newspapers for that matter.

C) **MAGAZINE INSERTS**

This brings us to magazines like Good Weekend and The Australian Magazine which are distributed free with newspapers.

You're no doubt aware of the debate about these types of magazines.

We don't wish to be critical of anyone, or any company in particular. But in this case it's obvious that News Limited and John Fairfax are the parties concerned.

[SLIDE 3 - SEE ATTACHMENT 3]

Our readership survey estimates the readership of Good Weekend to be 1,251,000 and The Australian Magazine, 499,000. To our knowledge however, the publishers are using the readership of the SMH/Age and The Weekend Australian, which are considerably higher than the magazine readership figures, to sell advertising.

We believe this is **wrong**, and gives these magazines an unfair advantage in the market-place.

We have a number of reasons for saying this.

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[SLIDE 4 - SEE ATTACHMENT 4]

i) The first point is that, despite what the newspaper publishers say, the readership of these magazines **should** be measured. They have a life of their own, and they compete with standalone magazines for advertising revenue.

ii) Giving a magazine away with a newspaper doesn't mean the magazine will be read. Like **any** other section, it's likely to be read by **some**, but **not all** the people who read the paper.

In fact, to our knowledge, Good Weekend is not inserted in Saturday's Sydney Morning Herald. Perhaps Fairfax should provide separate circulation information on Good Weekend?

iii) We measure The Australian Magazine and Good Weekend using 'Through-the-Book' - we show people **actual copies** of specific issues.

Using this approach, currently we find the **ratio** of the magazines' readership to the newspapers' readership to be about 55%.

[SLIDE 5 - SEE ATTACHMENT 5]

One of the newspaper publishers tries to debunk out data with figures from the UK National Readership Survey. These figures show inserted magazines in the UK to have magazine to host ratios of up to 105% - in other words, more people read the magazine than the paper with which it's distributed.

But the UK figures are collected using the **'Recency'** method - and as we said before, this method gives **grossly inflated** readership figures for magazines.

iv) In early 1990 we conducted an experiment with magazine inserts, using an approach **very similar to the UK 'Recency' method**.

[SLIDE 6 - SEE ATTACHMENT 6]

When compared with our standard Through-the-Book figures, the experimental survey showed an increase in the magazine to host ratio from 55% to about 75%.

So, **even by simulating the UK 'Recency' approach** we did **not** obtain a ratio of 100% or higher.

The experimental results **do**, however, show a **real** difference between the readership of Australian and UK inserts. Using 'Recency', UK inserts achieve significantly higher magazine to host ratios. We believe this is simply because UK inserts are better established, and more substantial than their Australian counterparts.

v) Our New Zealand survey provides the clearest evidence that the 'Through-the-Book' method does **not** disadvantage inserted magazines.

In New Zealand we use exactly the same 'Through-the-Book' approach to measure the readership of a free magazine inserted with the Friday issue of National Business, called 'NBR Magazine'.

Guess what 'magazine to host' ratio we get? A little over 100%!

[SLIDE 7 - SEE ATTACHMENT 7]

There is absolutely **no** justification in Australian publishers attributing host newspaper readership levels to inserted magazines.

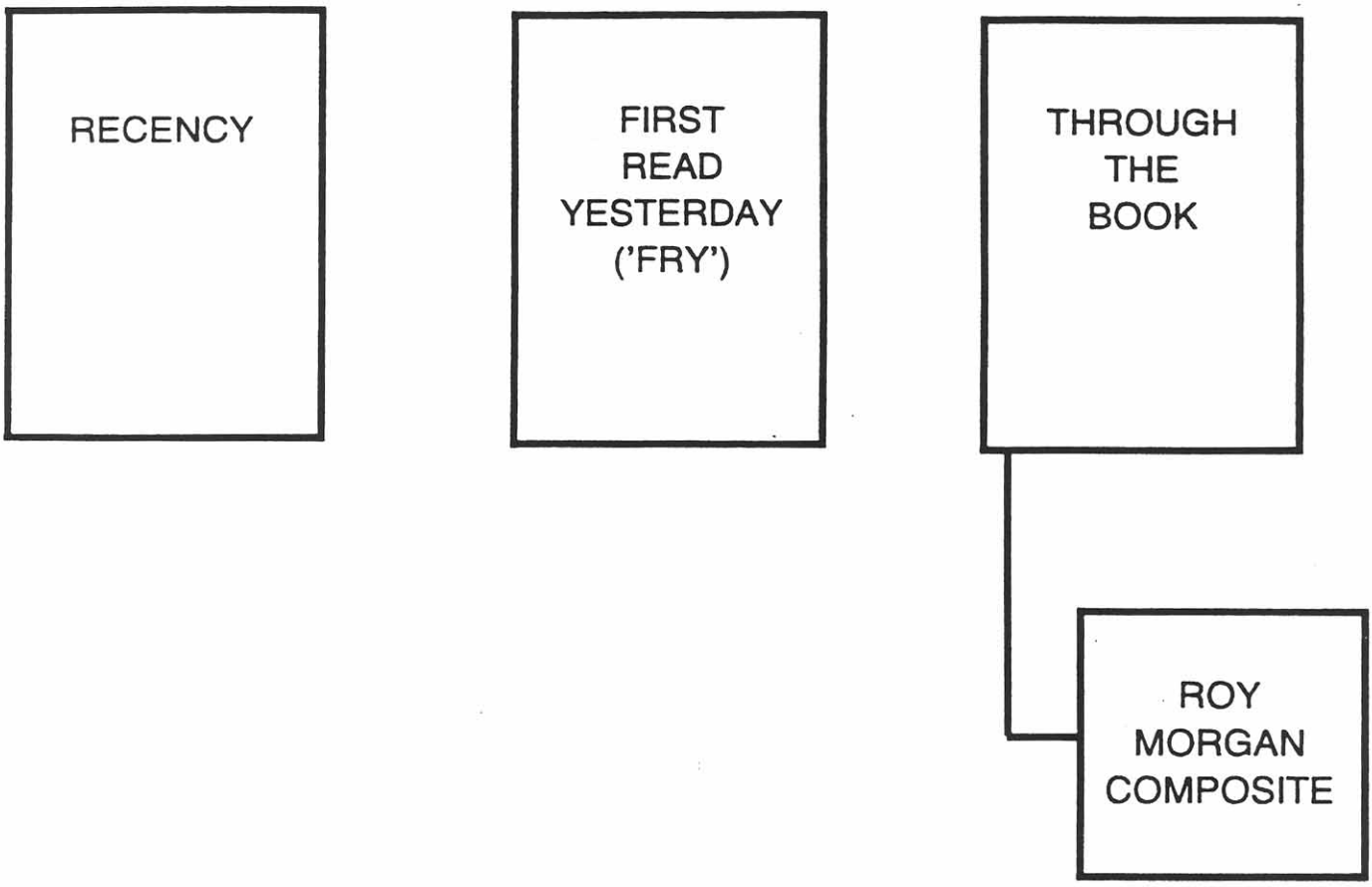
So, whenever you ask a publisher to run a schedule evaluation which includes these magazines, always ask for the inserted magazines to be based on Roy Morgan **magazine** figures, **not** the newspaper readership figures.

ATTACHMENTS
COPIES OF SLIDES TO BE SHOWN

- Attachment 1 -

READERSHIP

"SCHOOLS OF THOUGHT"



- Attachment 2 -

READERS PER COPY

16 Major Audited New Zealand Newspapers and Magazines

	Roy Morgan 'Composite'	AGB 'Recency'	% Difference
Newspapers	2.3	2.6	+ 13%
Magazines	3.4	5.8	+ 71%

Morgan: June - December 1990

AGB: July - October 1990

READERSHIP

Magazine	Host Newspaper
The Australian Magazine	The Weekend Australian
499,000	906,000
Good Weekend	SMH / AGE
1,251,000	2,260,000

Morgan: October 1989- September 1990.

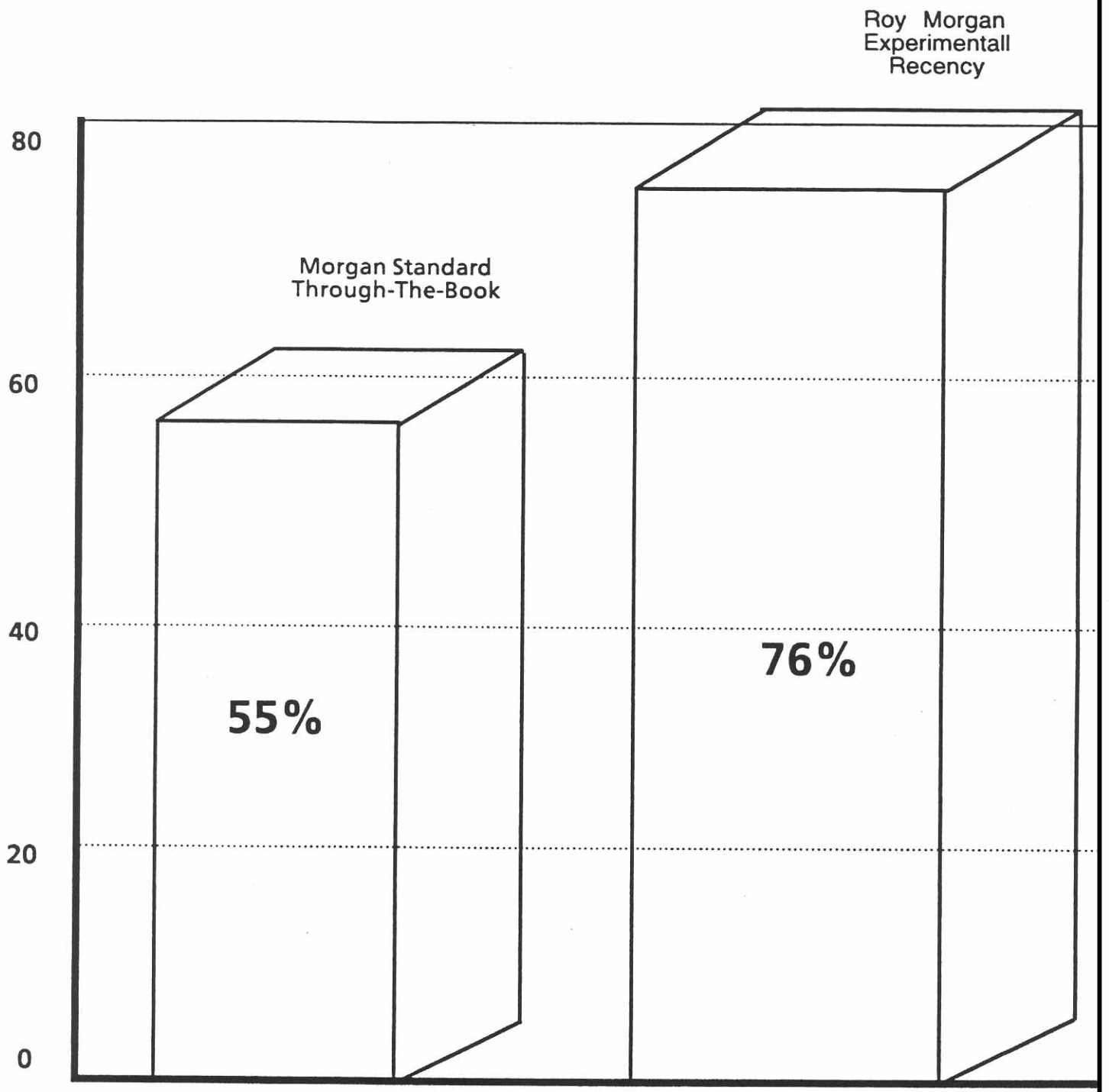
- INSERT READERSHIP **SHOULD** BE MEASURED
- DISTRIBUTION DOES **NOT** GUARANTEE READERSHIP

	Magazine Readership	Host Newspaper Readership	Ratio
Australia			
Australian Magazine	499,000	906,0000	55%
Good Weekend	1,251,000	2,260,000	55%
UK			?
			105%

Morgan: October 1989 - September 1990

- Attachment 6 -

RATIO OF INSERT MAGAZINE TO HOST NEWSPAPER



- Attachment 7 -

RATIO OF INSERT MAGAZINE TO HOST NEWSPAPER

MORGAN STANDARD "THROUGH-THE-BOOK"