We often begin with a snapshot of Australia today, the big societal trends and then focus on the particular ‘slice of life’ we are looking at – in this case media.

This report will instead make only a few introductory remarks about the economy and big trends – and then get right into the business of media.
ANZ-Roy Morgan Consumer Confidence in early September is just in positive territory at 106.7 (at its lowest level since July 2014) and Roy Morgan Business Confidence is even lower at 102.6 in August.

Real unemployment as measured by Roy Morgan Research is now 9.2% in August - while a further 7.4% of Australians are now under-employed.
**Inflation** – is low.

**GDP Growth** is down to 2.0%.

Interest rates are low and the Australian $ is down to just below 70c US (the lowest the Australian Dollar has been in over six years since the Global Financial Crisis in early 2009).
Support for the current L-NP Government has dropped to 45% cf. 55% for the ALP while the Roy Morgan Government Confidence Rating is now at 90 points – this means more people believe the country is now ‘heading in the wrong direction’ (46.5%) than ‘heading in the right direction’ (36.5%). It’s not all good!
Coverage
Australia wide

Frequency
Interviews conducted on weekends, 48 weeks per year; databases updated monthly

Population Sampled
All people aged 14+

Sampling Method
Population divided into 550 sampling areas of approx. equal population and size. Each area is sampled monthly
Random starting addresses, only one person interviewed per household
Continuous weekly interviewing (tablet collection)

Weighting
Using ABS data, by Geography, Age, Sex and Household Size

Process
Face-to-face survey with tablet (approx 30mins): n=50,000+
Self Completed Diary: n=20,000 approx
We have a fundamental belief that face-to-face interviews are the gold standard in obtaining the most robust research results.

Yet in a fast paced and ever changing world we understand the need for flexibility and speed in obtaining the best results. So we use tablets and Computer Aided Personal Interviewing (CAPI) to streamline and speed up the data collection process.

We also know people are changing, so we have pioneered multimode data collection to enable us to capture responses from people whenever and wherever they are able to provide the answers.

Roy Morgan Single Source is based on hundreds of thousands of interviews via all modes and millions of machine-based data points which provide advertisers, agencies and media owner’s access to the best research available.

No other survey in Australia can match our flexibility, experience and resources.
What’s happening?
Media consumption is complicated, with big changes underway due to the internet and all things digital.
Visitation to websites of all kinds is increasing – especially community sites.
Facebook and YouTube continue to grow, with huge numbers of Australians visiting one or both sites in an average week.
Two in three of us have a smartphone…
…just one more device by which people can stream video (or whatever else they want while on the go).
Total TV network audiences are now being compared to individual website audiences…
…and the overlap between TV and digital audiences is in the spotlight as media buyers decide whether to add Internet to their TV buy, or TV to their digital plans.
Rupert Murdoch – the world’s most extraordinary media mogul is setting in place plans to step aside.
The closure of magazines and newspapers continues – the latest being MX, the young person’s newspaper.
Profits are being downgraded and media owners are warning of more downgrades to come. Some major corporations are even announcing losses.
Newspapers’ revenues is shifting to new sources. As Larry Kilman points out, “the subsidy that advertisers have long provided to news content .. is gone.”
And if we doubted that, we now see news coming through Facebook. The Internet is playing out like no other medium.
‘Programmatic buying’ of digital media (computerised buying of advertising ‘spots’ much like a trading desk buys and sells shares or commodities) is creating its own disruption with advertisers doing it themselves – and then there’s Google!
While Google is often demonised (usually by those who are being disrupted by its omnipresence), the company is rated tops by media agency people for professionalism, media knowledge, innovation, negotiation skills and collaboration.
The Financial Times reports that newspapers are looking for new metrics to help them ‘fight back’.
Newspapers in Australia are running on ‘influence’ – linking the influence newspapers can have in swinging an electorate to vote a particular way with the power to influence consumers to the advertiser’s brand.

TV is seeking to show its unique value. “TV renovation shows have become so popular that the Australian Treasury is taking notice,” Tim Worner of Seven West Media says. “And that’s a great endorsement.”
Free to Air TV networks are fighting it out among themselves; at the same time as Netflix launches in Australia – a potential game changer.
And Scott Lorson of Fetch TV says the “battle for eyeballs will be played out within 12 months”.

When we ask those in the business of media – those selling and those buying – what they see as the big issues for media we find:
The exponential growth in digital, mobile, video and now automated buying of all of these media forms are clearly having an impact on the very essence of the media landscape.

Agencies and media alike see the growth of digital media as a major issue.

For media, the growth of digital, and the associated fragmentation of traditional audiences, is experienced as increased pressure to deliver

• audiences;
• ROI; and
• measurement.

Each of these is a separate and big topic, and Roy Morgan is involved with all three.

Fundamentally, the challenge for media is to monetise digital and other assets in the new world.
For agencies there is also, simply, the pressure to keep up – in a fast-changing environment where skills and expertise are in great demand and short supply.

Everyone is questioning everything!

Every media is now digital. In 2013 we said, “the Internet is, in may ways not really a new medium at all, and therefore not an enemy to traditional media. Television, radio, cinema, newspapers and magazines are forms of content that are co-opted and modified by new digital technologies, **but not replaced**.”
Key themes emerge around society: changing consumer media use and choice, technology, economics and the business of media, metrics, and politics. We can only touch on some of these here but all are addressed in the full report.
Australia as a nation is growing, and ageing. Our population is now over 23.5 million, and as the baby boomers turn 65+ that is the group that will be growing fastest.
We are increasingly educated, and increasingly socially progressive.
This manifests in such things as being open to homosexual marriage and adoption and open to new technology.

Clearly these things have an impact on the media landscape – especially age and technology acceptance.
Media consumption is also changing
It’s complicated – most lines trending down, but the Internet cuts a swathe through all. With all the talk about fragmentation – let’s just ‘de-frag’ for a minute…
We now have 5 main media: **TV** (including FTA and subscription TV); **Print**, including newspapers (locals, regionals, national and dailies and NIMs) and magazines of all kinds; **Radio**, **Internet** and **Cinema** (outdoor, and direct mail are considered separately).

**TV** is down a little but still close to ubiquitous – some 93% watch TV in an average week.

**Print**, is also down a little but still 85% still read something in print.

Total masthead reach as measured in Roy Morgan Single Source cross platform measurement shows many newspapers (or newspaper brands) reaching greater audiences than before – albeit online, whether via website or app. But there are new competitors for advertising dollars.

**SMH online audience is larger than its print readership** – but we are focussing on PRINT here.

**The jewel in the crown is local newspapers.**
People love their local news nowhere more than outside capital cities.
Consumers are changing how they spend their time – or are they?
Just looking at the last decade, the time people spend with any media during the week looks fairly consistent.
If we include time spent on the Internet at work and school (the Internet is always on), we actually see substantial growth in total time engaged with media. This is more reflective of our feelings that we are ‘more on’ and ‘multi-tasking.’
If we look at how that time is shared across different media we see:

- Most time is spent with TV – almost 19 hours per week – some 3 hours less than 10 years ago
- Internet next at 13.4 hours per week
- Radio with almost 13 hours per week – down in a decade but showing signs of increase now (as we saw earlier with the return of listeners since 2013)
- Newspapers at 2.3 hours per week and magazines a little over an hour a week – both down a lot.

If we add internet at school and work, our online time goes to 1125.6 (19 hrs – the same as TV)
Change has accelerated in the last 5 years

Powered by the Internet and mobile

Internet has driven the change over the last 15 years; over the last 5 years, the change has been turbo-charged by mobile.
We are seeing growth in all kinds of websites.
This data is derived from Roy Morgan Single Source- an address-based sample, multi-mode, nationwide, predominantly face to face establishment survey of 50,000 Australians with telephone, self-completion and web based follow up and, for the last few years, machine based web audience measurement.
The real growth in online communities and messaging sites.
Just look at the year on year growth of all these sites – only Tumblr and Skype are looking flat.
The rise of Facebook and YouTube
The big two have become mainstream with 11.5 million Facebook users and 9.4 million YouTube users in an average 7 days – and they are still growing.
Streaming is an other game changer.
The numbers are still small – but as of a month ago, Netflix had 766,000 viewers, while Presto, Quickflix and Stan each had around 50,000.

Apple TV ownership has surpassed T-Box is strong, and Chromecast has quickly surpassed TiVo.
Smartphones turbo-charged online, giving consumers their online experience ‘wherever they want it’!
People now spend an average of almost an hour a week online ‘out of home’ – presumably much of that time on the mobile. Then there’s another similar amount of time spent at school or uni – again some of that via mobile.

This of course raises issues about advertising.
15% of Australians say they are happy to receive ads on their mobile phone; 35% would be interested if they got a reduction in their phone bill. (Who gets the ad revenue then? Mobile phone company? App? Website publisher?)

Note: Dumb phone = doesn’t run apps
It becomes critical to understand and monitor how people are using every site. For YouTube PC is still dominant but mobile is gaining, both on phone and tablet. The overlap of the 1.2 million who use all three devices, and the three other overlap options of PC and mobile, PC and tablet, tablet and mobile, is what is confounds most measurement systems around the world. Only Single Source can measure the cross platform audience, the unique audience and the shared audience (overlap) across devices.
Apps are going gangbusters – increasing numbers of apps are being downloaded and although the numbers are naturally slightly lower for ‘recent use’ they are still substantial.

7.8 million Australians have downloaded the Facebook app; 3 million Instagram, 2.8 million the eBay app, 2.3 million the Commbank app and 2.1 million Snapchat.
When I want it!

Media prevalence by time of day

When do consumers want what?
At breakfast 29% of Australians prefer radio, ahead of TV (23%), with Internet and newspapers at around 16%.

By mid morning it’s Internet (26%) ahead of radio (22%).

At lunch it’s Internet 23% and radio 14%, just ahead of TV at 13%.

In the afternoon it’s Internet 30% ahead of radio 20% and TV 16%

By dinner it all changes – 52% prefer TV, way ahead of Internet 14% (and little interest in other media)

After dinner, TV still leads and is preferred by 60% of people ahead of Internet at 30% and radio 8%.

Of course different people have different preferences, but the pattern is clear – traditional media is alive and well and important to Australians at important times of their day.
Anything that blurs our vision is dangerous!

In 2013 we said “There is no such thing as a general audience. Every audience comprises multiple, niche and nuanced audiences that, despite ending up viewing the same station, or the same newspaper or magazine, or the same website or app, are identifiably distinct.

It is the unique strengths of each media and each brand that mean the difference between winning and losing.

Today consumers are in charge. They can increasingly obtain the content they want, when they want it, in the form they want. So it’s right to make consumers the centre of our focus – their values, their engagement with technology, their age and their community are all things that impact on the choices they make and thus the value they bring to each medium or brand.
Age matters

*Media consumption by age – gives lots of clues – but isn’t the whole story.*
Remember this chart – showing TV big and strong, with Internet just ahead of radio? Let’s look at the same picture for young people aged 14-24…
Among young people, TV is down to just 12.5 hours per week (not the 19 hour national average).

Radio is down to less than 7 hours a week (not 13).

And print (newspapers and magazines combined) is just over an hour a week.

Internet, however, is up well over 20 hours per week—and that doesn’t include time online at work or school.

For older people the pattern is reversed – in fact they are spending more time with some traditional media.
Cinema attendance is flat.

While it is still true that young people are more likely to go to cinema than older people, fewer young people are now attending cinemas – the increase in cinema-going among older people is what is holding cinema attendance up.
Cinema is still strong among young people - Young Optimism and Look at Me – but these groups are moving away. Cinema is maintaining its audience due to more older attendees- especially TFL and BN (the growing segments in society) and VA and SA are still strong.
TV is also holding its own among older people – but the real drop off is in the 18-34 group.

Note: these rates include FTA and Pay TV
TV reaches most Values Segments – its greatest strength is among the most traditional families but is also strong among the two most affluent segments – Visible Achievement (powered by Pay TV) and Socially Aware (powered by streaming TV).

TV is losing younger audiences – like Young Optimism (never especially TV-oriented) and Look at Me (unsophisticated youngsters who used to be really strong for TV).
Radio is down for the under 35, and making a comeback 35+.
Radio is strong, and stronger, than it has ever been in the most affluent segments Socially Aware and Visible Achievement. In fact the only area of loss for radio is young people – and there is some evidence that Young Optimism is returning to radio after a real dive around 2010.
Internet is clearly mainstream across all age groups and most groups have met their potential. However, there is still further growth potential in the 65+ age group despite already experiencing substantial growth since 2001.
Internet reaches the most Visible Achievement, Socially Aware and Young Optimism segments.

Print reaches most traditional families (TFL, RC, VA and SA) – but there are real differences by title – regional vs upmarket magazines and free supermarket magazines. And of course newspapers have their online and app versions. But we are focussing here on the PRINT medium.
Age matters

But so does the consumer’s life-stage, values, technology engagement and community.
State of the Nation 2015

Technology
We have all seen innovations come and go – like the DVD, digital cameras, etc.
In recognition of the fact that we need to understand the rapid changes in technology and their impact on consumers, Roy Morgan Research undertook a major study of technology and how Australians are adapting to it. The study’s results, which were first launched in May 2012, show that different segments of the population are taking up the new technology at very different rates.

In essence, the technology adoption curve is an innovation curve – there are early adopters at one end and laggards at the other, with the majority in the middle.

This framework is particularly informative in relation to understanding who is consuming which media via which means, e.g. are people reading the newspaper via app, or website on their PC, or in hard copy.

Roy Morgan is of course measuring all these nuanced ways of reading and we will go into it a little more in the technology section.
We see, the traditional media has moved into ‘Maturity’, while smart watches, streaming and Apple TV are in early adopter territory.

Smart TVs were in the realm if early adopters just 18 months ago and are now mainstream.

As of March this year, 238,000 Australians (1.2%) owned a smart watch.
Community matters

Helix Personas give insight into community drivers
Helix Personas, our powerful psychographic, geo-digital segmentation and profiling tool provides insight into why Pay TV is so strong in some communities or areas (Today’s Families ahead of Leading Lifestyles – strong VA) and so low in other affluent areas like Metrotech communities (full of SA – they have embraced streaming).

Any segmentation can tell you where to find people are who can afford Foxtel (or any paid-for TV service), but only Helix Personas can tell you who will choose to buy it. Helix Personas incorporates not only age, wealth and spending power, but also Values and Technology Adoption. It can provide a real understanding of why some communities who can afford a product or service choose to have it and why some don’t.
The big question....

But what about TV? Will it die?

Those in the business of buying and selling media are asking.

Remember the agencies were struggling to deliver audiences ‘at scale’
Roy Morgan data shows that TV audiences are still very much at scale. 16.6 million people watch commercial TV. This is less than the 18 million accessed the internet, but 12.8 million watch Network 7 – ahead of Facebook or YouTube.

And if we look at Network 10 and Foxtel combined (as Foxtel has recently bought 15% of Ten), we find it gives Foxtel-Ten a combined audience of 12.2 million, or 63% of Australians 14+ each week.

### Comparison of audiences at scale – TV vs online

<table>
<thead>
<tr>
<th>Viewed Commercial TV (weekday)</th>
<th>Accessed the Internet (L7D)</th>
</tr>
</thead>
<tbody>
<tr>
<td>16,648,000</td>
<td>17,974,000</td>
</tr>
<tr>
<td>Network 7 (L7D)</td>
<td>YouTube (L7D)</td>
</tr>
<tr>
<td>12,831,000</td>
<td>9,369,000</td>
</tr>
<tr>
<td>Network 9 (L7D)</td>
<td>Facebook (L7D)</td>
</tr>
<tr>
<td>12,425,000</td>
<td>11,466,000</td>
</tr>
<tr>
<td>Network 10 (L7D)</td>
<td></td>
</tr>
<tr>
<td>9,882,000</td>
<td></td>
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<tr>
<td>SBS Network (L7D)</td>
<td></td>
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<tr>
<td>7,414,000</td>
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<tr>
<td>ABC Network (L7D)</td>
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<tr>
<td>11,349,000</td>
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And, of course, there’s a lot of overlap. YouTube reaches some people that Networks 7 and 9 don’t reach, but equally each station brings in an audience. To build reach, you need to understand the overlap.

Again, Single Source measures it – and delivers true multi-media or cross-media scheduling.
And of course it is not just how many you reach, but who.

These are the kinds of movies heavy Facebook users like – is this your audience?
These are the types of TV shows heavy YouTube users watch. Is that your target audience?

If you are, say, a managed investment fund targeting ‘people with 1 million dollars to invest’ – it is probably not your audience.

In fact, our data shows there are as many of these wealthy ($1mill plus individuals) watching SBS One as there are using Facebook.
The economics of media has been driven very much by advertising expenditure. 

Lets now look at the economics of it all. The economics of media has been driven very much by advertising expenditure – with some exceptions, eg. cover prices of newspapers and magazines, and subscriptions to TV and now Internet.

Total ad expenditure at a macro level is driven by economic factors and more recently the second dot-com boom which dampened ad spend.
The traditional view was that GDP drove advertising spend.
More recently analysts thought it was interest rates. The 2009 interest rate drop didn’t fit that model well.
But here is a look at Roy Morgan Consumer Confidence – things are looking more aligned. If we allowed for inflation it would be a good fit.
Here is Roy Morgan’s real unemployment rate, which we think is the best fit: when unemployment was at its lowest point in 2008, ad expenditure was at its highest. The ABS unemployment rates hovering between 5 and 6 would go nowhere in explaining the ad expenditure.
Ad expenditure was $12.8 billion for the financial year 2014. Of that, TV spend was $3.5B (31.2%).

Between 2001 and 2014 digital adspend went from 0% to now 34%. Online is now the 5th main media.

Initially in the early days of the Internet online did not have the mass to be a real medium (thus we saw the dot com boom and bust). But in 2015, internet is mass and online audiences have scale.
However, within that 34% there are many moving pieces: mobile, video, display, search, classifieds.

This is adding to cannibalisation even within the online advertising market.

With the rise in programmatic (real time computerised buying) of digital media, PWC predicts online or digital ad spend will reach 51% by 2019.
Print has paid the price, down 50% in ad expenditure and readership.
TV, if we include subscription TV, has held its own.
Clearly different business models are emerging.
In the good old days, life was simple.
The business models of Media

Media
Capital
Content
Distribution
Ad Revenue/User Pay

Media
Purchase assets (printing presses, spectrum, pipes / towers / cables)
Produce and curate content, secure rights to content
Publish or broadcast/distribute content via owned platform
Charge advertisers to place ads, charge consumers to pay for content
Media owner expenses include: license fees, employee costs, content usage fees and of course media agency commissions
Agencies needed

Working capital – agencies needed capital to guarantee purchase of the media space on behalf of the advertiser

Their job was to plan and buy space across media in an unbiased way, and to evaluate (audit) performance of the media (check that the advertiser got what they paid for).

Their revenue came from commissions from media and fees from advertisers (some combination)

Expenses: employees, planning and buying software, data
Data and adtech is exploding
Then it got complicated. There was more of everything – in an increasingly complex technological environment.
Clearly media as an industry is converging with technology, data, analytics and entertainment (and probably many more).

We see media as the epicentre of this convergence, but…
…for technology companies, media is just one of many interesting clients, partners, or allied industries, and…
…for data companies, similarly their future lies in commercialising big data across a range of industries – of which media is just one.
What is Roy Morgan doing about it?

in the online, real time world

• Many years ago we developed Roy Morgan Single Source to provide the richest segmentation and profiling of newspapers, magazines, TV programs, radio, and other media, enabling advertisers to identify their target audience precisely and plan and buy media that would reach them most cost-effectively.

• 20 years ago we anticipated the need for the same kind of targeting ability in the digital space. So we began the first machine-based collection of web data – tracking our Single Source respondents online. We were too early – internet penetration was too low (at 15%) for this to be viable. And we saw the digital space as full of websites and audiences that could be thought of like magazine or TV audiences.

• Over the last few years we have extended our traditional research to capture website usage, app usage, etc. But the digital media industry has evolved into something unlike traditional media – the industry thinks in terms of audiences, but delivery is one-to-one in nature (not everyone gets the same ad), and the complexity created by that has lead to computerised buying systems and real-time trading desks (programmatic buying). This meant we needed to create a different conceptual framework.
• We created Helix Personas – a powerful psychographic geo-digital segmentation and profiling tool that can be used to profile any audience for use in real time (through people cookie pools, pixels, any digital inventory, etc.)

• We have developed partnerships with a small (but influential) number of players. The total Australian digital media landscape has hundreds of players.

• All of our media partners offer advertisers and media agencies the opportunity to buy Helix Personas on digital inventory or, in the case of Salmat, for catalogue distribution.

• Some of these partners such as Eyeota, Yahoo and ADNear offer us an Asian footprint.
Digital buying going programmatic has meant that Helix Personas is also embedded in an increasing number of buying platforms. These come courtesy of Eyeota.

Our challenge is to ensure sufficient volume of our data (for example cookie pools) in these platforms.

Note: Facebook exchange, Google’s doubleclick, Tube Mogul
What’s next for us?
Better cross platform measurement and scheduling for campaigns
Tools to help advertisers optimise their ad dollars
Tools to help media owners to value their audiences and the quality of their inventory
Help the market understand and measure the new reach and frequency of TV and online
It’s complicated

in the online, real time world

It is far from simple now, but…
Don’t forget the consumer

...we must not lose sight of the consumer behind the ratings, clicks, views, impressions.
Despite the structural changes and hype that old media is dying or has died, Roy Morgan data suggests that the ad industry might be in danger of swapping spend out of TV, radio, news and cinema into digital too swiftly.

While there have indeed been declines, TV, radio, cinema and print still offer very potent media opportunities to reach target markets – if they play to their strengths.

Online media owners will be hard-pressed to build audience reach as quickly and efficiently as TV, while TV owns, produces and has rights to content, be it news, sport or entertainment.

Traditional media owners will need to work hard on their content and distribution models (i.e. make available on Facebook and Youtube).

But we must not lose sight of the fundamentals.
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.