

A close-up, slightly blurred image of the Australian flag, showing the Union Jack in the canton and the white seven-pointed star on a blue field.

Roy Morgan
Research

State of the Nation

Australia

Spotlight on Media
17th June 2015



Australia Today



[1] Roy Morgan Face-to-Face; June 13/14, 2015;
Australian population aged 14+

[2] Roy Morgan Face-to-Face Survey; May 2015;
Australian population aged 14+ in Workforce

[3] Roy Morgan Business Single Source; May 2015

[5] FuelWatch - Metro WA; May 2015

[6] APRA; March 2015

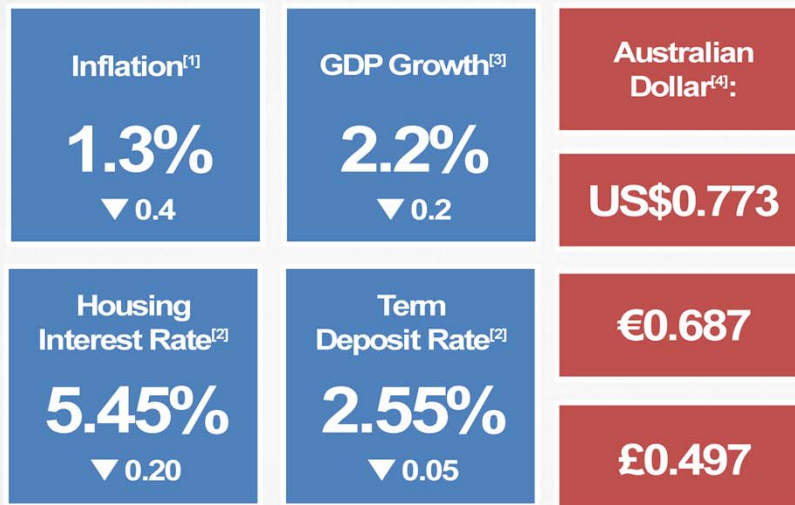
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ANZ-Roy Morgan Consumer Confidence is in positive territory at 114.5, and Business Confidence about the same at 114.7.

But, as measured by Roy Morgan, real unemployment is high at 10.3% and a further 8.2% are underemployed – so almost 20% of the workforce is either looking for work or looking for more work.

Australia Today



[1] Australian Bureau of Statistics; March 2015

[2] Reserve Bank of Australia; May 2015

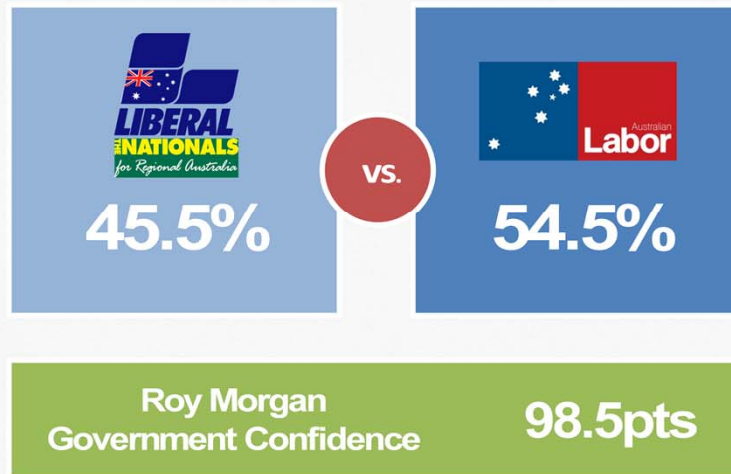
[3] Australian Bureau of Statistics; March 2015

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Inflation is down to 1.3%, GDP growth is down to 2.2%, the Australian dollar is low (only 77c US), and interest rates are low.

Australians' Voting Intention



Base: Australian electors aged 18+

Source: Roy Morgan Research Multi-Mode Survey, June 6 – 7 & 13 – 14, 2015

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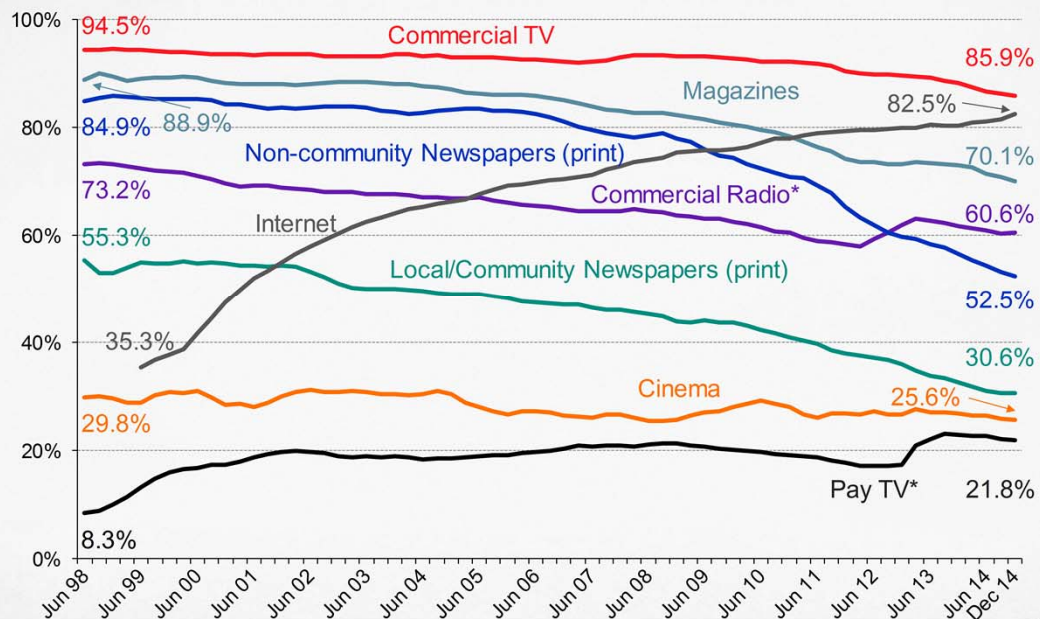
Support for the current L-NP Government is low at 45.5% vs. 54.5% for the ALP; and Government Confidence is at 98.5 points means more people believe the country is going in the wrong direction (41.5%) than the right direction (40.0%). It's not all good!

What's happening?

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— Research —

Major Media Types



*Question revised in April 2012 for Commercial Radio and September 2012 for Pay TV

Base: Australian population aged 14+

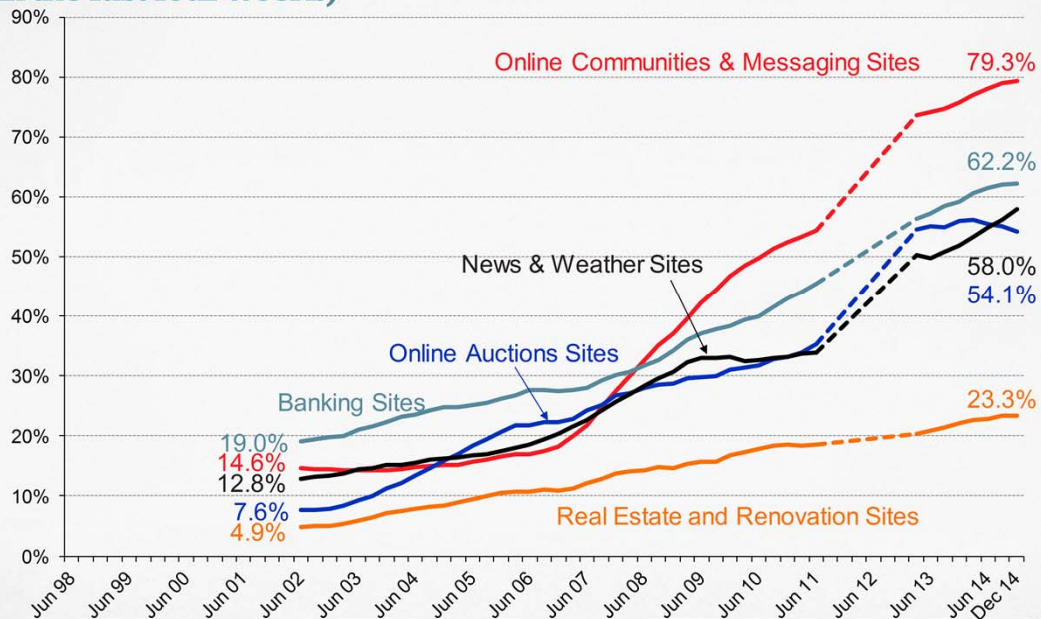
Source: Roy Morgan Research; 12 month moving average

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Media consumption is complicated, with big changes underway due to the internet and all things digital.

Commercial & Community Websites (visited in the last four weeks)



--- Represents a change in methodology from respondent recall to machine based measurement

Base: Australian population aged 14+

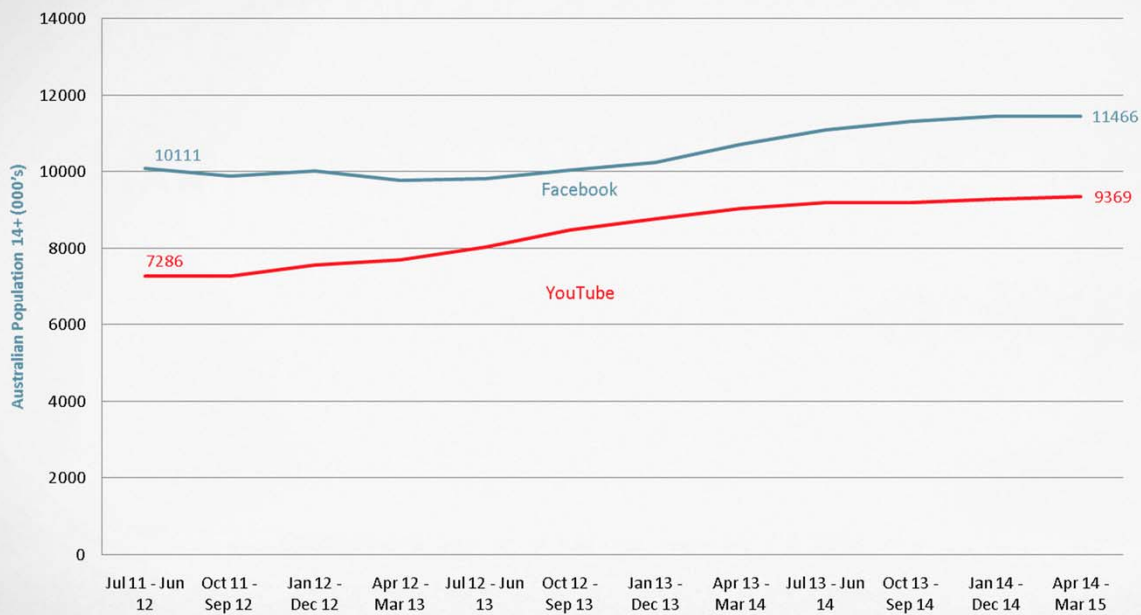
Source: Roy Morgan Research; 12 month moving average

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Visitation to websites of all kinds is increasing – especially community sites.

Facebook and YouTube reach is greater than ever before (visited in the last 7 days)

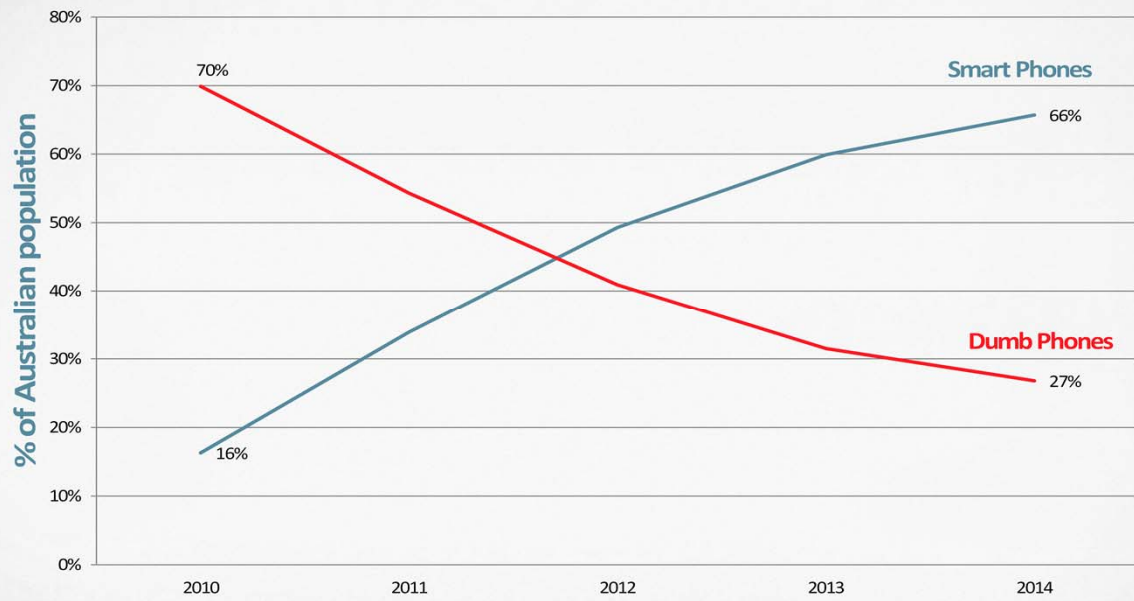


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Facebook and YouTube continue to grow, with huge numbers of Australians visiting one or both sites in an average week.

Types of Mobile Phone Used



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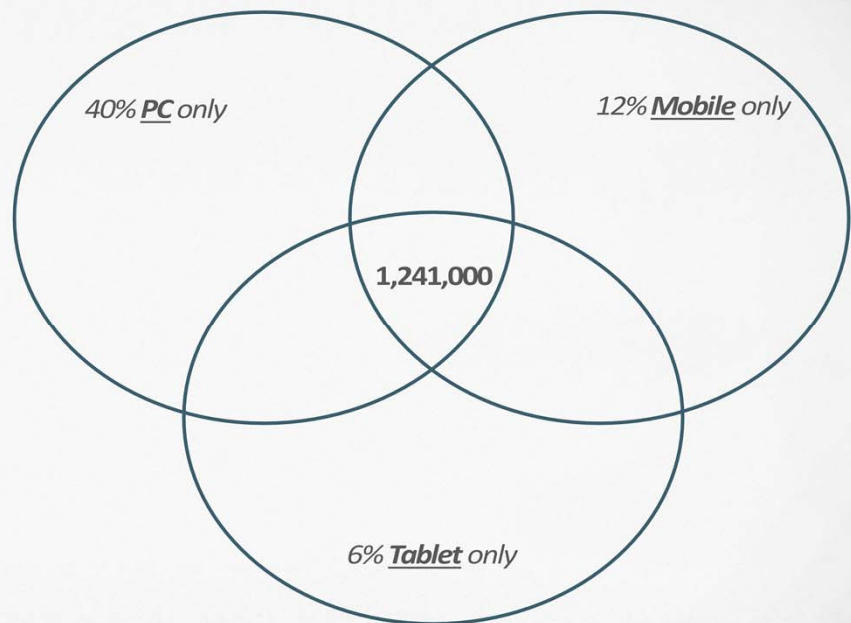
Two in three of us have a smartphone...

YouTube - Audience by device

Visitation in the last 4 weeks

40% of YouTube visitors (L4W) have only accessed using their PC

33% of YouTube visitors (L4W) have accessed via PC and Mobile

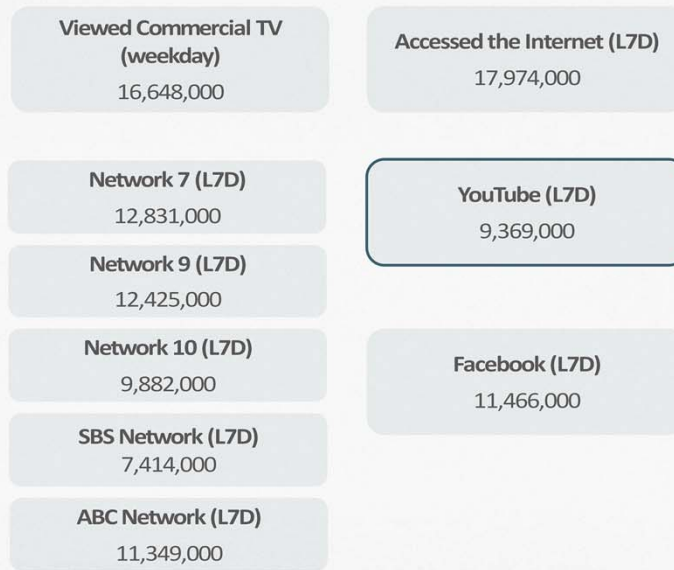


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...just one more device by which people can stream video (or whatever else they want while on the go).

Comparison of audiences at scale – TV vs online

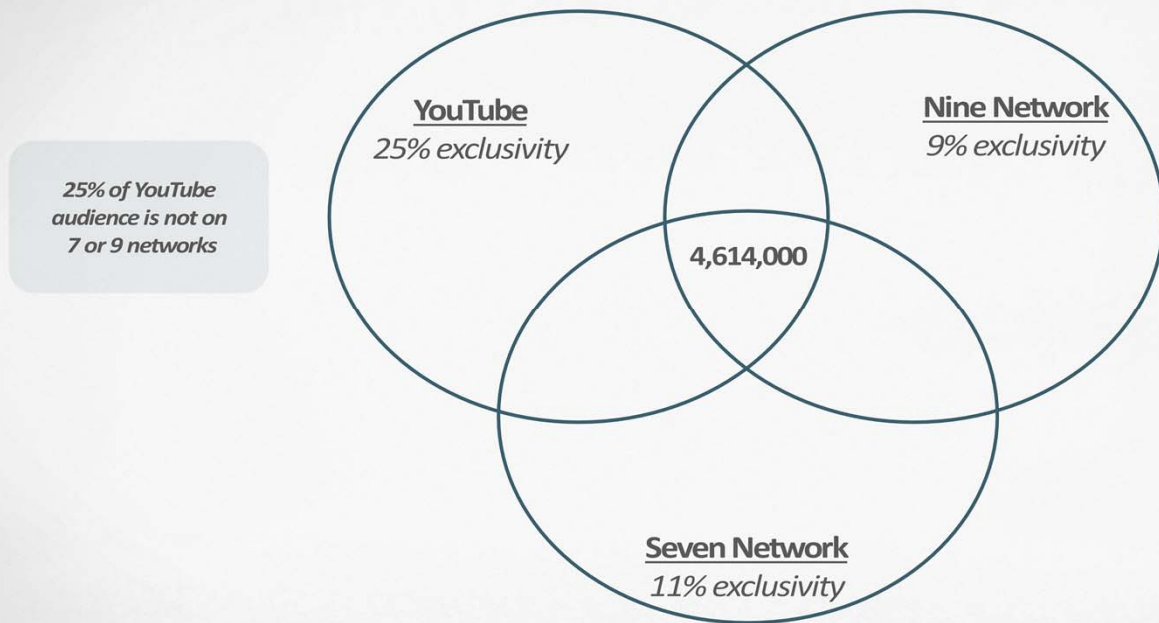


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Total TV network audiences are now being compared to individual website audiences...

Comparing Shared vs Unique Audience



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...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 is stepping down



MYLES UDLAND



JUN. 11, 2015, 9:51 AM

13,069

11

Rupert Murdoch is getting ready to step down as the CEO of 21st Century Fox, according to CNBC's David Faber.

Murdoch's son James will take the reins as CEO, but the elder Murdoch is expected to remain as executive chairman of the company.

Murdoch's other son, Lachlan, is expected to take a role as executive cochairman at the company.



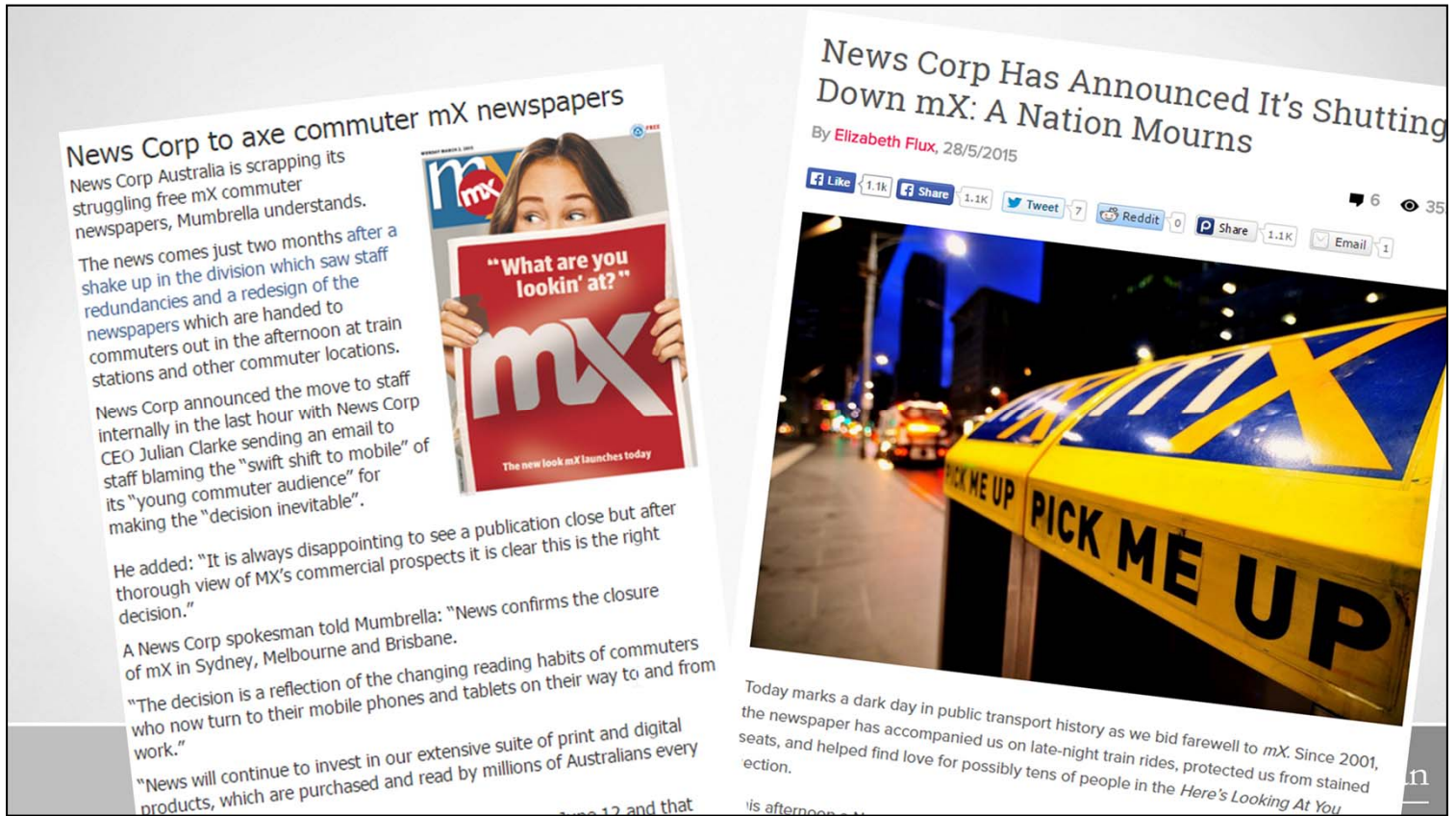
REUTERS/Lucy Nicholson

Rupert Murdoch, soon-to-be former CEO of 21st Century Fox.

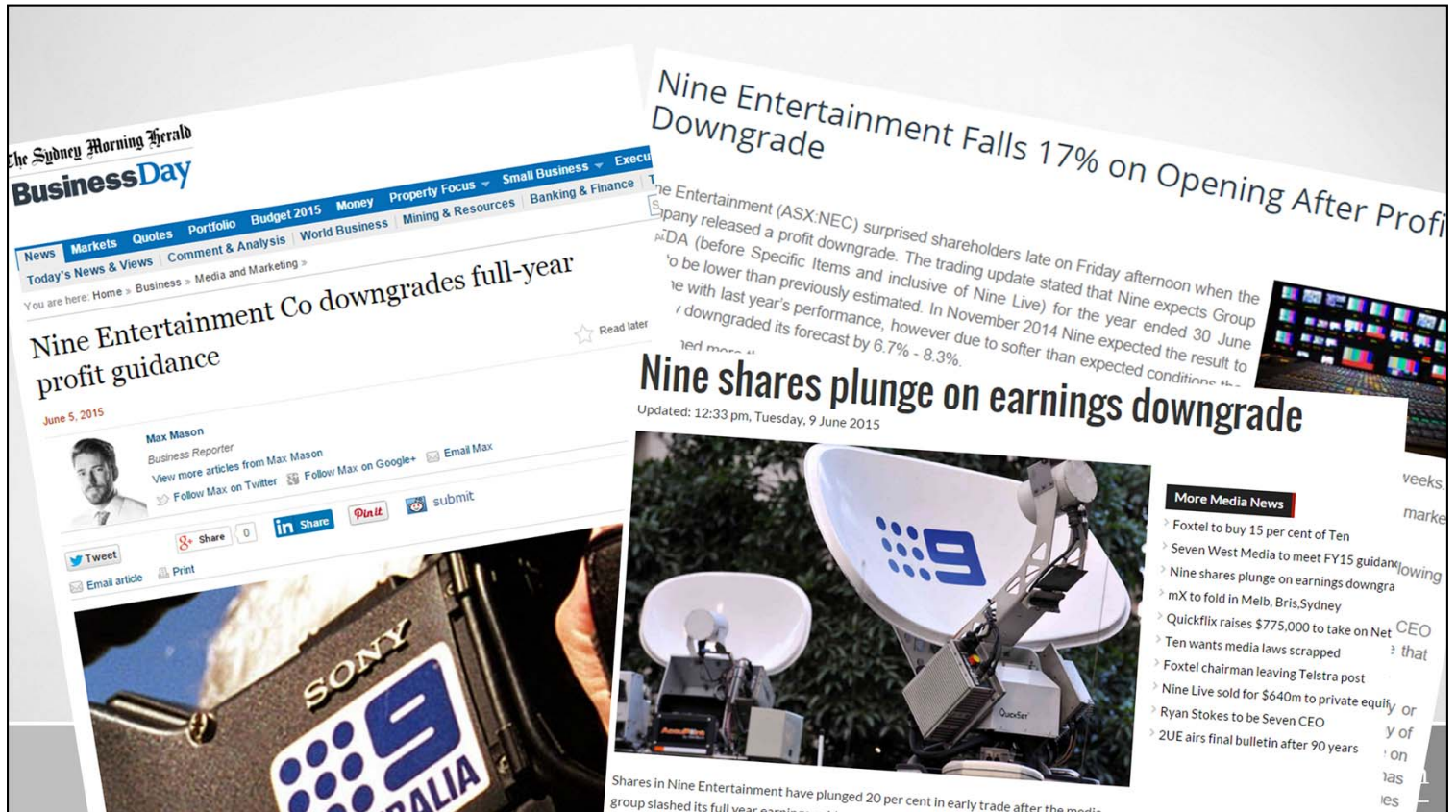
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Rupert Murdoch – the world's most extraordinary media mogul is setting in place plans to step aside.



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.

2015-06-01

A profound shift in the newspaper business model, evolving for years, is finally here.

Global newspaper circulation revenues are larger than newspaper advertising revenues for the first time this century, according to the annual World Press Trends survey released Monday by the World Association of Newspapers and News Publishers (WAN-IFRA).

"The basic assumption of the news business model -- the subsidy that advertisers have long provided to news content -- is gone," said **Larry Kilman**, Secretary General of WAN-IFRA, who presented the survey at the 67th World Newspaper Congress, 22nd World Editors Forum and 25th World Advertising Forum in Washington, D.C. "We can freely say that audiences have become publishers' biggest source of revenue."

Newspapers generated an estimated US\$179 billion in circulation and advertising revenue in 2014 -- larger than the book publishing, music or film industries. Ninety-two billion dollars came from print and digital circulation, while 87 billion came from advertising, the survey said.

"This is a seismic shift from a strong business-to-business emphasis - publishers to advertisers - to a growing business-to-consumer emphasis, publishers to audiences," said Mr. Kilman.

Throughout the 20th century, advertising brought up to 80 per cent of revenues in some markets. The ratio varies from market to market: in some European and Asian markets,



Larry Kishman

Secretary General

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EVENTS



Over the year, WAN-IFRA organises approximately 20 international and regionally focused conferences. [Read more ...](#)

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EPISODE 19, 8 JUNE 2015

Comments



Changing the Facebook of news

Facebook is changing the face of news, so should we be worried?

But now to more serious matters and the demise of MX, the giveaway tabloid produced by News Corp.

Coming just two weeks after News said the digital revolution will not kill print, the commuter newspaper, which employs 30 journalists in Melbourne, Sydney and Brisbane, is about to breathe its last.

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And if we doubted that, we now see news coming through Facebook.
The Internet is playing out like no other medium.

CommBank takes programmatic trading desk in-house



By **Pippa Chambers** | 6 May 2015

0 Comments

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CommBank's GM consumer marketing, Monique McLeod, is one of many speakers taking part in the **Media Summit** held on May 22. GroupM's Danny Bass, IPG's Henry Tajer and Nine Entertainment's Peter Wiltshire are also among the top notch speakers. [Get your tickets here.](#)



Australia's largest bank, CommBank, is in the process of establishing an in-house programmatic trading desk.

'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!

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Google on top as media buyers rate sellers in the brave new world of programmatic ad space trading

Facebook
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June 04 2015 Finding No. 6274 Topic: Press Release

The 2015 *AdNews Media Benchmark Study* is now available. Roy Morgan Research again partnered with AdNews to undertake the study, an annual report into Australia's media and advertising industry based on views from media agencies, owners and other media players across the country.

The latest report addresses three key themes: how programmatic buying is changing the media landscape; how the media agencies and media brands are rated; and the big issues facing the industry.

The report also reveals which media brands buyers, planners and marketers cite as the best for audience delivery, targeting, and relationship building, including the following category winners:

- Television: Seven Network
- Magazine: Australian Women's Weekly
- Newspaper: Sydney Morning Herald
- Online: Google
- Outdoor: nOh! Media

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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.

Financial Times rolls out 'cost per hour' advertising metric

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18 May 2015: The Financial Times today announces the launch of a new digital advertising metric, 'cost per hour' (CPH). Working closely with Chartbeat on the new time-based system, the FT is able to increase marketing effectiveness by measuring not just whether an ad is seen or not, but for how long.

The measurement, which was initially offered in a limited pilot last fall, allows advertisers to reach a highly influential global audience with greater brand impact than through impressions alone. It follows successful trials on FT.com with 10 clients including BP, iShares and IBM, generating over \$1m in total incremental revenue. Tests have proven not only a significant uplift in brand recognition and association among readers, but it also ensures 100% viewability of five seconds or more for clients. The FT can report on how long each impression has been viewed, and the total duration of exposure across the campaign.

Dominic Good, FT's advertising sales director, said: "For the nearly three decades of commercial internet history, advertising has derived its value from one measure: how many people click on an ad. Low viewability scores and questions about advertising placement and fraud have increased the need for better measurement and transparency to demonstrate the actual outcome an advertiser is seeking.

"While CPM values every impression the same, CPH uses time to measure value. The FT has shown through extensive testing that brand familiarity and recollection among readers increases significantly the longer an ad is in view. Adverts seen for five seconds or more on FT.com show up to 50% higher brand recall and familiarity than ads that are visible for a shorter period of time.

"The Financial Times creates some of the web's highest quality content," said Chartbeat CEO

Highlights

FT HISTORY TIMELINE



125 years of FT history

HOW TO SPEND IT



Website of worldly pleasures

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The Financial Times reports that newspapers are looking for new metrics to help them 'fight back'.

Treasury recognises the 'power' of TV, says Seven West Media CEO Tim Worner

June 3, 2015 - 9:33AM

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Treasury call about home renovation shows is a "great endorsement to the power of free-to-air television", says Seven West CEO Tim Worner. Photo: Vince Caligiuri

TV renovations shows have become so popular that the Australian Treasury is taking notice, and that's a "great endorsement to the power of free-to-air television", Seven West Media chief executive Tim Worner says.

The plethora of renovations shows - such as *House Rules*, *The Block* and *Reno Rumble* - illustrated how Australian culture is impacted by low interest rates, [Treasury Secretary John Fraser](#) told a Senate estimates hearing on Monday.

"What a great endorsement of the power of free-to-air television - that we are actually shaping the

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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."

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TV networks' squabble for share not ad dollars causing zero growth

By Nicola Riches | 22 April 2015 0 Comments

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Citigroup Australia has delivered another blow to the beleaguered Free-To-Air (FTA) TV market, unveiling a report this morning showing the sector's advertising growth is heading for zero.

It suggests that local TV networks - Seven, Ten and Nine - are guilty of creating what could be deemed a vulnerable market place by chasing revenue share, as opposed to advertising dollars.

"(The TV networks) squabble for revenue share (not absolute ad growth) which arguably compounded some of the structural issues, and made it easier for agencies to cut their client advertising budgets on TV," it boldly claims.

It compares the ailing Australian FTA market with the equivalent European market, which has recently returned to growth. "For two years now we (Citi Research) have been waiting for the FTA TV broadcasters return to advertising growth something that's been playing out across major TV markets in Europe," it says.

ADVERTISING



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Series 4

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REDEFINING TELEVISION

Think TV presents "Redefining Television", the latest instalment in the highly-acclaimed 2020 Vision series. Ep 2 "The Broadcast View" discusses using the power of broadcast TV in partnership with digital to deliver even greater impact and efficacy.

EPISODE TWO: THE BROADCAST VIEW
with David Abraham, Chief Executive, Channel 4.

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Free to Air TV networks are fighting it out among themselves; at the same time as Netflix launches in Australia – a potential game changer.

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Battle for eyeballs to be played out 'within 12 months', says Fetch TV boss Scott Lorson

June 4, 2015 ☆ Read later

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Business Reporter

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The winners and losers from the proliferation of subscription video services will play out within 12 months, says Fetch TV chief executive Scott Lorson, who identified a potential market of 5 million Australian homes for services outside of Foxtel.

Speaking at the Mumbrella 360 conference in Sydney on a panel of industry executives, Mr Lorson said Foxtel's 2.5 million-plus subscribers were "incontestable", with long-time customers and many people opting for sport resulting in a low churn rate.

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And Scott Lorson of Fetch TV says the “battle for eyeballs will be played out within 12 months”.

Those in the business of buying and selling media are in the epicentre of change

Media Issues

2015 AdNews Media Benchmark Study
powered by Roy Morgan Research

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Research

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:

[illegible]

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

- audiences;
- ROI; and
- measurement.

Fundamentally, the challenge for media is to monetise digital and other assets in the new world.

[illegible]

Roy Morgan
— Research —

Everyone is questioning everything!

24

Key themes emerge

- › Society
- › Technology
- › Economics - business of media
- › Metrics
- › Politics

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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.

State of the Nation 2015

Society

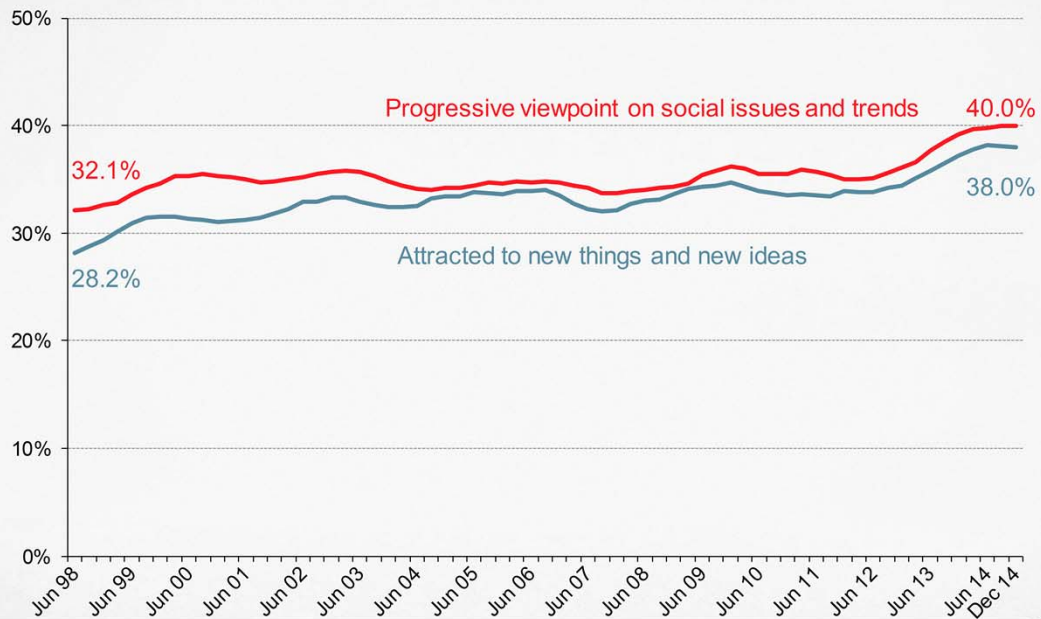
Australia as a nation is growing and ageing; increasingly educated, socially progressive and open to new technology

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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.

Progressive Views



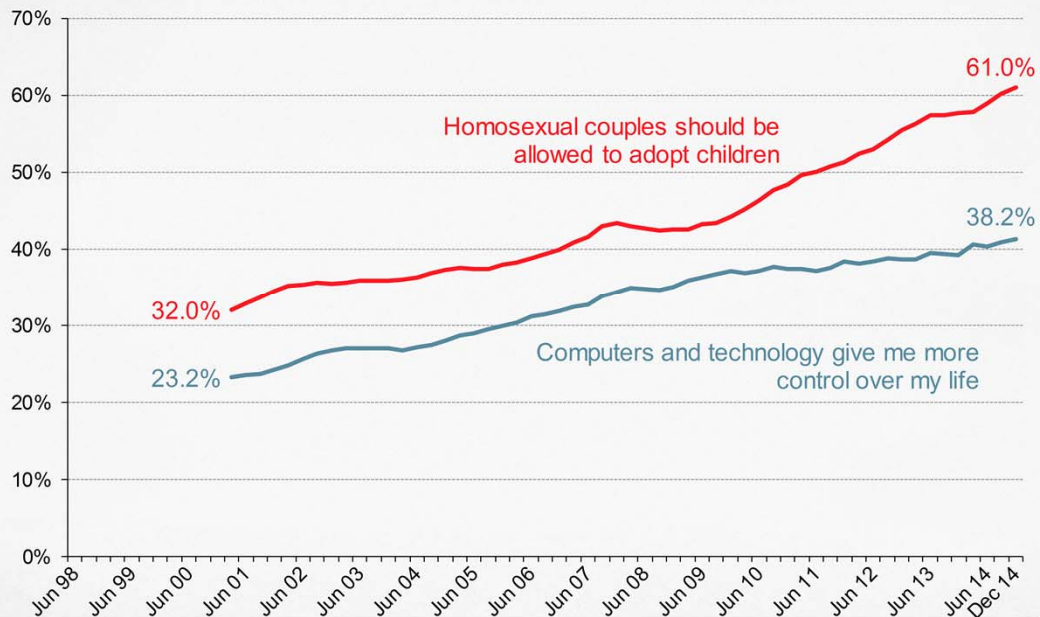
Base: Australian population aged 14+
Source: Roy Morgan Research; 12 month moving average

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We are increasingly educated, and increasingly socially progressive.

Progressive Attitudes



Base: Australian population aged 14+
Source: Roy Morgan Research; 12 month moving average

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This manifests in such things as being open to homosexual marriage and adoption and open to new technology.

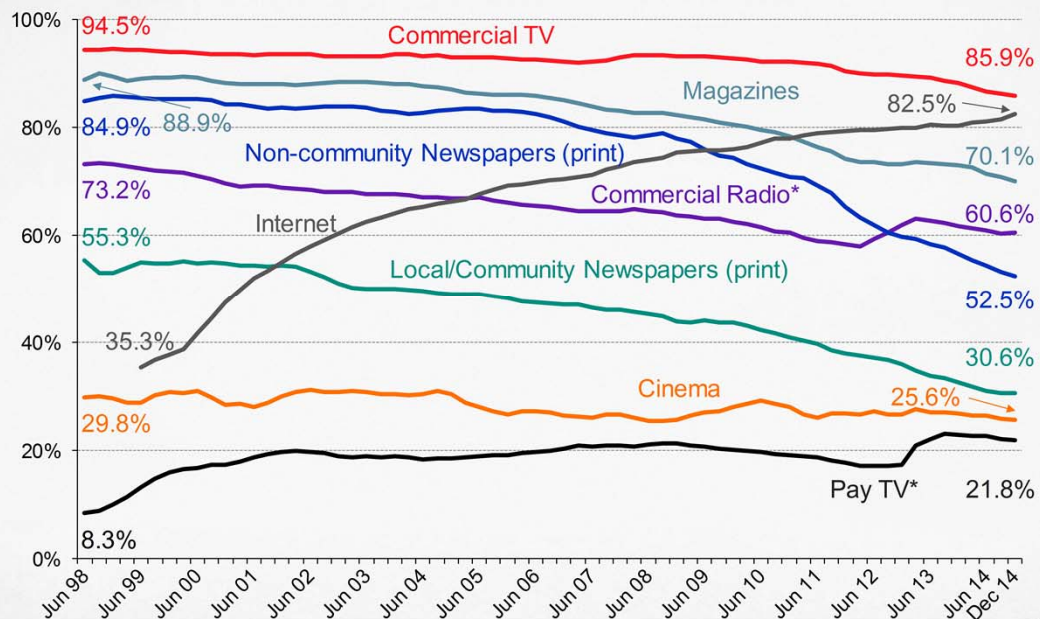
Clearly these things have an impact on the media landscape – especially age and technology acceptance.

Media consumption is also changing

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Major Media Types



*Question revised in April 2012 for Commercial Radio and September 2012 for Pay TV

Base: Australian population aged 14+

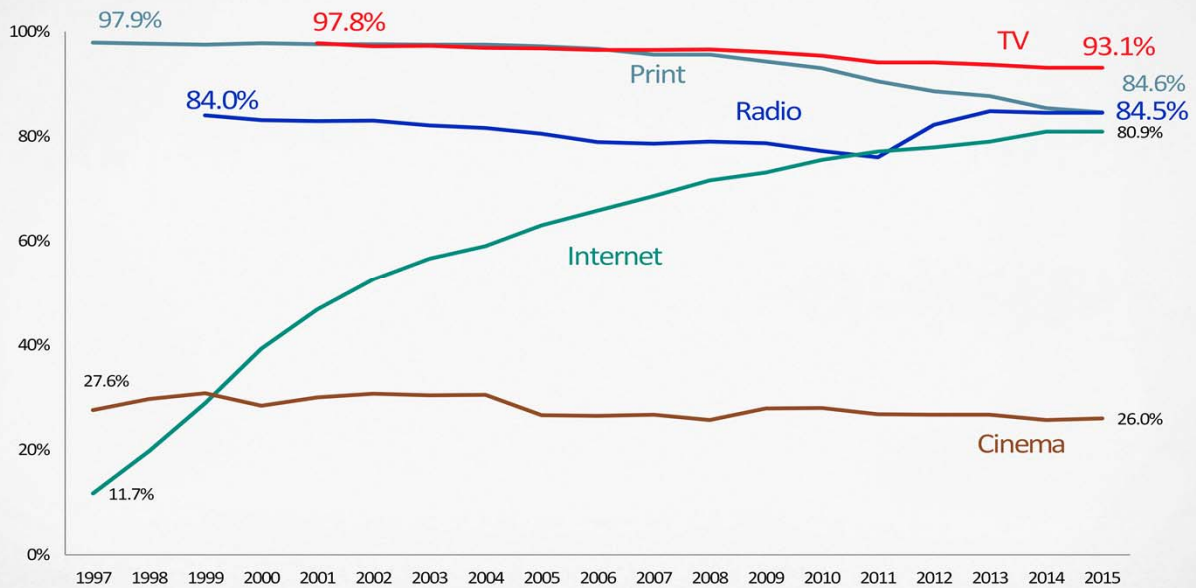
Source: Roy Morgan Research; 12 month moving average

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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...

Consumer Reach of Main Media Types



Base: Australian population aged 14+
Source: Roy Morgan Single Source

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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.

Local newspapers



People love their local news nowhere more than outside capital cities.

State of the Nation 2015

Time spent with Media

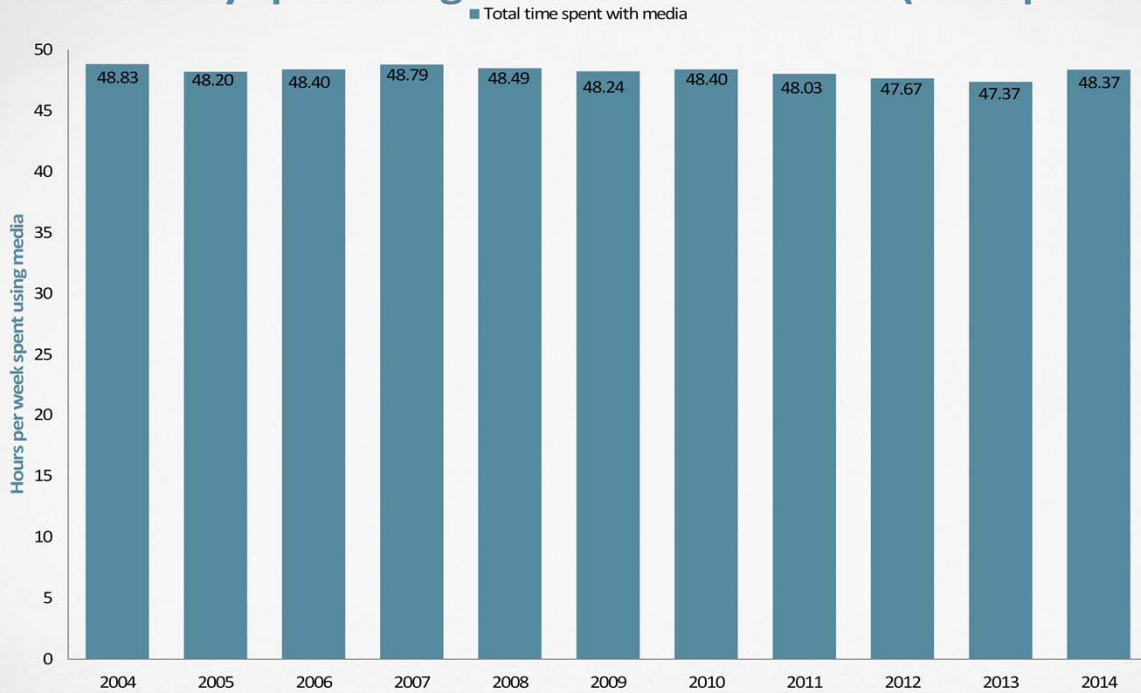
Consumers are changing how they spend their time

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Consumers are changing how they spend their time – or are they?

Average Time Usually Spent Using Media for Whole Week (hours per week)

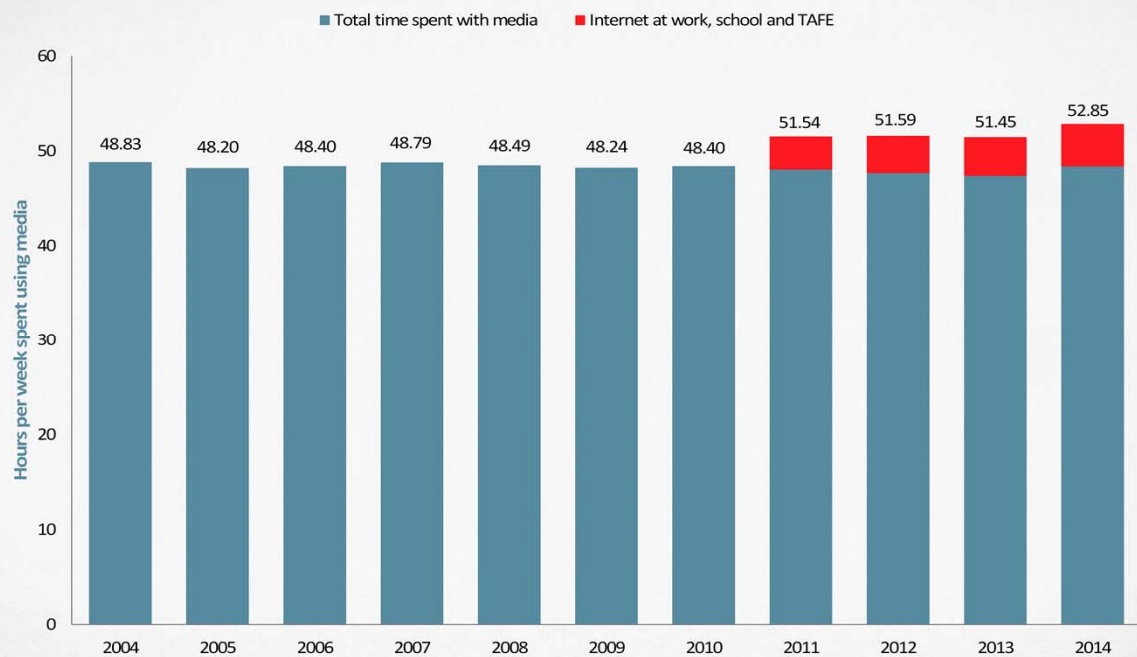


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Just looking at the last decade, the time people spend with any media during the week looks fairly consistent.

Average Time Usually Spent Using Media for Whole Week (hours per week)



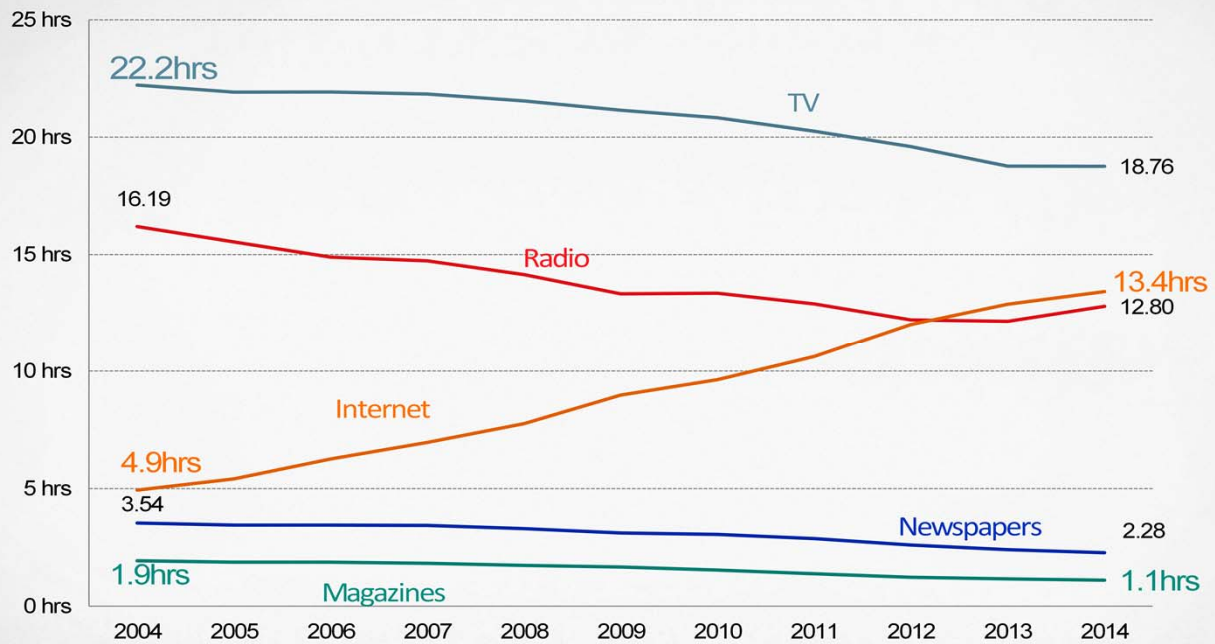
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If we include time spent on the Internet at work and school (the Internet is always on), we actually see substantial growth in total time engaged with media.

This is more reflective of our feelings that we are 'more on' and 'multi-tasking.'

Average Time Usually Spent Using Media for Whole Week (hours per week)



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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

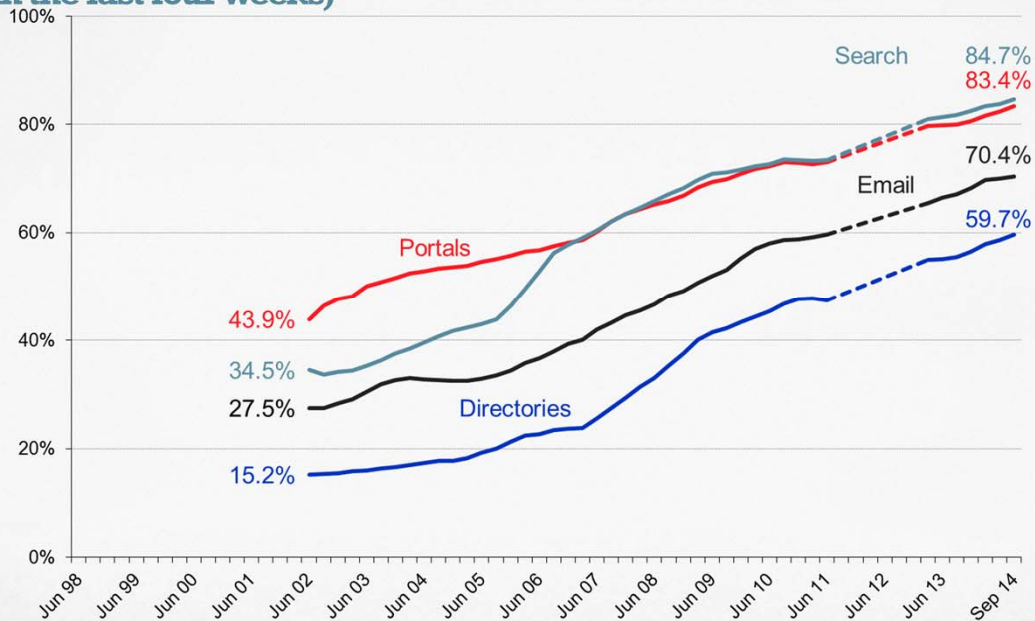
Powered by the Internet and mobile

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Internet has driven the change over the last 15 years; over the last 5 years, the change has been turbo-charged by mobile.

Traditional Websites (visited in the last four weeks)



— — Represents a change in methodology from respondent recall to machine based measurement

Base: Australian population aged 14+

Source: Roy Morgan Research; 12 month moving average

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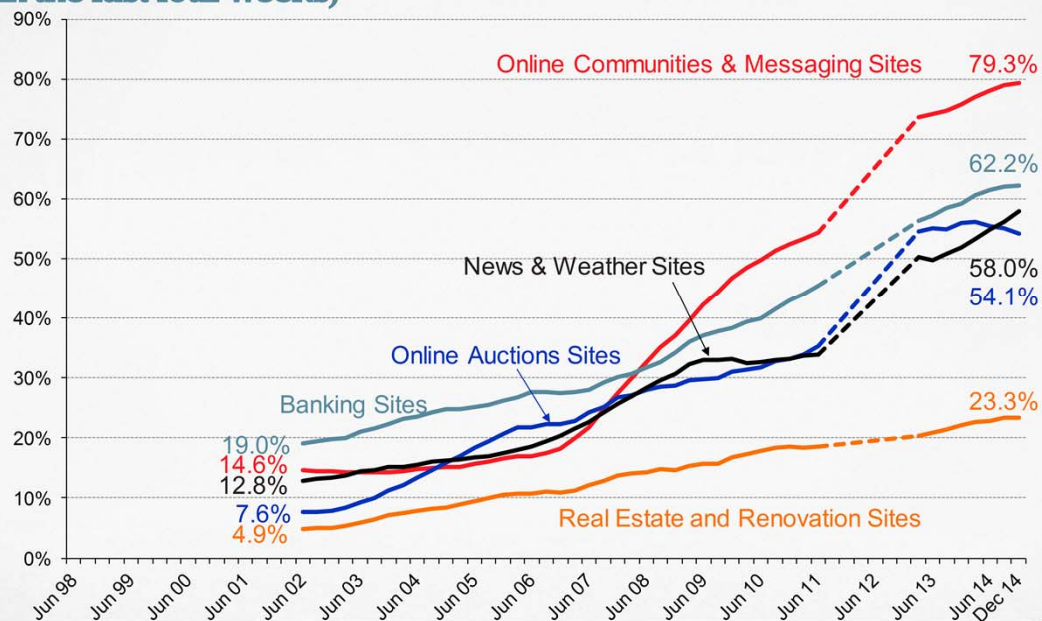
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We are seeing growth in all kinds of websites.

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.

Commercial & Community Websites

(visited in the last four weeks)



--- Represents a change in methodology from respondent recall to machine based measurement

Base: Australian population aged 14+

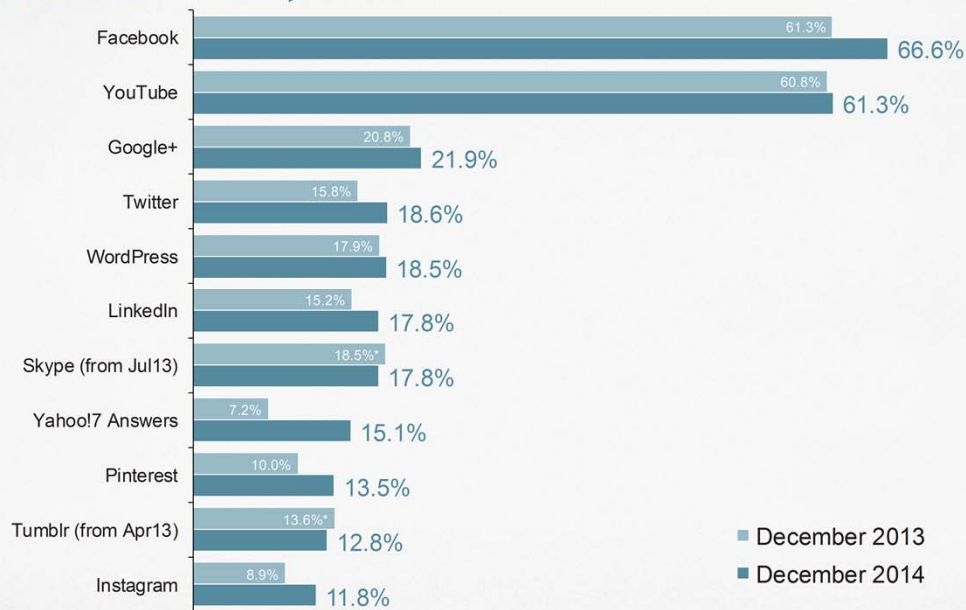
Source: Roy Morgan Research; 12 month moving average

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The real growth in online communities and messaging sites.

Social Media Websites (visited in the last four weeks)



Base: Australian population aged 14+

Source: Roy Morgan Research; 12 months to December 2013 (*except where noted) and 12 months to December 2014

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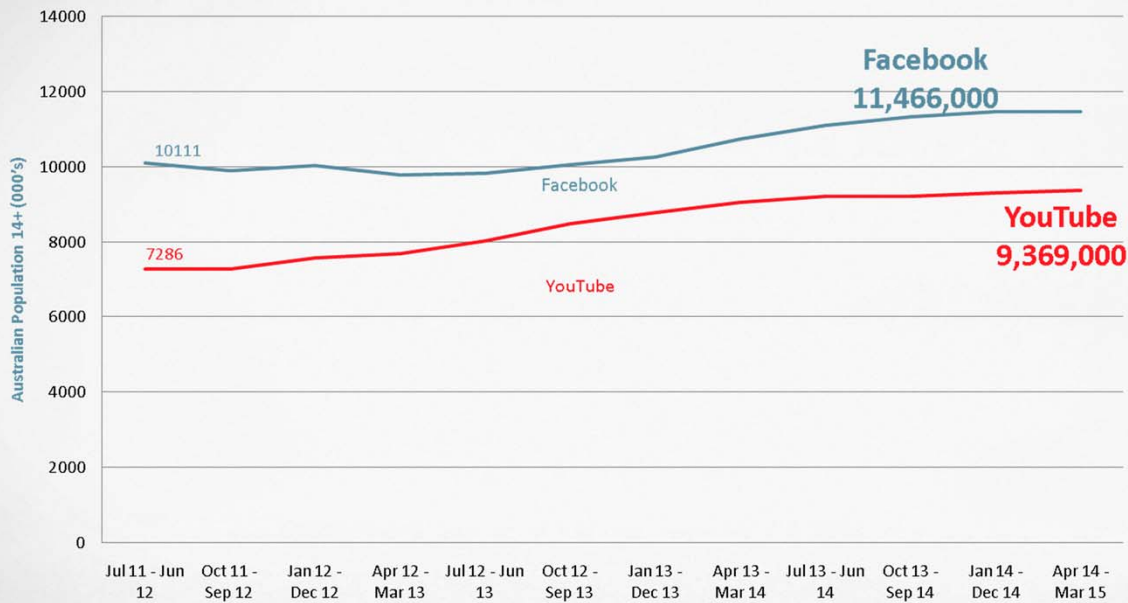
Just look at the year on year growth of all these sites – only Tumblr and Skype are looking flat.

The rise of Facebook and YouTube

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Facebook and YouTube reach is greater than ever before (visited in the last 7 days)



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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.

State of the Nation 2015

Streaming

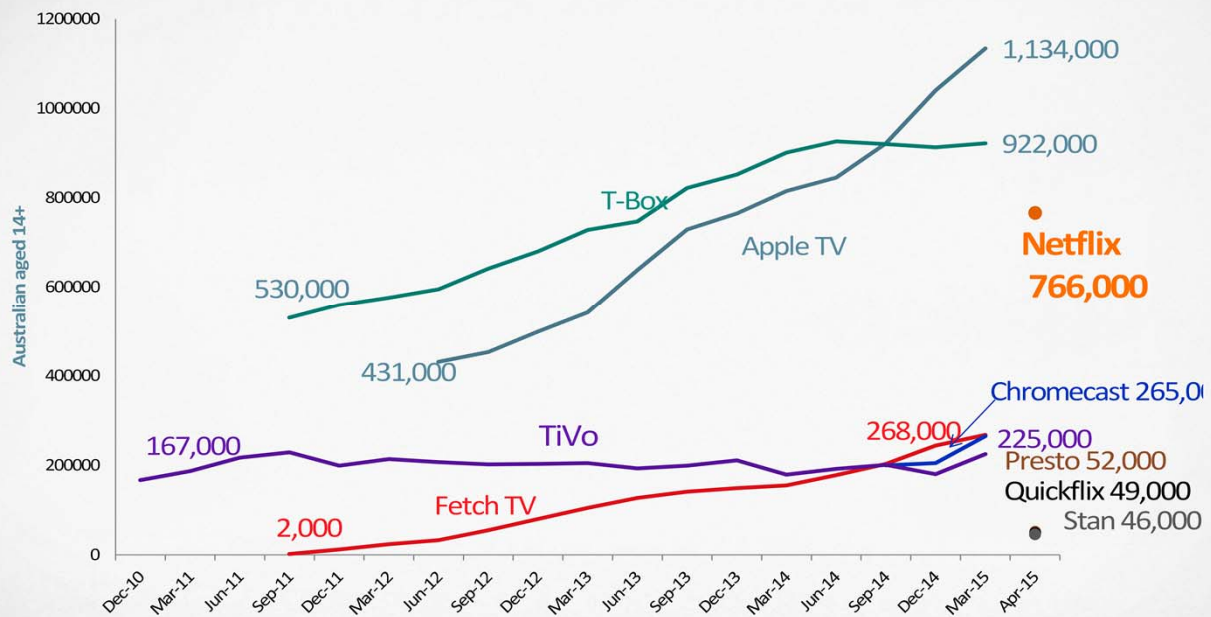
Another game changer for TV

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Streaming is an other game changer.

Audio, video and on demand streaming



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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.

State of the Nation 2015

Where I want it!

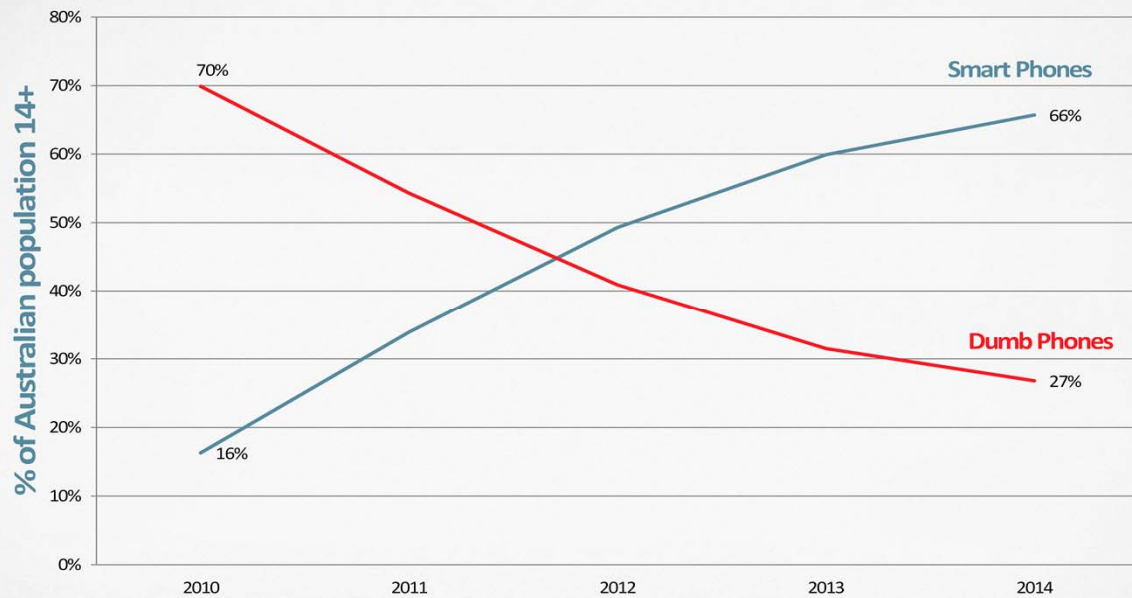
The rise of the smartphone

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Roy Morgan
— Research —

Smartphones turbo-charged online, giving consumers their online experience
'wherever they want it'!

Types of Mobile Phone Used



Discover your edge

Roy Morgan
Research

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.

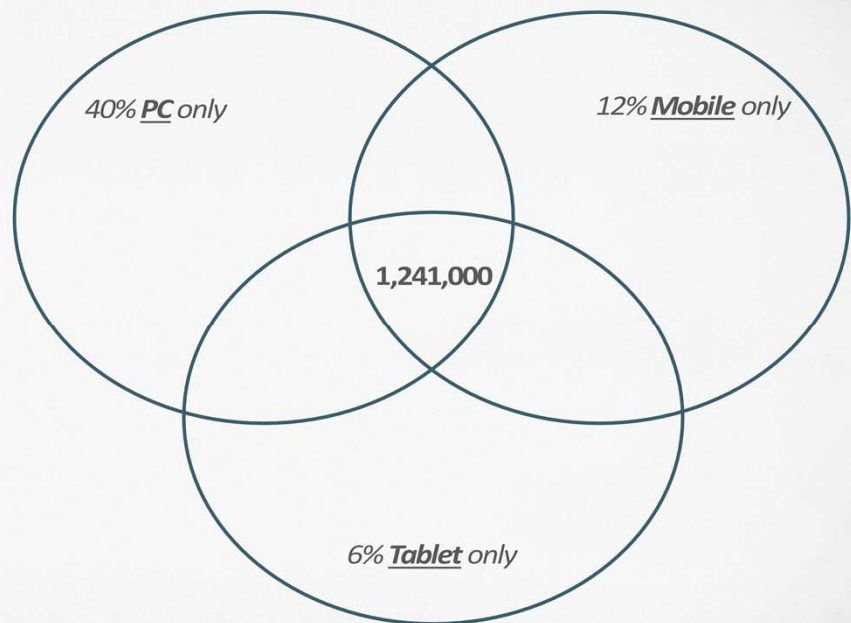
15% of Australians say they are happy to receive ads on their mobile phone;

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

YouTube - Audience by device

Visitation in the last 4 weeks



40% of YouTube visitors (L4W) have only accessed using their PC

33% of YouTube visitors (L4W) have accessed via PC and Mobile

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Roy Morgan
Research

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.

State of the Nation 2015

Apps

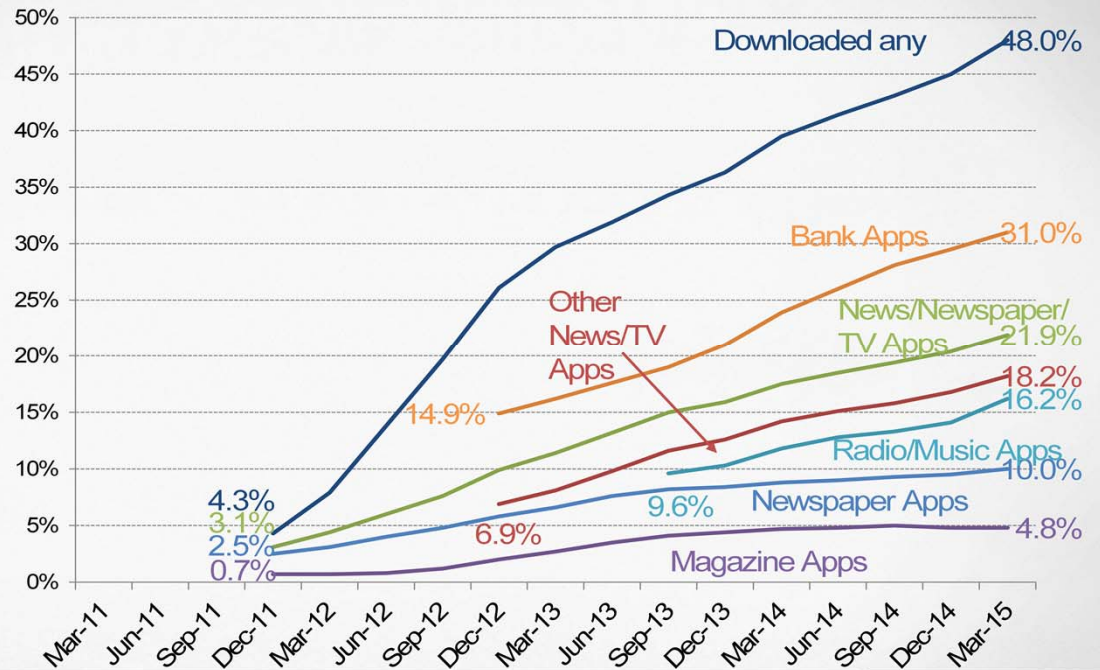
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— Research —

Downloading Apps

Ever Downloaded

- Facebook (7.8m)
- Instagram (3m)
- eBay (2.8m)
- Commbank (2.3m)
- Snapchat (2.1m)



Base: Australian population aged 14+

Source: Roy Morgan Research; Single Source

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Roy Morgan
Research

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.

State of the Nation 2015

When I want it!

Media prevalence by time of day

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When do consumers want what?

Media preferences by time of day

- Radio at breakfast (29%)
- Internet mid morning (26%)
- Internet at lunch (23%)
- Internet mid afternoon (30%)
- TV at dinner (52%)
- TV after dinner (60%)



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Research

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.

State of the Nation 2015

Beware averages

Roy Morgan Values Segments, Technology Adoption Segmentation, Helix Personas, demographics

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Roy Morgan
Research

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.

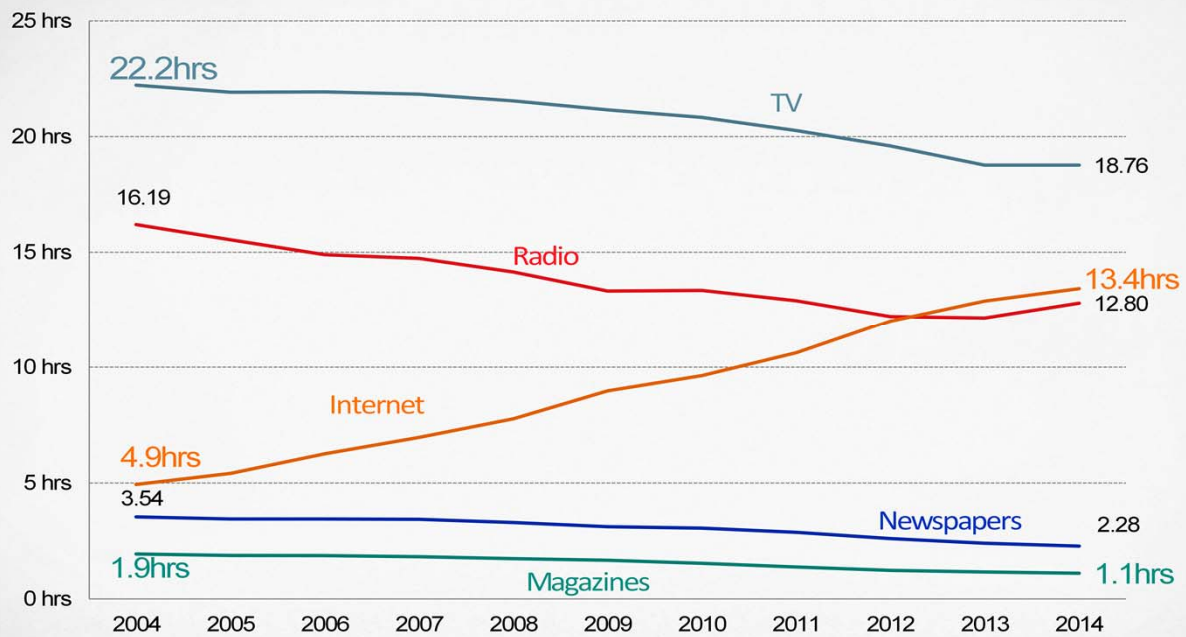
Age matters

Media consumption by age – gives lots of clues – but isn't the whole story.

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Average Time Usually Spent Using Media for Whole Week (hours per week)

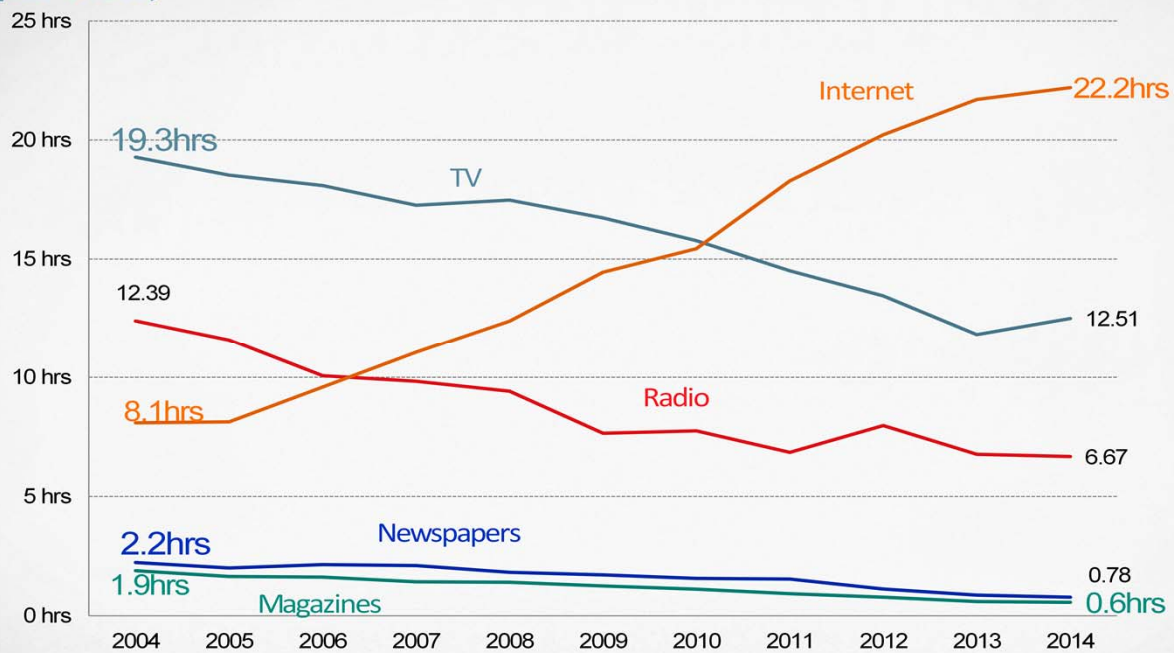


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Research

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...

Average Time Usually Spent Using Media for Whole Week – 14 – 24 years (hours per week)



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Research

Among young people, TV is down to just 12.5 hours per week (not the 19 hour national average).

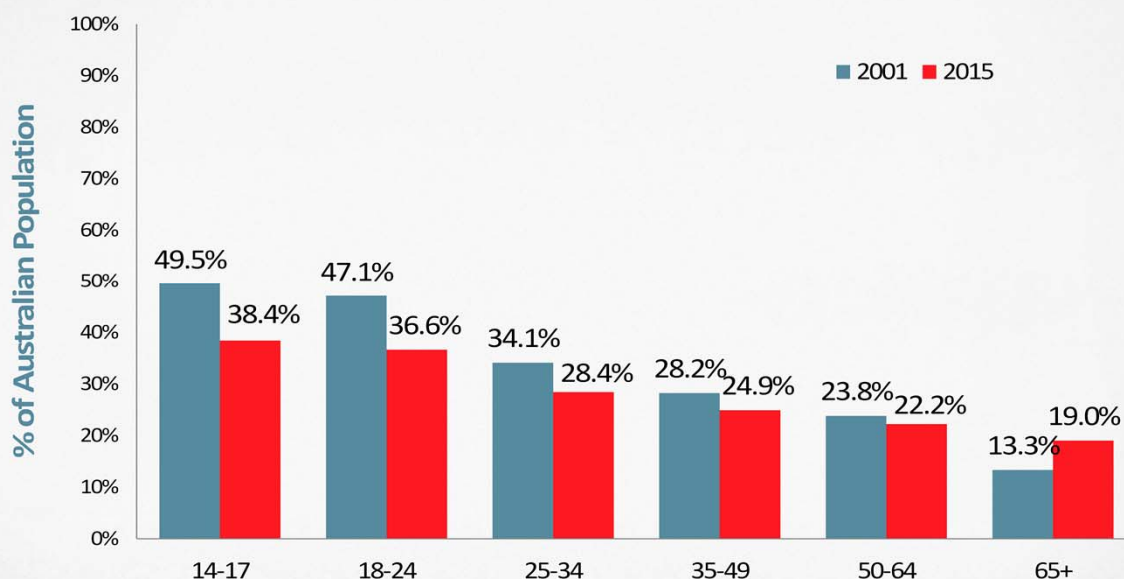
Radio is down to less than 7 hours a week (not 13).

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 by Age (been to in the last 4 weeks)



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Research

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.

Roy Morgan Values Segments

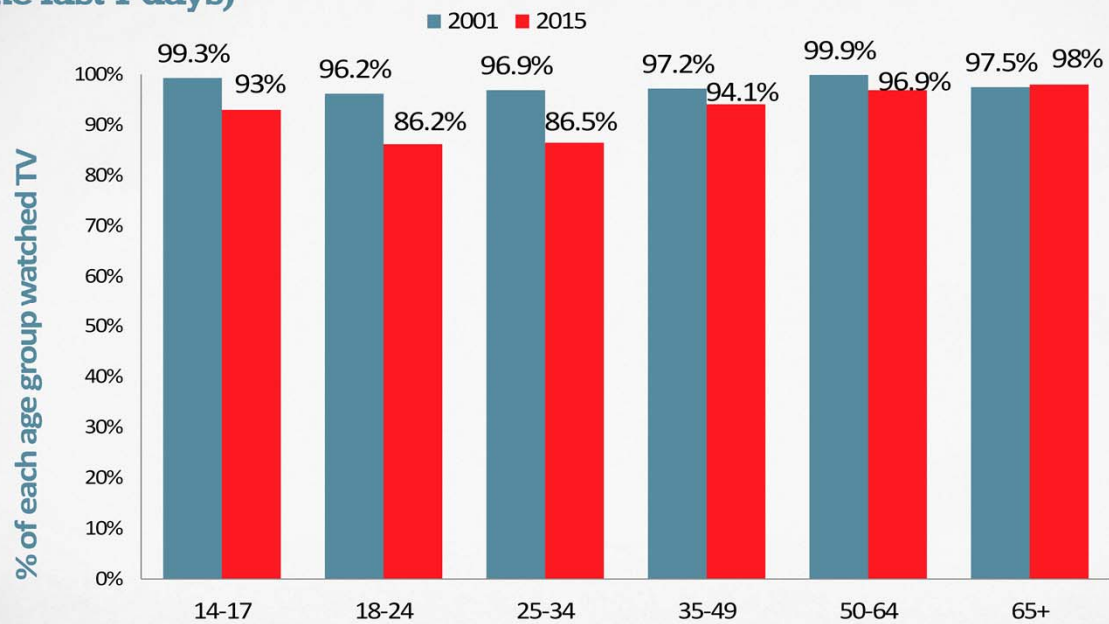


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Research

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.

Watched TV by Age (in the last 7 days)



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Research

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

Roy Morgan Values Segments



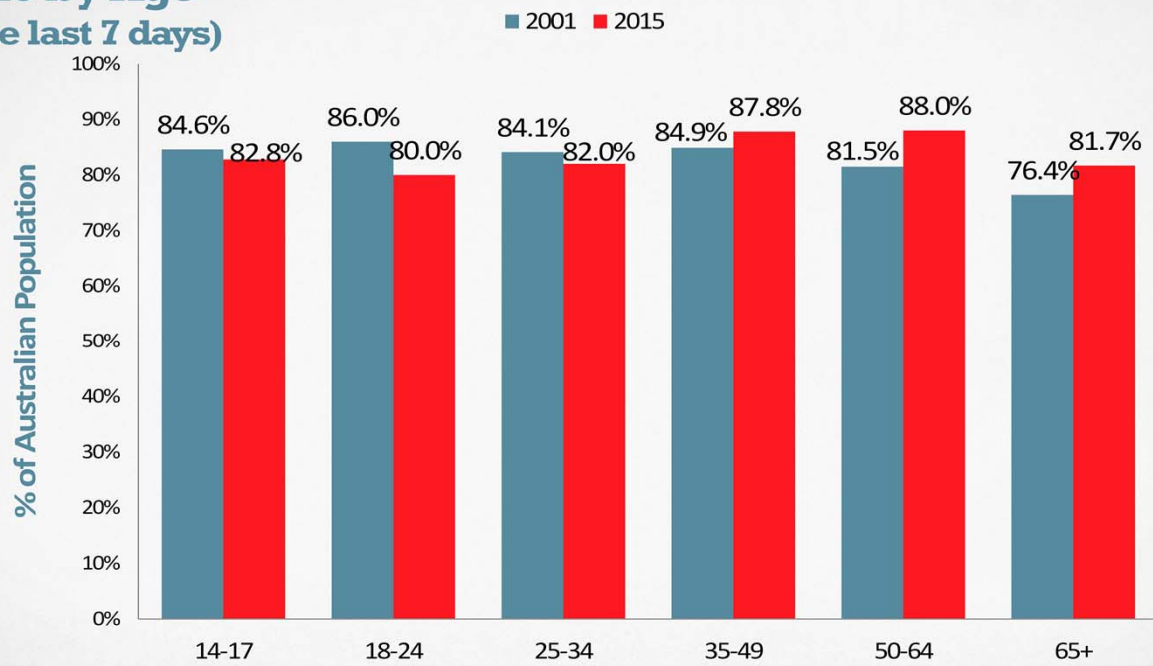
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Research

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 by Age (in the last 7 days)



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Research

Radio is down for the under 35, and making a comeback 35+.

Roy Morgan Values Segments

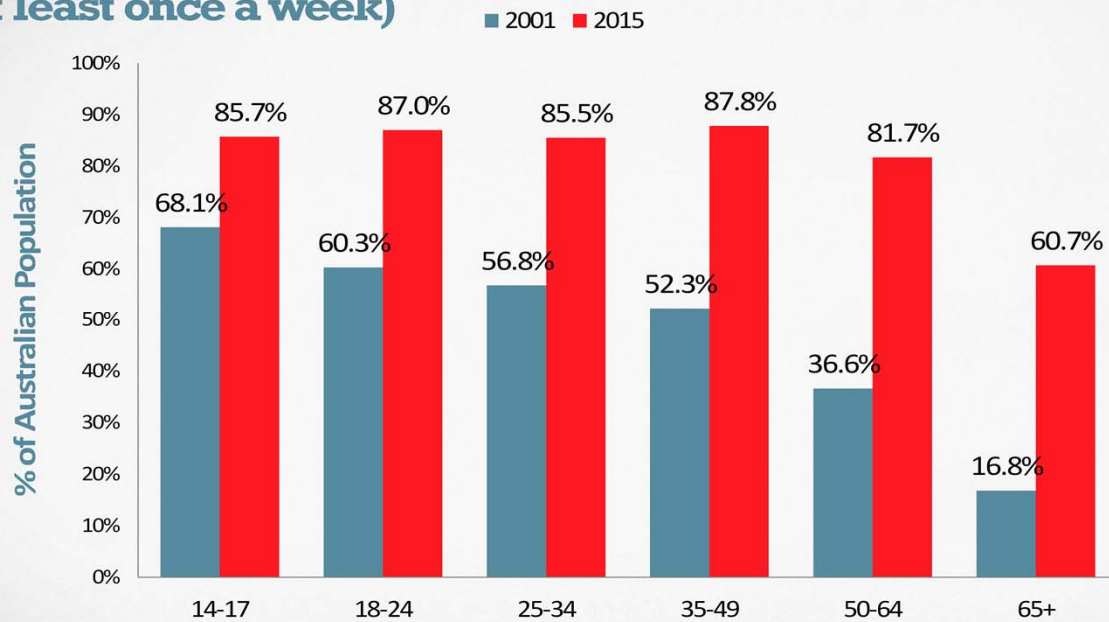


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Research

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 by Age (at least once a week)



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Roy Morgan
Research

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.

Roy Morgan Values Segments



Discover your edge

Roy Morgan
Research

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.

State of the Nation 2015

Age matters

But so does the consumer's life-stage, values, technology engagement and community.

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— Research —

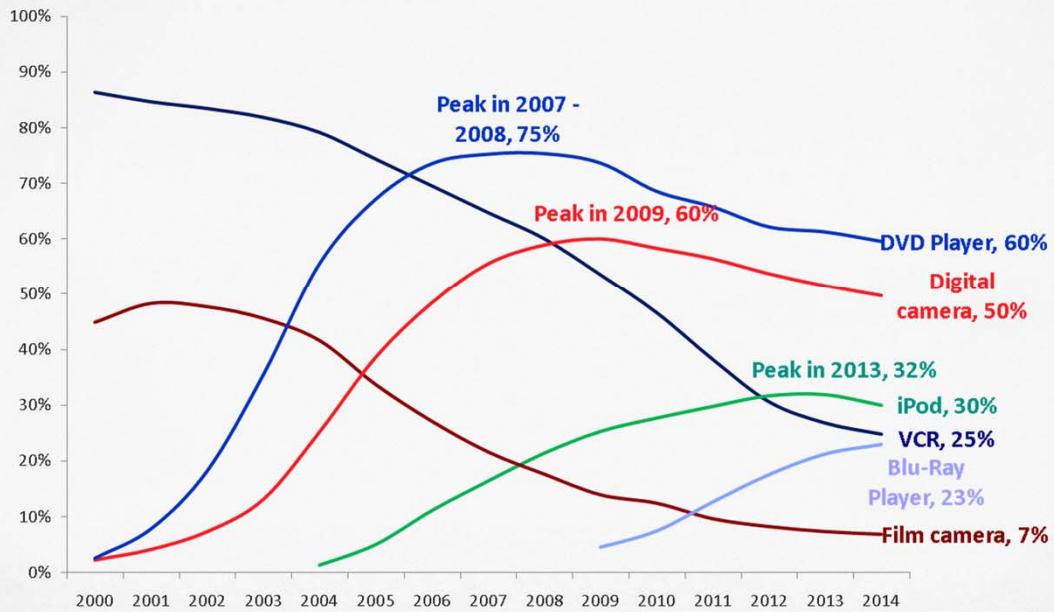
State of the Nation 2015

Technology

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Roy Morgan
— Research —

Tech crunch: Aussie households ditch 800,000 DVD players, 500,000 digital cameras and 5.7 million old TVs

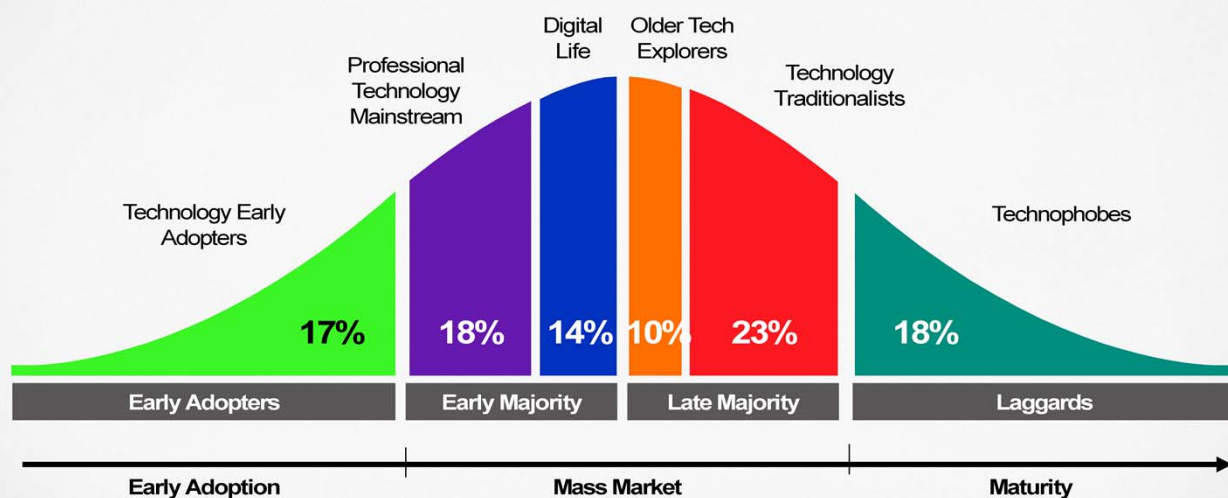


Discover your edge

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Research

We have all seen innovations come and go – like the DVD, digital cameras, etc.

Roy Morgan Research Technology Adoption Segments



Base: Australian population aged 14+

Source: Roy Morgan Research; 12 months to December 2014

Discover your edge

Roy Morgan
Research

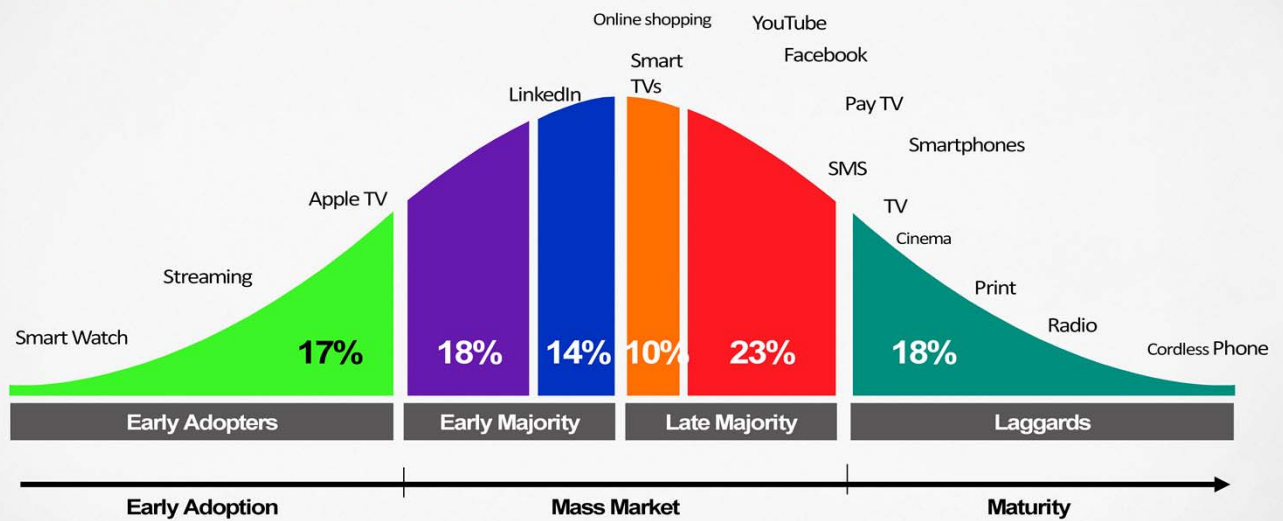
In recognition of the fact that we need to understand the rapid changes in technology and their impact on consumers, Roy Morgan Research undertook a major study of technology and how Australians are adapting to it. The study's results, which were first launched in May 2012, show that different segments 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, eg. 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.

Roy Morgan Research Technology Adoption Segments



Base: Australian population aged 14+
Source: Roy Morgan Research; 12 months to December 2014

Discover your edge

Roy Morgan
Research

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 of early adopters just 18 months ago and are now mainstream.

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

State of the Nation 2015

Community matters

Helix Personas give insight into community drivers

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— Research —



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?

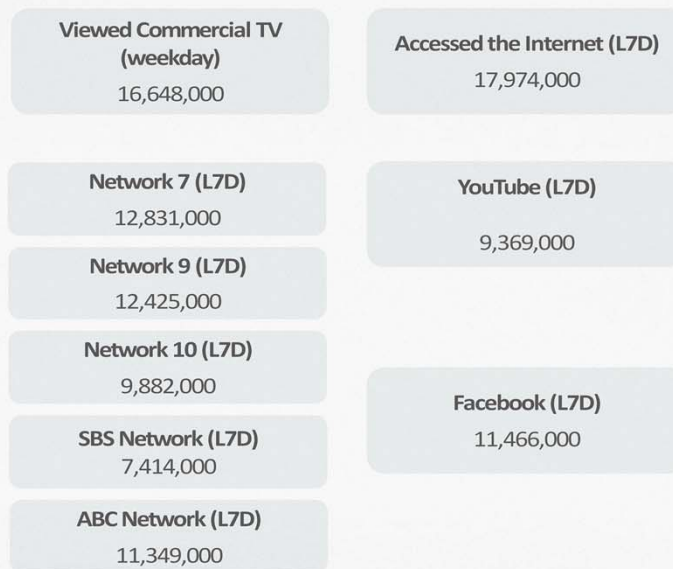
Those in the business of buying and selling media are asking.

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Remember the agencies were struggling to deliver audiences 'at scale'

Comparison of audiences at scale – TV vs online



Discover your edge

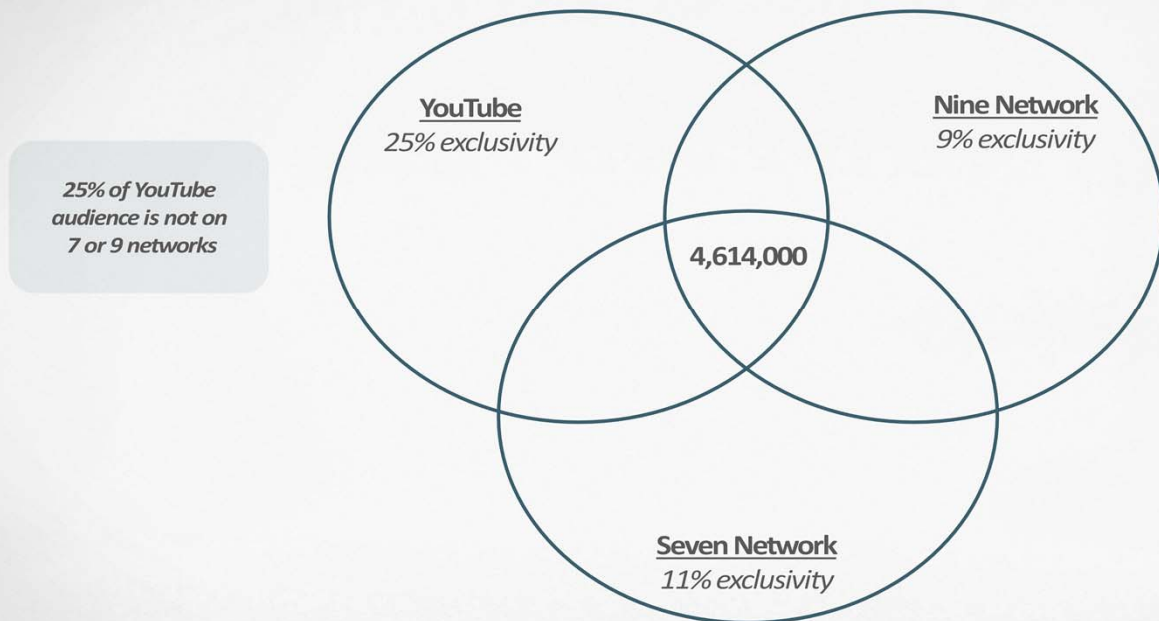
Roy Morgan
Research

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.

Comparing Shared vs Unique Audience



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Roy Morgan
Research

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.

Is this your target market?

Heavy Facebook Users – Top Movies/Genres

Top 10 movies seen 2014, 2015 releases (high reach and high index)



23% more likely to have seen an
Action/Adventure movie

14% more likely to have seen a
Comedy movie

41% more likely to have seen a
Sci-Fi movie

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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?

Is this your target market?

Heavy YouTube Users – Top TV Programs

Top 10 commercial TV shows especially choose to watch (high reach and high index)



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Research

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.

Economics

The economics of media has been driven very much by advertising expenditure.

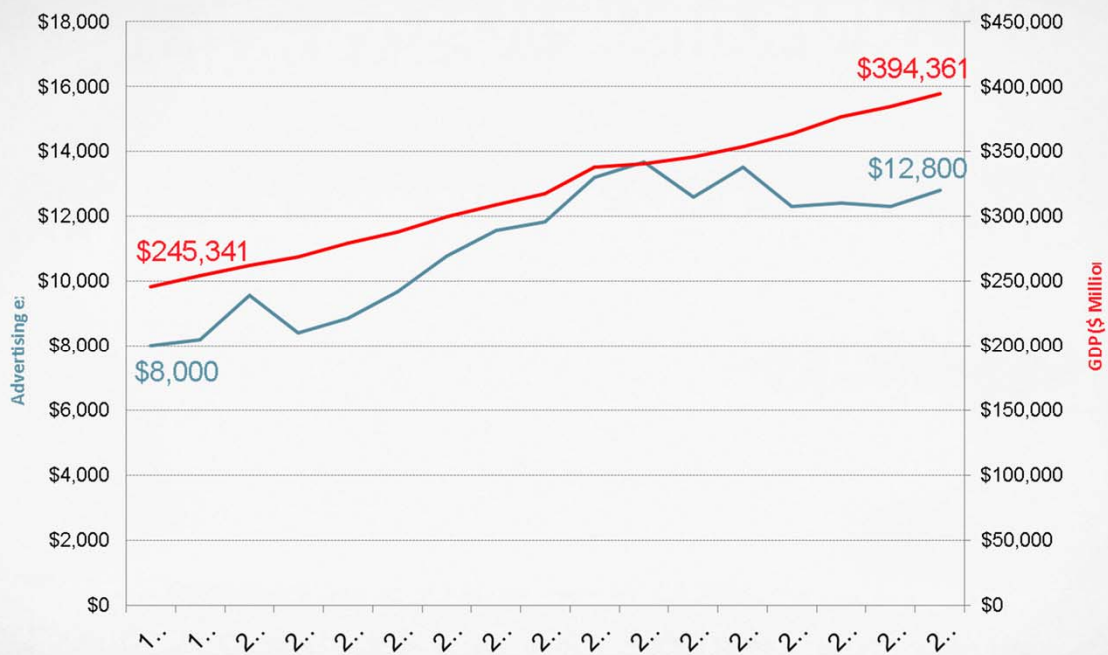
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— Research —

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.

GDP v Advertising Expenditure in Main Media



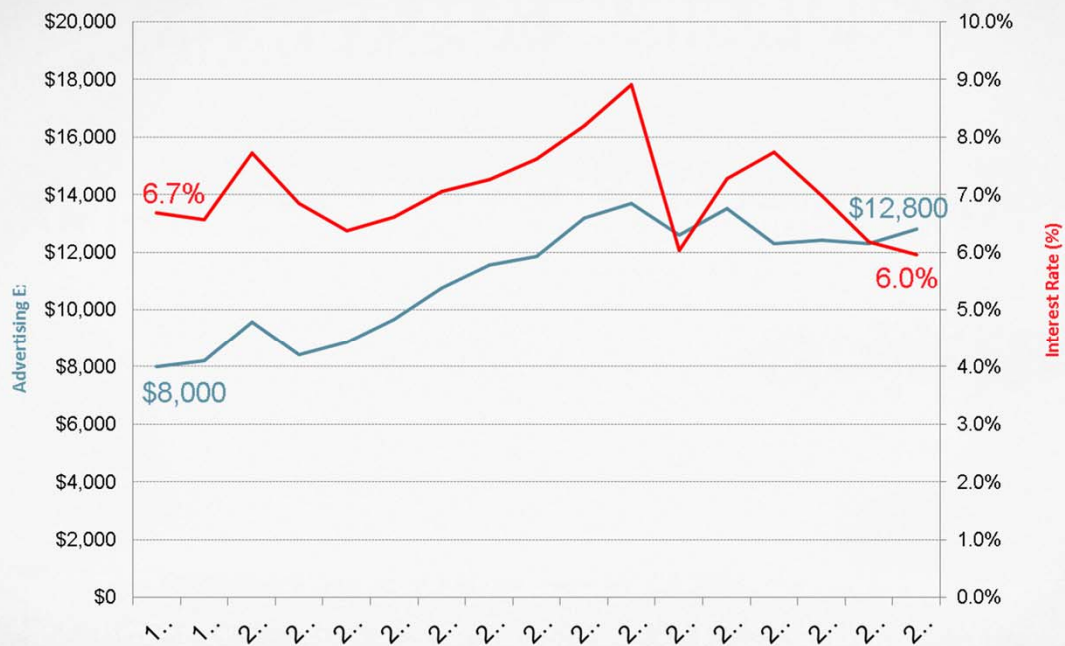
CEASA Advertising Expenditure in Main Media 2013/2014

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Research

The traditional view was that GDP drove advertising spend.

Interest rates v Advertising Expenditure in Main Media



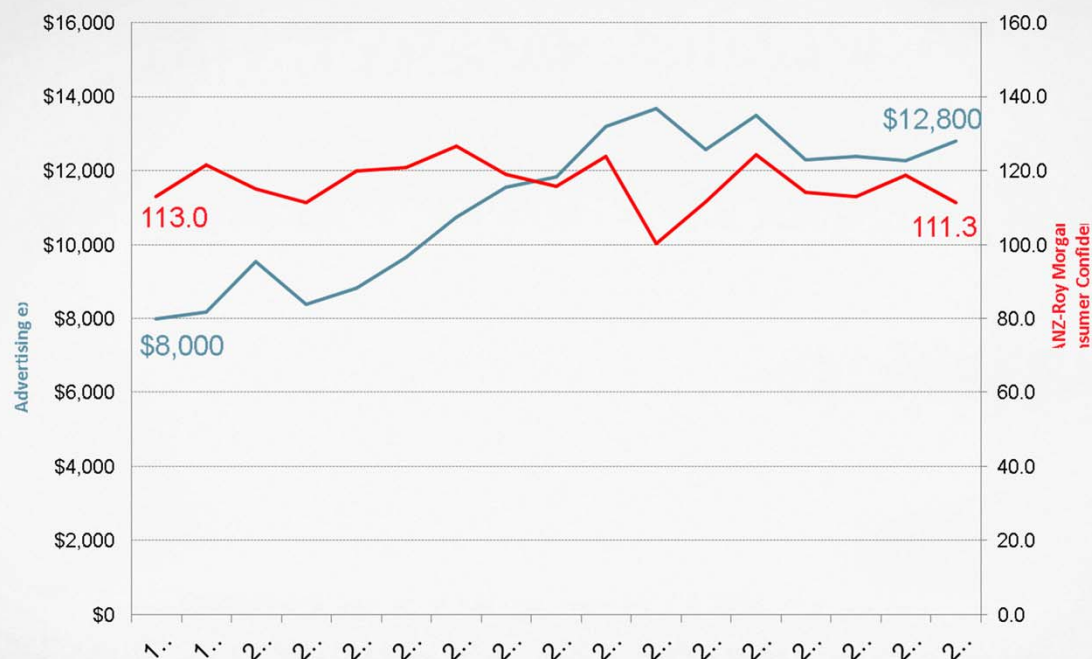
CEASA Advertising Expenditure in Main Media 2013/2014

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Research

More recently analysts thought it was interest rates. The 2009 interest rate drop didn't fit that model well.

Consumer Confidence v Advertising Expenditure in Main Media



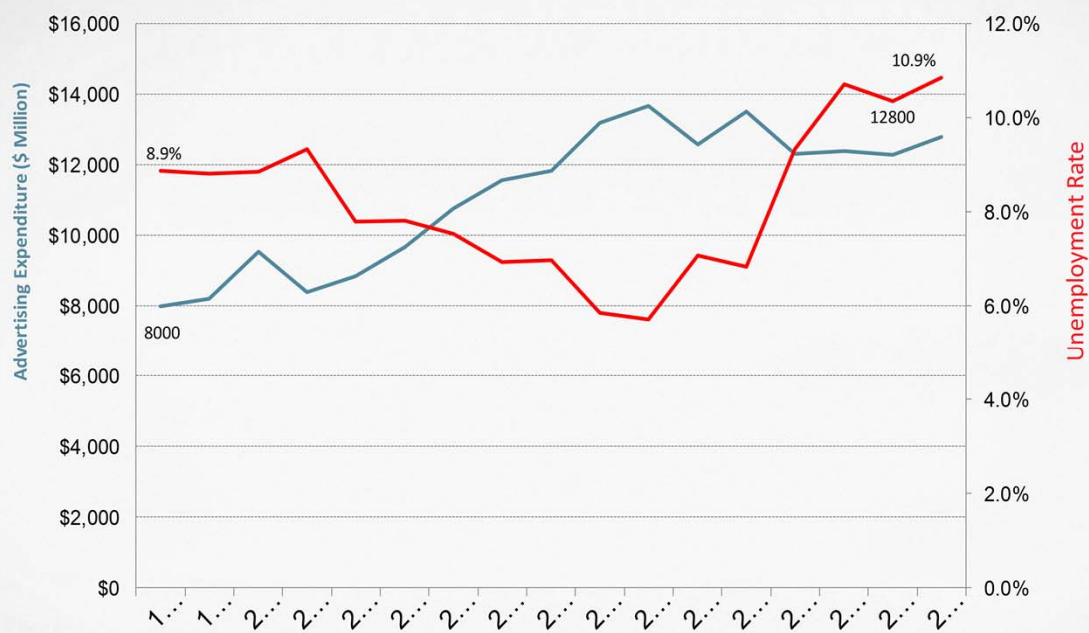
CEASA Advertising Expenditure in Main Media 2013/2014

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Research

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.

Unemployment Rate v Advertising Expenditure in Main Media



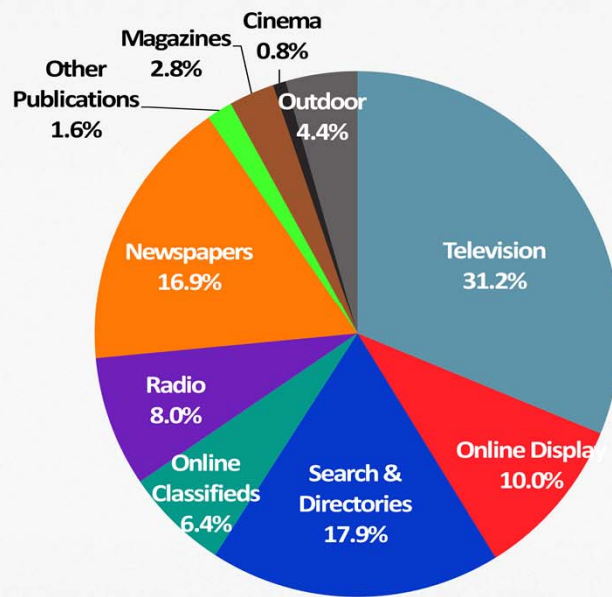
CEASA Advertising Expenditure in Main Media 2013/2014

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Research

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.

Share of Total Advertising Expenditure



Source: CEASA Advertising and Expenditure in Main Media 2013/2014

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Research

Ad expenditure was \$12.8billion 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.

How big is the pie?

Online is not just one thing

Within that 34% there are many moving pieces, mobile, video, display, search, classifieds

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Roy Morgan
Research

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 is down 50% in ad ex and readership

TV has held its share at near one third

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Print has paid the price, down 50% in ad expenditure and readership.

TV, if we include subscription TV, has held its own.

Changing Media business models

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— Research —

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

85

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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

The business models of Media

Media

Capital

Content

Distribution

Ad Revenue/User Pay

Agencies

- › Working capital
- › Plan & buy media
- › Evaluate performance
- › Commission/Fees

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

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Highly fragmented, 100's of new players, increasing competition

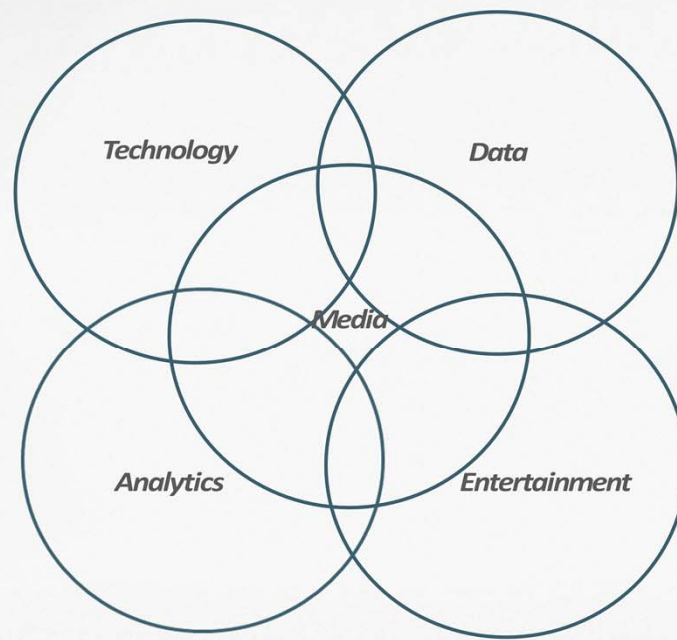


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Research

Then it got complicated. There was more of everything – in an increasingly complex technological environment.

Convergence



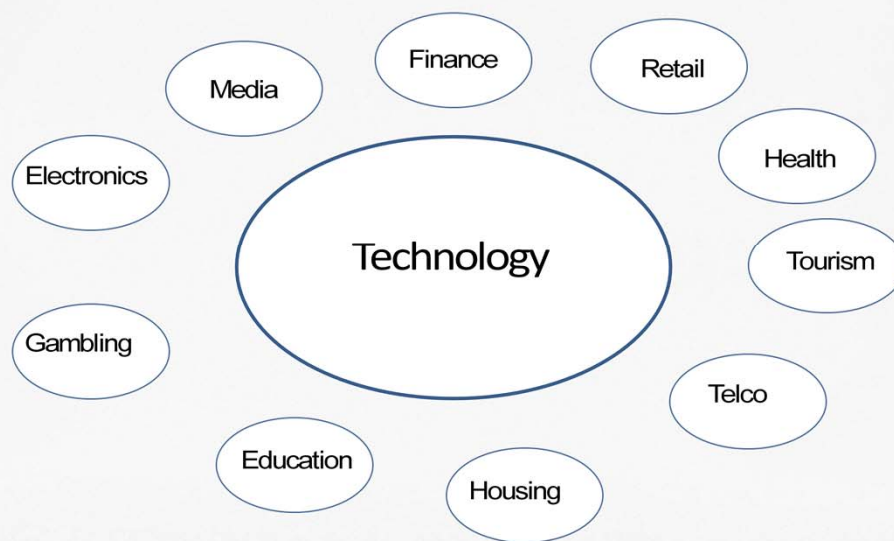
*Discover your **edge***

Roy Morgan
Research

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...

Technology

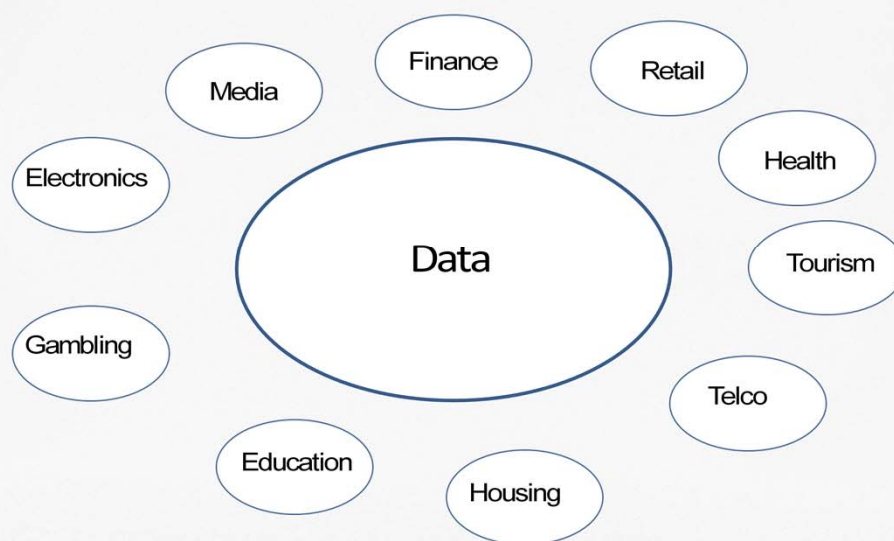


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— Research —

...for technology companies, media is just one of many interesting clients, partners, or allied industries, and...

Data



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Roy Morgan
Research

...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

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Roy Morgan
Research

- 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 led to computerised buying systems and real-time trading desks (programmatic buying). This meant we needed to create a different conceptual framework.

Partners



Discover your edge

Roy Morgan
Research

- 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.

Trading platforms



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Roy Morgan
Research

- 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

Highly fragmented, 100's of new players, increasing competition



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Roy Morgan
Research

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

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— Research —

It is far from simple now, but...

Don't forget the consumer

behind the ratings, clicks, views , impressions

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Roy Morgan
— Research —

...we must not lose sight of the consumer behind the ratings, clicks, views, impressions.

In Summary

We can expect increased complexity, automation, use of data, analysis, data sources

Discover your edge

Roy Morgan
Research

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.

Don't forget the fundamentals

The consumer, currency, the aim?

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Research

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.

Roy Morgan
— Research —

Discover your edge

