

The Value of Magazine Readership

“Circulation has an important place in the way magazines are sold to advertisers, but ...advertisers are interested in the relationship between the reader and the magazine’s editorial content.”

—Mike Drexler

Chief Executive Officer, Optimedia International U.S.
(*Advertising Age*, September 26, 2005)

Change promotes change. Consumers have an increasing array of media options and new technology to control how they use media. In this brave new world, consumers can reject unwanted advertising, and they are doing so.

As a result, advertisers are seeking additional information about consumers’ media behavior and how their changing media habits affect their buying decisions. For magazines, this new level of scrutiny extends beyond audience to how consumers buy magazines—what they pay and how they acquire their copies.

A growing body of research suggests that many assumptions may not be accurate about the connection

between consumers’ reaction to magazine advertising and the price paid and circulation source for the magazines that they read. This information shows that:

- **Price paid and circulation source do not predict reader engagement or demographics**
- **Differences in the ways subscribers, newsstand buyers and public place readers respond to magazines and to the advertising in them are often insignificant**
- **Public place copies generate significant advertising exposure opportunities, often to readers with desirable demographic characteristics**



Magazine Publishers of America

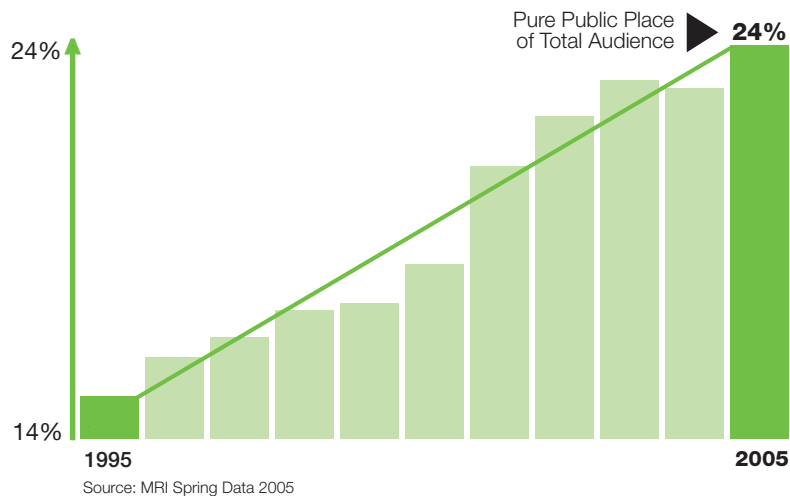
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Increased Public Place Reading

The growing composition of public place readers among total magazine audience has also fueled advertisers' interest in understanding the effects of circulation source and price. Pioneering work to understand the contribution of public place readership has been conducted by DJG Marketing, LLC, and Waiting Room Subscription Services, LLC. Their analysis of MRI data shows that in 2005 approximately one-fourth—24%—of magazine reading is done in public places, up from 14% in the last ten years.

Rick Jones of DJG Marketing notes that with advances in addressability and public place targeting, public place readers represent an extremely valuable audience segment: "Public place copies are individually addressed and strategically targeted to specific locations. They are third-party auditable copies with proven readership value for the advertiser. They represent about one in four magazine readers."

Readership of Public Place Is Growing 60% Increase in the Past Decade



Public Place Copies Increase Ad Exposure

“What is important is how the reader reads the magazine, not how they obtained the copy or the price they paid. We’ve seen this in our—and others’—research.”

—Debbie Solomon

Senior Partner, Group Research Director, MindShare

Public place magazine copies offer a key benefit for advertisers: additional advertising exposure opportunities. Public place copies typically generate many more readers per copy (RPC) than paid sources, and these public place readers are often more upscale.

At the 2003 Worldwide Readership Research Symposium in Cambridge, MA, Dr. Scott McDonald of Condé Nast and Rebecca McPheters of McPheters & Company presented

research from their paper entitled “Ad Exposure as a Model of Print Communication Value,” which was based on circulation data from Condé Nast titles matched with data from Mediamark Research, Inc. (MRI). Their research found: “Public place distribution can and frequently does enable advertisers to reach a larger body of readers who are involved, demographically qualified and responsive to their advertising message.”

Estimated Readers Per Copy Generated by Public Place and Newsstand Copies

	Newsstand	Public Place	Factor (Public Place/Newsstand) ¹
Total Readers	4.0	30.0	7.5
Adults HHI \$50,000+	2.4	16.0	6.7
Adults HHI \$75,000+	1.6	10.0	6.2
Professional/Managerial	1.3	7.9	6.1
Women 25-54, HHI \$50K+, Any College	1.2	8.3	6.9
Adults Purchased New Car Past 12 Months	0.6	3.9	6.5

Source: Condé Nast research incorporating MRI data, 2003

¹ Factor (Public Place/Newsstand) is the multiple of readers per copy that public place copies offer as compared to newsstand copies. For example, among total readers in the titles studied, public place readers per copy are 7.5 times those of newsstand buyers.

How Readers Buy Does Not Predict Reader Profile

To go beyond the initial findings on public place copies, McPheters & Company conducted a study in which the subscriber base of multiple magazines was anonymously matched with the base of MRI respondents. For those subscribers whose names were located in the MRI database, demographic characteristics that are often used as a determinant of reader quality—education, income and presence of children in the household—were analyzed. Additionally, MRI involvement metrics—average page exposure, publication rating, interest in advertising and frequency of reading—were analyzed.

Specifically, a comparison was made against the MRI database between those respondents who paid more versus less than the average subscription price and those respondents who purchased a subscription directly from the publisher and those who did not.

The findings showed relatively little difference in subscriber characteristics or reader involvement based on circulation source or average price paid.

The only case in which the index for price paid or source was greater than 110 was among respondents with a child in the household whose subscription was not direct to publisher (index 113).

According to Rebecca McPheters, who led the analysis, “The price paid for a particular magazine does not predict the quality of the reader nor is reader quality determined by the method by which a reader acquires a magazine. Quality is a function of reader characteristics (i.e., do they fit the target or are they qualified to buy the product advertised?) and by the engagement of readers with editorial and advertising content (i.e., will they actually see or notice the ad?).”

Reader Demographics by Circulation Source

Demographics	Subscriber Paid Less Than Average Net Price	Subscriber Paid More Than Average Net Price	Bought Direct to Publisher	Did Not Buy Direct to Publisher
College Degree+	102	98	106	93
Employed Full-Time	99	101	102	102
Professional/Managerial	101	100	106	98
Any Children in Household	94	106	91	113

This chart is a summary of indices. Sources: MRI Doublebases 2003, 2004 and magazine proprietary circulation data.

Reader Involvement by Circulation Source

Involvement	Subscriber Paid Less Than Average Net Price	Subscriber Paid More Than Average Net Price	Bought Direct to Publisher	Did Not Buy Direct to Publisher
Average Page Exposure	99	100	105	95
Average Publication Rating Score	100	99	103	97
Interest in Advertising	100	99	104	96
Frequency of Reading	100	101	101	97

This chart is a summary of indices. Sources: MRI Doublebases 2003, 2004 and magazine proprietary circulation data.

How a Copy Was Acquired Does Not Predict Purchase Behavior

Researchers at Advertiser Perceptions Inc. assess reader purchase behavior through their ongoing Power Metrics study. Recently, they looked at the relative likelihood of readers to buy a product or service or to influence purchase behavior, based on whether the reader bought his or her magazine by subscription or at the newsstand or whether the copy was read in a public place.

Power Metrics' findings indicate that the way in which a reader acquires a copy of his or her magazine does not predict reader likelihood of purchasing, which they call Reader Buying Propensity (RBP). RBP reflects a

combination of past purchase behavior (usually "last 90 days" or "in the past year," depending on category), past purchase influence and future purchase intent in designated product categories.

Randy Cohen of Advertiser Perceptions summarized the findings: "Public place readers are as likely to be buyers or influencers in most product categories as compared to subscribers."

Reader Buying Propensity (RBP)					
Based on Past Purchase, Past Influence and Future Intent to Purchase ¹					
	How Publication Obtained				
	Newsstand		Public Place		Subscribe OR ² Newsstand
Respondents	3,561 Percent Index ³		4,652 Percent Index ³		7,033 Percent Index ³ 7,952 Percent Index ³
Cellular Hardware and Service	20%	124	20%	121	17% 108
Consumer Computers	43%	119	42%	116	37% 103
Consumer Travel	56%	114	56%	113	56% 113
Business Financial	42%	115	43%	118	40% 111
Televisions	18%	133	16%	117	15% 111
Prescription and Nonprescription Medications	72%	109	70%	106	71% 108
Cars and Light Trucks	22%	118	21%	110	20% 104
Women's Cosmetics	58%	127	52%	113	51% 112
Men's Toiletries	65%	116	60%	108	58% 103
Alcoholic Beverages	57%	112	57%	111	54% 106

Source: Advertiser Perceptions/Power Metrics Wave 2, 2005, conducted by Harris Interactive
¹ Based on total adults' purchase cycles in last 90 days or in past year. ² Reflects the net of subscriber/newsstand buyers; bases vary by category.
³ Index represents ratio of magazine readers by circulation source compared to all adults in the database.

Actions Taken Similar for Paid and Non-Paid

Affinity Research's VISTA Print Effectiveness Rating Service studies the reaction of magazine readers to advertising creative across various publications based on attitudinal and behavioral shifts. Through database analysis, Affinity researchers were able to examine actions taken for those readers who had purchased a magazine compared to those consumers who read a magazine that they did not purchase.

In describing their findings, Tom Robinson, Managing Director, Affinity Research LLC, noted: "Based on interviews with more than 60,000 magazine readers in 2005, on average, more than half took or plan to take action as a direct result of exposure to specific print ads. Reader action levels were similar for both paid and nonpaid readers."

Actions Taken—Advertising		
	Paid	Non-Paid
Consider purchasing the product or service	20 %	18 %
More favorable opinion about the advertiser	13	11
Gather more information about product or service	12	11
Visit advertiser's Web site	10	10
Purchase the product or service	8	7
Visit a store, dealer or other location	8	7
Save the ad for reference	6	5
Recommend the product or service	5	5
Some other action	4	5
Took any action (net)	53 %	52 %

Source: Affinity's VISTA Print Effectiveness Rating Service
 Base: Actions taken based on respondents recalling specific ads, multiple responses.

How a Copy Was Acquired Does Not Affect Reader Experiences

In a landmark study, Northwestern University's Media Management Center explored the reading experiences of more than 4,300 readers, based on their responses to a survey of 220 different experiences, as well as to other questions relating to how they use magazines. Statistical analysis resulted in the bundling of the 220 individual experiences into 39 overall clusters.

The 39 overall experience clusters were then correlated to a metric called Reader Usage Measure (RUM). RUM is based on four variables found to be most relevant to reading experiences.¹

Both experiences and reader usage were then analyzed by reader segment, including how the reader acquired the magazine. The results showed that the Reader Usage Measure (RUM) varied relatively little on key advertising experiences between readers who bought their magazine on the newsstand or by subscription.

The overall RUM score for public place readers was surprisingly strong, given that public place readers by definition do not have multiple opportunities to pick up the magazine. In fact, the overall RUM score for public place readers (2.1) was roughly double that of very light readers (1.1).

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Magazine Reader Experience Study Reader Usage Measure (RUM) Scores			
By Advertising-Related Experiences	Subscribers	Single Copy	Public Place
It's relevant and useful to me	3.1	3.1	3.0
I like some of the ads a lot	3.0	3.1	3.0
I want more ad information	3.3	3.3	3.3
It improves me and helps me try new things	3.0	3.1	2.9
I relate to the ads	3.1	3.1	3.0
I read the ads	3.0	3.1	3.0
I dislike the ads	2.9	2.9	3.0
Overall	3.1	3.0	2.1

Source: 2003 Magazine Reader Experience Study, The Media Management Center of Northwestern University

¹ Question topics that defined Reader Usage Measure (RUM)

- Time spent reading or looking into a copy of the magazine the last time it came out
- Number of days the reader had read or looked into a copy of the magazine the last time it came out
- Number of different times the reader read or looked into any issues of the magazine in a typical month
- Total amount of time spent reading or looking into any issues of the magazine in a typical month

How a Copy Was Acquired Does Not Affect Reader Experiences *(continued)*

John Lavine, Director, The Media Management Center of Northwestern University, summarized the study's findings: "Our research found that magazine usage is about the same for magazine subscribers and newsstand buyers. In addition, how readers obtain a magazine or where they read has very little impact on the magazine reading experience. Reader usage is also unaffected by average subscription price.

It is also interesting to note that we found that public place readers have higher-than-expected involvement with the magazines they read, which is significant given their higher reader-per-copy levels: in other words, the reading experience is separate from the transaction experience. Subscribers, single copy buyers and public place readers also reacted similarly to advertising."

"Our proprietary research has consistently indicated that consumer engagement with magazines is not contingent upon the means through which they receive the magazine. A number of other factors—such as reasons for reading and how the magazines are read—weigh heavier on reader engagement than whether the magazine was received through newsstand purchase, subscription or alternate distributions."

— Judy Bahary

Associate Media Director, Starcom Worldwide

Summary

Valuable new media research from various experts—accepted by leading advertising agencies—all point to the same conclusions:

- Public place copies attract multiple readers of high quality, giving advertisers increased exposure opportunities to desirable consumers
- Price paid and how the copy was acquired—subscription, newsstand or public place—does not predict reader demographics, attitudes, engagement, experiences or buying behavior
- Demographic, attitudinal and behavioral characteristics of public place readers are surprisingly strong in relation to subscription and newsstand readers

For more information about the value of magazine readership, contact Wayne Eadie, Senior Vice President, Research, Magazine Publishers of America, at 212-872-3722 or weadie@magazine.org. Copyright © 2005, Magazine Publishers of America, Inc. All rights reserved. Magazine Publishers of America, 810 Seventh Avenue, 24th Floor, New York, NY 10019. Tel. 212 872 3700



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