QUANTIFYING THE OPPORTUNITY FOR PRESS REVENUE GROWTH AMONGST UK TV BRANDS

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Introduction

The task of a Sales Director at a major newspaper or magazine publisher is to take more advertising revenue and in order to do this he/she needs to take more of the available advertising cake. He or she does this by competing with other newspapers and magazines and also with other media such as television, radio, outdoor etc. This paper concerns the second of these situations and examines the ability of press to compete for some of the advertising revenue currently spent on television in the UK.

The reason for the emphasis on television spending is due to television's dominance in revenue terms amongst the larger spending advertisers. The table below shows the share of above-the-line display advertising spend by medium for the top UK 500 advertisers.

Top 500 Spending Brands Display Advertising - Revenue Split by Media

UK June 2004-May 2005	% split of Advertising Spend
Television	61.0
Press	20.2
Outdoor	9.0
Radio	4.8
Cinema	2.8
Internet	2.1
Total	100.0

source : NMR

The top 500 advertising spending brands spent £3300 million in the 12 months ending May 2005. Television has a 61% share of this revenue representing just under £2000 million of this total amount. The brands themselves range from an annual spend of £3 million up to £40 million.

Of the 500 brands, 47 (9%) did not use press at all, 154 (31%) spent less than 2% of their overall spend in press and 198 (40%) spent less than 5% in press.

One can imagine the temptation this revenue has for the press Sales Director. This paper assesses the strength of the numerical argument that can be made to secure more of this revenue for the press.

The Objective of the Study

The reasons for using a particular medium as the preferred advertising vehicle are many and various and include both qualitative and quantitative factors.

Qualitative factors include –

- The objective of the advertising (e.g. create corporate awareness, to persuade first time movers to trial, to support a sales promotion etc).
- The match between the values of the media and the values the advertiser wants to be associated with the brand.
- The quality of the reproduction.
- The degree of information which needs to be imparted.
- The relative impact of each medium.

Quantitative factors include -

- The number of people in the target audience who are exposed to the medium.
- The relative cost of that medium.
- The immediacy with which the message must be delivered.
- The time scale over which the advertising message must be broadcast.
- Previous history of media usage (return on investment, expected conversions).
- The size of the budget.
- The production costs.

From a Sales Director's viewpoint, some of these are factors are beyond his control. He can argue about the qualities of the medium they represent and attest to their perfect suitability for the campaign in question but it is rare that the Sales Director can alter or influence the objective of the promotional campaign. However the Sales Director does have the cost of his medium under his control and does have access to similar types of audience data to that which the advertiser or his agent is looking at. He can therefore make an argument based on the number of people being exposed to the message and the cost of that exposure.

This argument could take several forms. For example –

- More people in the target audience may be exposed to the message if press is included alongside television.
- The cost of those people receiving the message may be less than the television alternative.
- The number of people receiving the message at the lower frequency levels may be increased whilst the number of those highly exposed is reduced.
- Additionally, it may be that a synergistic argument can be proffered whereby perceived extra impact from seeing the message in more than one medium is accentuated.

These are the propositions which this study will quantify. The study is a work in progress and is a continuous research study which will be expanded in the future.

Methodology

The first step of the analysis was to identify which brands use television or predominantly television from among the largest advertisers in the UK since these are the brands whose spend the press Sales Director wishes to compete for.

The top 500 advertised brands ranked by advertising expenditure for the period June 2004 – May 2005 were examined using Neilsen Media Research Advertising Expenditure data. Expenditure for these brands was calculated by Neilsen using their own market adjusted rates. For each brand the total expenditure in pounds was given for cinema, internet, outdoor, press, radio and television.

The brands were then ranked in terms of their relative spends in press and television. Those having no press spend at all were given an index of 100 and appeared at the top of the ranking.

An index of the relative spend in television versus all spending was also calculated. This identified those with no spend in press but who may have high expenditure outside of television.

Only 13 of the 500 brands used television totally (i.e. without a single pound of spend in any other media). As the objective of this first step was to identify the 'dedicated' television brands, an arbitrary definition of 'dedication' was constructed using the two indices from above.

In the actual selection of the campaigns to study a distinction was made between those brands having considerable informational content in their advertising and those having less complex messages as those with informational content would probably be more likely to consider press as a second medium.

Hence the definition of a 'dedicated' TV brand was defined as –

- Any brand having more than 98% spend in television was included or,

- Any brand having more than 80% spend in television, none in press and an informational element to its advertising (e.g. insurance).

This resulted in a list of 86 'dedicated TV' brands and included brands from a wide range of product categories such as insurance and banking, computers, pharmaceuticals, household products, airlines and motoring. At the time of writing, 28 of these campaigns have been studied.

Each brand was allocated a TV buying target. Typically UK television is traded on 15-20 broad target audiences and each advertised brand was allocated one of these. This allocation is thought to have been reasonably accurate since the personnel working on this analysis had considerable experience of working at major agencies and had direct experience of many of these brands.

The spot pattern purchased by each brand over the period is available from the UK TAM data (BARB).

In the UK, television activity is usually analysed on a burst by burst basis and so for each brand, a burst was selected from its activity. In the case of drip advertisers, a 6 week period of activity was chosen.

Three analyses were completed.

1. The first was a straight-forward UK TAM panel (BARB) reach and frequency analysis using the spot pattern purchased by each brand and using industry costs.

This schedule was then reduced by 20% (in terms of expenditure). This reduction was performed on a daypart and channel basis so that the shape of the overall campaign spot pattern was not altered. The choice of 20% as the level was entirely arbitrary.

The analysis required a data integration technique which would allow the analysis of television and press campaigns. IMS has such a technique which is an ‘on-the-fly’ method first suggested by Dina Raimondi and Gilles Santini[1] at the Vancouver Readership Symposium 1997. An overview of this technique is contained in the appendix.

Having liberated 20% of the revenue spent on television, this sum was re-allocated to press in 2 further analyses. Of course of key importance were the space sizes used. Since these brands were all highly devoted television users, it was decided that highly visual, impactful space sizes should be used. In newspapers, spaces that dominate the page were used (25 X 4 in tabloids and 38 X 6 in broadsheets – known in the industry as ‘page killer’ sizes). In magazines colour pages were used. The press results were computed on the Target Group Index April 2004 – March 2005 survey.

2. An optimised schedule against the target audience for each brand was performed using newspaper titles where the optimising objective was to spend the 20% of revenue liberated from television and achieve the highest possible coverage against the target.

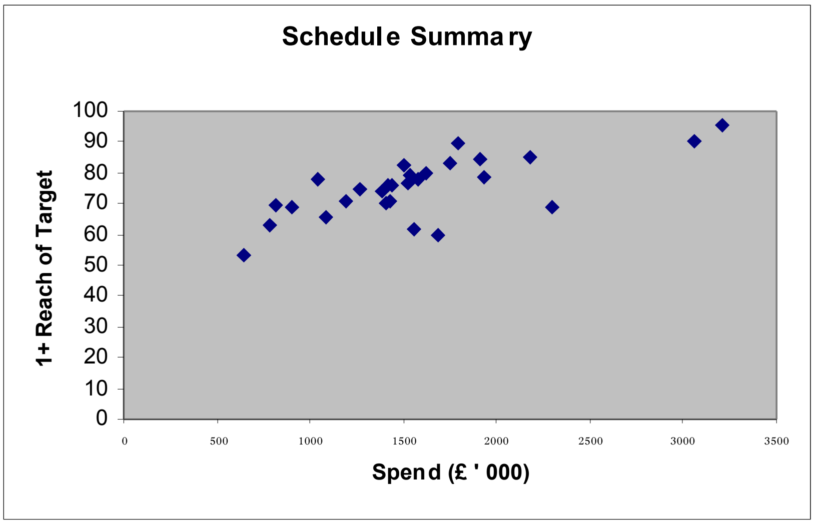
3. The same process as above was performed for magazines in place of newspapers.

The results from these analyses are described below.

The Results

A, Summary of the schedules and the reach lost by substituting 20% TV revenue.

The summary graph below shows the distribution of the 28 schedules examined in terms of their overall expenditure versus the 1+ reach achieved.

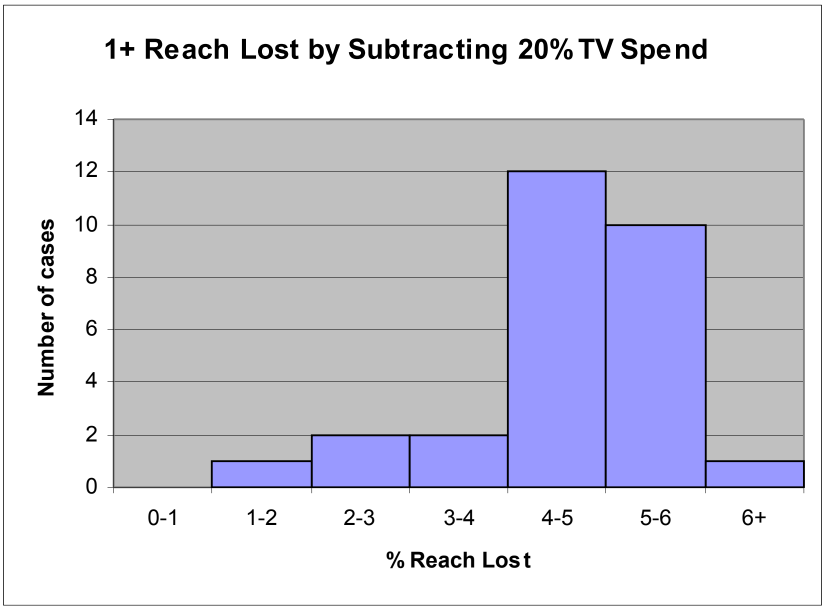


[1] “Just in Time Modelling” – Dina Raimondi, TMPR and Gilles Santini, IMS/IPSOS – Worldwide Readership Symposium 1997 Vancouver – P. 99 – 103 in session papers

It can be seen that both the range of spend and the reach achievement was wide. There were two reasons for this spread. Firstly these campaigns were amongst the highest television spenders in the UK for the period. In each case an attempt was made to identify an advertising burst but some campaigns were of the drip rather than burst pattern and had no discernable burst. The drip campaigns appear on the left of the graph where they tend to have lower reach figures and have smaller expenditures. The second reason for the spread is the target audience. Amongst the campaigns studied, targets ranged from all adults through men, main shopper, class ABC1 to detailed targets such as 16-24.

The range of ratings achieved also varied widely from 200 up to 800.

Before one can estimate the effect of adding newspaper or magazine schedules to the television activity, one must first determine exactly how much exposure is lost once 20% of the expenditure is removed.

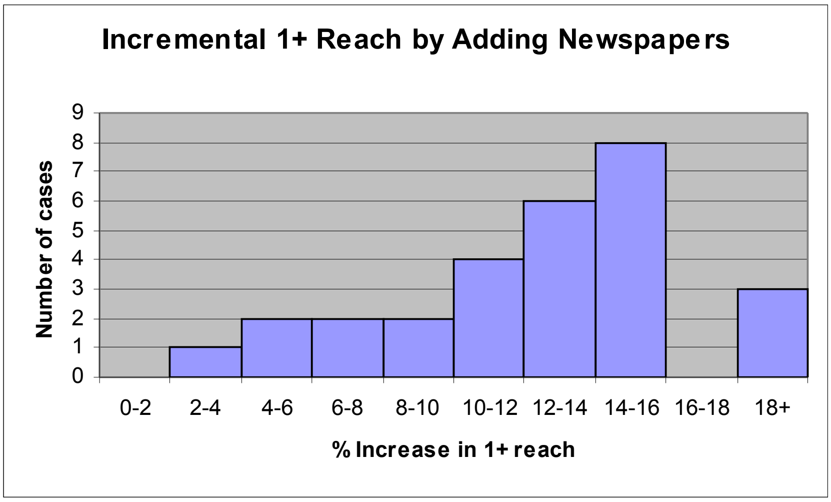


On average, the typical loss of 1+ reach was approximately 5%. Nearly 80% of the campaigns studied lost between 4% and 6% 1+ reach. Some of the largest campaigns lost little reach at all. Since the campaigns were priced on an audience cost per thousand basis, taking 20% of the revenue from each campaign had an equal effect on the ratings delivered and thus each campaign lost 20% of its ratings delivery. It is against these benchmarks of 4-6% reach loss and 20% ratings loss that the addition of newspaper and magazine schedules can be evaluated.

B, Reach added by press.

The next two graphs show the definitive gains from newspapers and magazines.

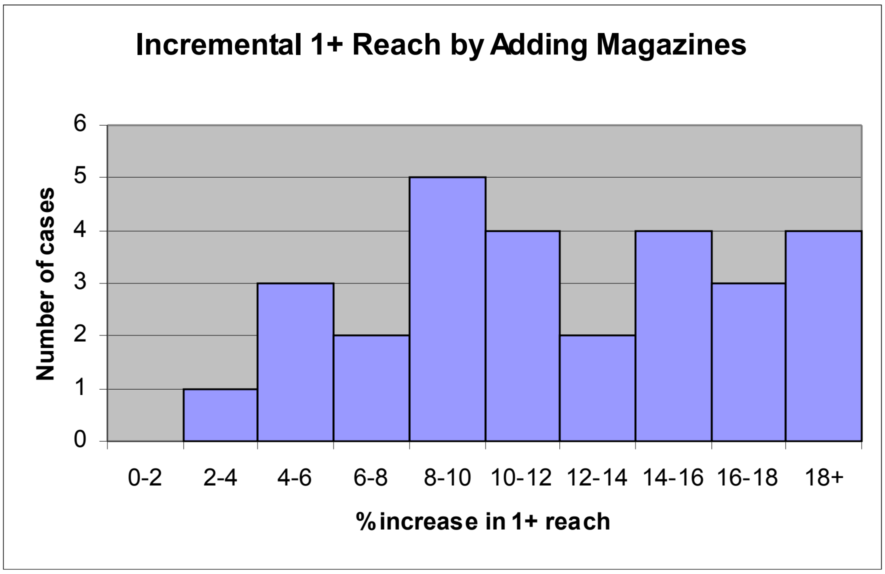
Firstly newspapers.



The graph shows the increase in 1+ reach provided by the newspapers <u>over and above</u> that of the original television activity. So the graphed increases show what newspaper activity provided after overcoming that already lost by diminishing television activity by 20%.

Here can be seen that in three-quarters of campaigns, more than 10% reach was added and as was stated above, this is after the 4-6% loss from lower television ratings.

It can be confidently claimed that substituting newspaper activity for a portion of the television activity pushed up the number of people exposed to the message. In nearly two thirds of cases, newspapers added more than three times what was lost.



The story for magazines was much the same. Nearly two thirds of campaigns showed a reach increase in excess of 10%. Interestingly, for a quarter of the campaigns, additional reach provided by magazines exceeded 16%, quite a high amount and something worth investigating.

As with newspapers, it is possible to conclude that magazines do offer additional people over and above those covered by high rating television campaigns.

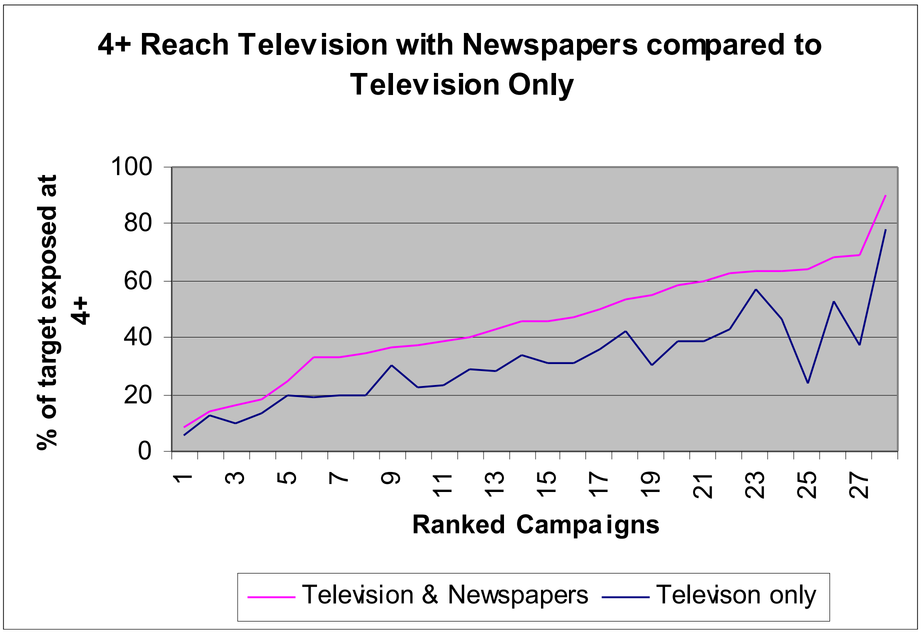
The variation in reach provided by newspapers and magazines must surely relate to the initial reach of the television activity. If the initial reach is in the 80% range then one would expect there to be less potential for any other medium to add substantial amounts of reach. This belief is borne out by this study but not that perfectly. The correlations are shown in the first column of the table below.

Correlations between schedule parameters

Correlation	1+ Reach	Target Population
Newspapers reach added	**-0.40**	**-0.57**
Magazines reach added	**-0.45**	**-0.69**

Much more interestingly, the correlations between reach added and the overall size of the target population are higher. This supports a view that the press, especially magazines, can be used in a more precise manner than television with regard to targeting. Importantly the study shows that this advantage is very clear in terms of adding reach to television activity. The more tightly defined the target, the greater the additional reach offered by newspapers and magazines. Of course anyone who has examined audience profiles will know that the press is more ‘targetable’ than television which, in the UK, has traditionally been viewed as a ‘shot-gun’ medium. However this study shows that the targeting effect outweighs the importance of campaign weight in determining how much extra reach press can provide.

Many advertisers are more interested in higher frequency exposure than 1+. The study examined various definitions of exposure and the graph below demonstrates just one of these, 4+ reach.



The campaigns have been ranked in terms of 4+ reach achieved by a combination of television and newspaper activity. The upper line shows the combined 4+ reach whilst the lower line shows the television only 4+ reach (before 20% of the revenue had been removed).

In the average case, about 10% more 4+ reach has been added by the newspaper schedules. The variation illustrates the effect discussed earlier. The largest gains are made where the more tightly defined audiences are being sought. Magazines showed a similar pattern with slightly more distinction between the peaks and troughs.

C, Impacts.

It is not only reach that is provided by the press schedules. In the UK, typical press cost per thousands are less than comparable rates for television. So as well as a reach argument, one can claim that overall impacts increase as press is substituted for television activity.

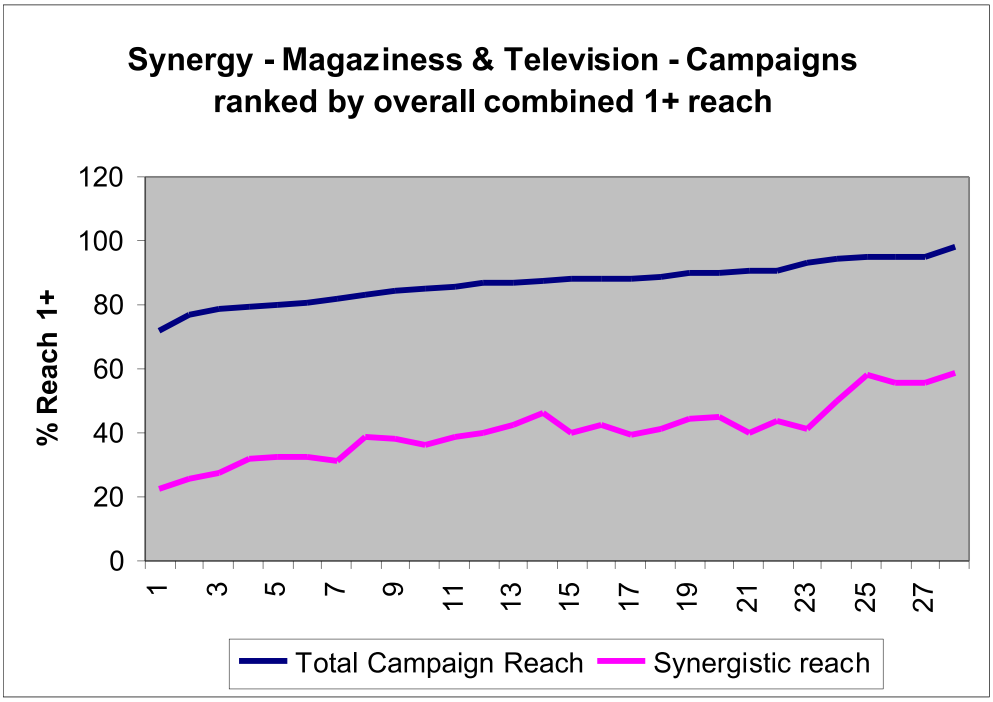
Increase in Impacts Purchased over TV

Increase %	**Newspapers**	**Magazines**
0-10%	3.6	17.9
10-20%	7.1	28.6
20-30%	35.7	25.0
30-40%	28.6	7.1
40-50%	14.3	10.7
50%+	10.7	10.7

The table shows the extent of extra impacts added. In most cases newspapers added between 20-40% more impacts for the same amount of money. Magazines offered 10-30% more impacts. It must again be stressed that the amount of press that can be purchased is dependent on the space size one has chosen. Obviously larger sizes would permit fewer insertions in newspapers and therefore less impacts, less reach added etc.

D, Synergy.

The final element considered in the study so far is that of synergy. If one supports the view that the target audience will more readily receive the campaign message if the message has been exposed to the recipient in more than one medium, then the argument for press is strengthened by the number of people seeing the message both in television and the press.



In the graph above the campaigns have been ranked by reach. This graph shows the overall reach of the combined television and magazine campaigns and the percentage of the target audience receiving at least one exposure in both media.

Clearly the more reach achieved by either campaign, the more potential people are available to be covered 'synergistically'. Thus in the graph the percentage of people covered 'synergistically' rises as the reach of the overall campaign increases to the right. The importance of synergy metrics depends on the campaign objectives. One would assume that since these campaigns used almost exclusively television, then synergy was not uppermost in the minds of the campaign planners who planned these campaigns. Nevertheless, synergy is a calculable figure and is potentially a strong attribute that any second medium can use in a pitch to a solus medium user.

Conclusion

In this study, 28 actual television schedules from very large campaigns who use television almost exclusively have been analysed and the extent to which press can be substituted has been assessed in a numerical fashion.

The substitution of 20% of revenue is arbitrary. The feeling was that these campaigns, being of very large weight, would not be adversely affected if 20% less television was purchased. (One should also be aware that no account has been made for production costs associated with using press).

The findings were as follows –

- Using 20% less television resulted in lower 1+ reach figures for television of 4-6% in most cases.
- Buying a newspaper schedule or a magazine schedule with the money liberated from television delivered more 1+ reach in every case. More than 10% in three-quarters of cases for newspapers.
- Not only is reach increased. Between 10-40% more impacts can be delivered.
- The most impressive effect of adding press campaigns can be seen in the more tightly defined targets where more reach is added as press shows itself to be more 'targetable' than television.
- Synergistic effects may well help the campaign objectives and is a computable amount.

Putting the findings in Sales Director parlance one would say –

“Press adds large amounts of reach to television schedules. This means there are people in your target who you will not reach with your typical television campaign and press can deliver some of these. Press is cost effective and will deliver more impacts than you will lose through spending less on television. The effects are much greater for those more tightly defined targets. These results can be supported by modern data integration methods.”

Not many people will disagree with the points made in the imaginary quote from the Sales Director above. Perhaps the most important element of this paper is that of putting numerical figures to what everyone imagines is the case. Actually quantifying the points shows how large the addition of press can be.

In terms of action for the research industry and those using the research, one would hope that both publishers and campaign planners be confident in their pursuit of multi-media research as there are sales stories to be had for the publishers and coverage insight for the planners. Clearly studies to examine the qualitative aspects of the media need to be pursued at the same time.

The findings in this paper are good for publishers. If 10% extra reach can be gained alongside typical television campaigns then there must be some optimism for gaining more advertising share from these large advertisers.

This study is a work in progress and future steps will examine more aspects of the multi-media mix.

Appendix

The fusion-on-the-fly technique, first propounded by Dina Raimondi and Gilles Santini at the Vancouver Readership Symposium 1997, uses CHAID analysis to describe variation in the exposure to a schedule of different groups of respondents.

Like many data integration methods the process uses common variables between surveys to differentiate respondents exposure.

The data integration process works at the instant of analysis and is not a pre-ordained matching between respondents. This confers several advantages –

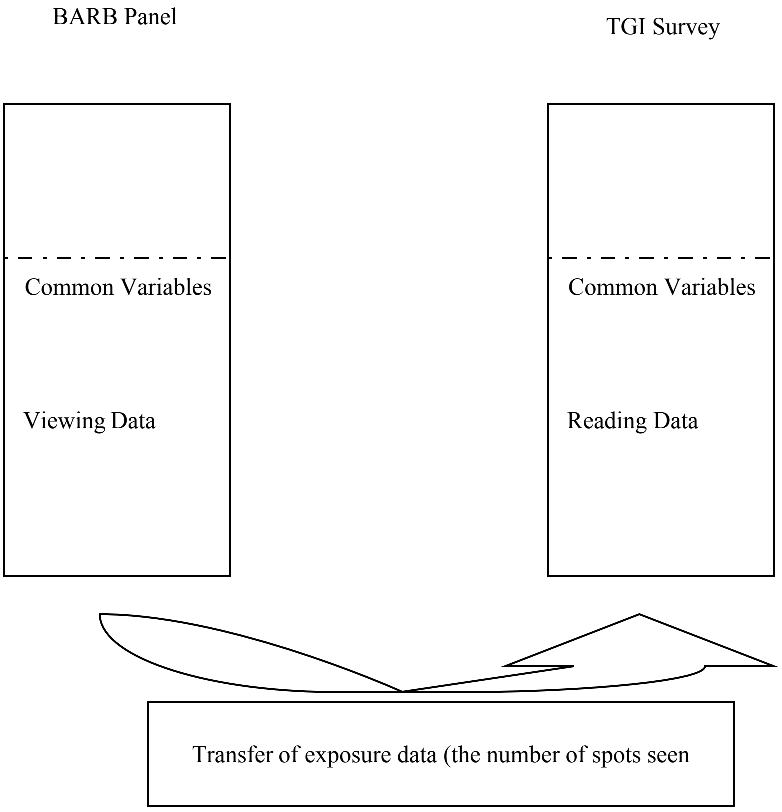
- Any data period can be used. In this study the data period covering the actual 4-6 week burst of television activity is used rather than averaged data or data based on other periods.
- The technique transfers schedules rather than complete viewing or reading repertoires. This is a very important advantage to this study (see below).
- The process is schedule specific and so, in this study, the importance of the common variables really does depend on the particular qualities of the schedule being inputed.

In this study, 2 surveys are used – BARB TV panel data and TGI.

The objective is to measure the combined effect of television and press schedules and therefore it is necessary to inpute television exposures onto the TGI survey. The readership activity is measured on TGI and so requires no data transfer. It was decided to transfer television exposure to the TGI rather than in the other direction as the question behind the study was 'given this television, what can press add ?'. On TGI one could easily manipulate press schedules to optimise the results.

The process uses CHAID to describe the variation amongst the respondents. The variables available to CHAID are those common to the 2 surveys and CHAID analysis, adapted to compare schedules, selects the most appropriate common variable definitions which give the statistically most significant differentiation amongst respondent exposures.

Figuratively, the process was as shown overleaf –



Note in the diagram that it is schedule results which are transferred from BARB to TGI. This is a very important distinction between the Raimondi/Santini method and other types of data integration. All the technique is trying to do is decide why it is that respondent A saw 5 exposures and respondent B saw only 2 exposures. It is not trying to explain the entire viewing repertoire of these 2 respondents.

A detailed technical description of the process was given in the Dina Raimondi/Gilles Santini paper in Vancouver[2].

[2] "Just in Time Modelling" – Dina Raimondi, TMPR and Gilles Santini, IMS/IPSOS – Worldwide Readership Symposium 1997 Vancouver – P. 99 – 103 in session papers