

Updated with New Information —

The Value of Magazine Readership

Reader Dynamics and Ad Impact on Readers of Paid and Nonpaid Copies

“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

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**

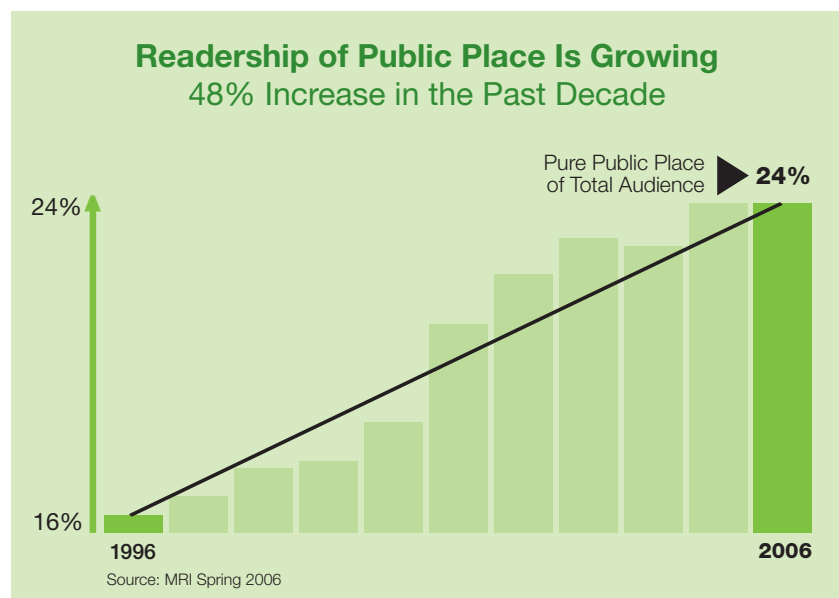


Increased Public Place Reading

The growing composition of public place readers among total magazine audiences has 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 2006 approximately one-fourth—24%—of magazine reading is done in public places, up from 16% in 1996.

Rick Jones of DJG Marketing notes that with advances in addressability and targeting capabilities, 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.”**



Public Place Copies Increase Ad Exposure

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 the average copy of a magazine, and these public place readers are often more upscale.

Dr. Scott McDonald of Condé Nast and Rebecca McPheters of McPheters & Company conducted research based on circulation data from Condé Nast titles that was 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

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

Looking further into 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. This data was analyzed by reader qualities, such as income, education, and children in the household. 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 by a subscriber 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 from Publisher	Did Not Buy Direct from 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: McPheters & Company analysis of 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 from Publisher	Did Not Buy Direct from 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: McPheters & Company analysis of MRI Doublebases 2003, 2004 and magazine proprietary circulation data.

Public Place Reading Is Highly Engaged and Focused

“The study gave us valuable insights into how actively engaged public place readers are with their magazines, and we are using these findings during the print planning process.”

—George Janson, Mediaedge:cia

Mediaedge:cia and Time Inc. conducted a study of six magazines in January 2006 to gain insight into the role and value of magazines in public places and to examine how the source of a copy impacts how people read magazines. The study yielded numerous insights into public place readership, including:

- Reading magazines is the most commonly cited activity in each and every type of public place analyzed (doctor’s office, barber shop, business reception, etc.) except for libraries, where it is second to reading books
- Readers revealed a strong emotional connection with public place copies. For example, almost all or 95% of public place readers report that they would be “upset, underserved or bored” if no magazines were available in public places

If magazines were not available in public places, consumers...

Would be upset, feel underserved or bored	95%
Claim time spent waiting would drag	87%

Mediaedge:cia and Time Inc., 2006

Public place readers are engaged in their magazines:

- Though readers spend less time with public place copies than paid copies, the time spent with public place is more focused. Seven out of 10—71%—nonpaid readers

read public copies with time devoted to just reading, which exceeds 66% of readers of paid copies

- While more than half—54%—of readers are doing other things while reading paid copies, only one-third, or 34%, are multitasking while reading nonpaid copies.

Public Place Readers Are:

	Nonpaid Copies	Paid Copies
Devoted to just reading	71%	66%
Doing other things at the same time	34%	54%

Mediaedge:cia and Time Inc., 2006

Public place reading generates action. Overall action levels are comparable among public place readers and readers of paid copies (index 98). Individual action levels index at 75 or higher when public place readers and readers of paid copies are compared.

Public Place Reading Generates Action

Public Place vs. Paid (Index)

Actions Taken (Total)	98
Created word-of-mouth ¹	86
Visited website mentioned in magazine	88
Purchase interest based on ad ²	75
Used info/ideas from magazine	89
Learned about products/services wasn’t aware of	92
Researched to find out more about a product/service advertised	77
Asked beauty salon or doctor/professional ³	93

Mediaedge:cia and Time Inc., 2006

¹ Net. Talked to someone about something I read, Recommended product/service I learned about

² Net. Bought/intend to buy product/service advertised, Researched to find out more about a product/service advertised, Followed up on an ad, Tore out an ad

³ Net. Asked beauty/hair salon about something I read/saw, Asked a doctor/professional about something I read/saw

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).

Northwestern University's John Lavine 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: in other words, the reading experience is separate from the transaction experience.**"

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

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
Overall (39 experience clusters)	3.1	3.0	2.1

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

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. This research looks 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

label Reader Buying Propensity (RBP). RBP reflects 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 Future Intent to Purchase¹

	How Publication Obtained						Subscribe or ²	
	Public Place		Subscribe		Newsstand		Newsstand	
	%	Index ³	%	Index ³	%	Index ³	%	Index ³
Cellular—Wireless Products	16	130	13	107	15	124	13	108
Consumer Computers	38	116	34	105	38	115	34	105
Consumer Travel	60	116	58	112	60	115	57	110
Business Financial	42	122	38	112	40	117	38	110
Televisions	22	125	20	114	22	128	20	112
Prescription and Nonprescription Medications	85	108	83	105	85	108	83	105
Cars and Light Trucks	26	123	24	113	26	124	24	111
Cosmetics—Women's	53	114	50	108	59	127	51	109
Cosmetics—Men's Toiletries	64	108	60	102	66	112	61	103
Alcoholic Beverages	59	113	56	107	60	116	56	107
Total Respondents	9,946		16,017		8,027		18,269	

Source: Advertiser Perceptions/Power Metrics Wave One, 2006, 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 by Consumers Similar for Paid and Nonpaid Magazines

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 are able to examine actions taken for those readers who have 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 2006, 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 in Response to Advertising

	Paid	Nonpaid
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 website	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)	52%	51%

Base: Actions taken based on respondents recalling specific ads, multiple responses.

Source: Affinity's VISTA Print Effectiveness Rating Service

Related Resources

The Value of Magazine Readership: Reader Dynamics and Ad Impact on Readers of Pass-Along Copies shows that readers value pass-along copies and take action at a similar rate as readers overall.

Understanding Magazine Circulation: A Guide for Advertising Buyers and Sellers offers insights on key strategic concepts in circulation to help facilitate communication between advertisers and publishers.

The Magazine Handbook provides facts and figures about how magazines—alone or with other media—can help advertisers achieve marketing goals. The Magazine Handbook includes information such as magazine effectiveness studies, circulation trends and magazines' editorial strengths.

Magazine Publishers of America (MPA) is the industry association for consumer magazines. Established in 1919, MPA represents more than 240 domestic publishing companies with approximately 1,400 titles, more than 80 international companies and more than 100 associate members. Staffed by magazine industry specialists, MPA is headquartered in New York City, with an office of government affairs in Washington, D.C.

For further information on magazine circulation, please contact Wayne Eadie, Senior Vice President, Magazine Publishers of America at weadie@magazine.org.

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