

Measuring Magazine Effectiveness

Quantifying Advertising and Magazine Impact on Sales



Magazine Publishers of America and Hudson River Group Release First-ever U.S. Automotive Media Mix Study

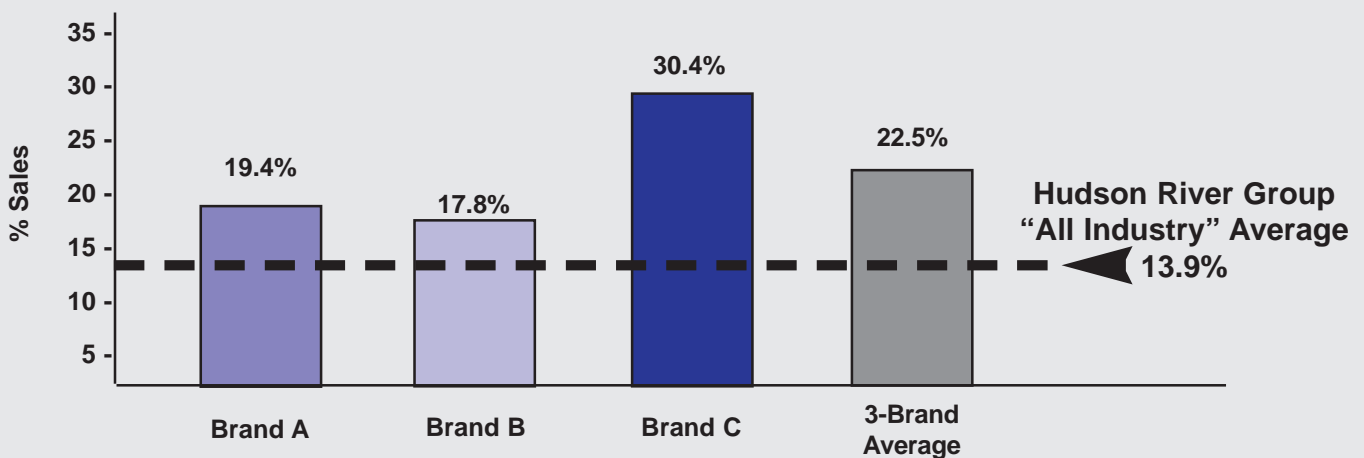
A number of studies already prove magazines' effectiveness in the media mix. Given the unique nature of the automotive category and its importance to the magazine industry, MPA commissioned the first U.S. marketing mix modeling study to focus on this specific market. Partnering with a major auto manufacturer and Hudson River Group, a leading independent supplier of custom marketing analysis, MPA has once again proven magazines' role in positively impacting sales.

The comprehensive study, titled "*What Drives Automotive Sales?*" analyzed three makes/models representing different vehicle categories and marketplace characteristics over a three-year period (1999 – 2001), using confidential client-supplied data. The research covered all major media and marketing elements including advertising, financial incentives/rebates, distribution, category trends, seasonality, competitive advertising, PR, econometric factors and word-of-mouth. The data were developed using 75 CMR measured markets, accounting for roughly 76% of the U.S. population

Advertising is an important contributor to automotive sales volume.

Of total sales volume, 17.8% to 30.4% was incrementally driven by advertising
— these numbers exceed the HRG "All Industry" average of 13.9%.

Percent of Total Sales Due to Advertising



Advertising drives sales efficiently.

All brands measured returned at least 3 1/2 sales dollars for each dollar spent in advertising. The average was nearly a ten-fold return.

Advertising Efficiencies

Incremental Sales Per Dollar Spent: Total Advertising

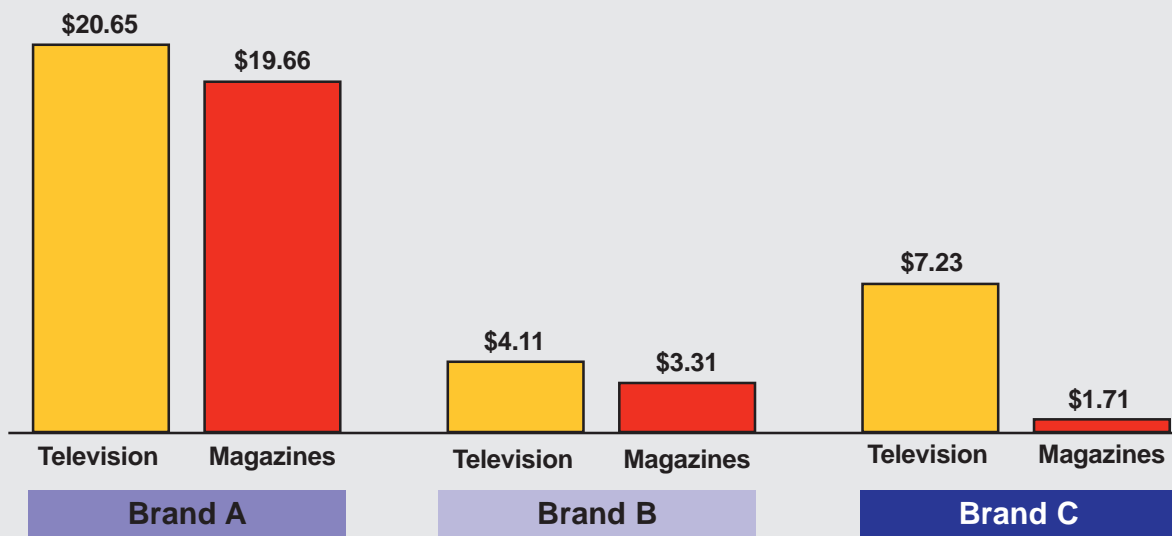
Brand A	Brand B	Brand C	3-Brand Avg.
\$ 19.97	\$ 3.47	\$ 5.97	\$ 9.80

Advertising in television and magazines pays for itself in incremental sales.

For all three brands, both magazine and TV advertising are efficient – returning more in sales than the cost of media support.

Efficiencies: Television and Magazines

Incremental Sales per Dollar Spent: Television vs. Magazines



Magazine advertising showed limited waste, versus high saturation for TV.

There were few instances of saturation for magazine advertising, while advertising in television often exceeded the point of diminishing return.

Percent of Weeks Above Saturation

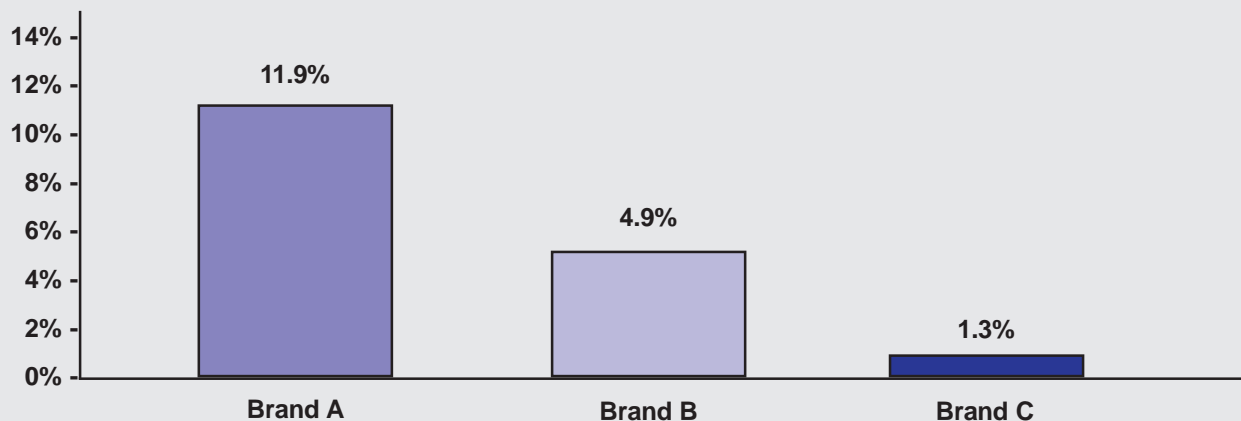
	Television	Magazines
Brand A	39%	0%
Brand B	53%	2%
Brand C	51%	0%
3-Brand Avg.	48%	1%

Brands benefit by reallocating “excess” TV weight to magazines.

Significant gains in overall advertising impact can be achieved by reallocating “over-saturated” TV weight to magazines.

Benefit of Re-Allocating “Excess” TV Weight

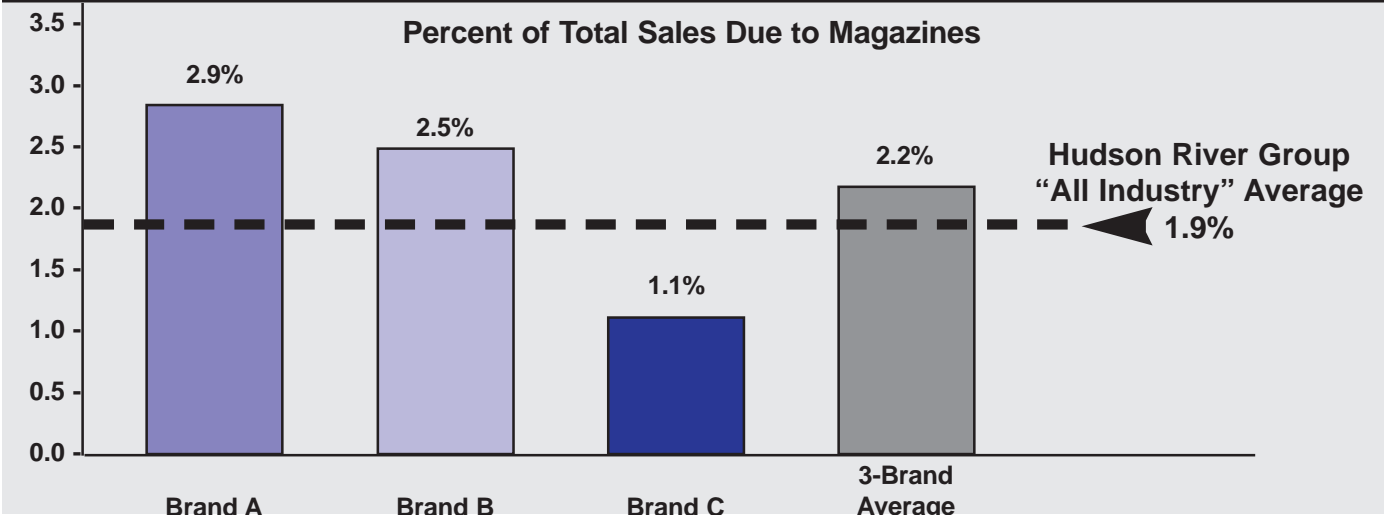
Change in Incremental Sales Volume Due to Advertising



Magazines are an important contributor to automotive sales volume.

An average of 2.2% of total volume was driven by magazine advertising (The HRG “All Industry” average is 1.9%). For perspective, according to JD Power & Associates, a point in the automotive market today is worth nearly \$4 Billion.

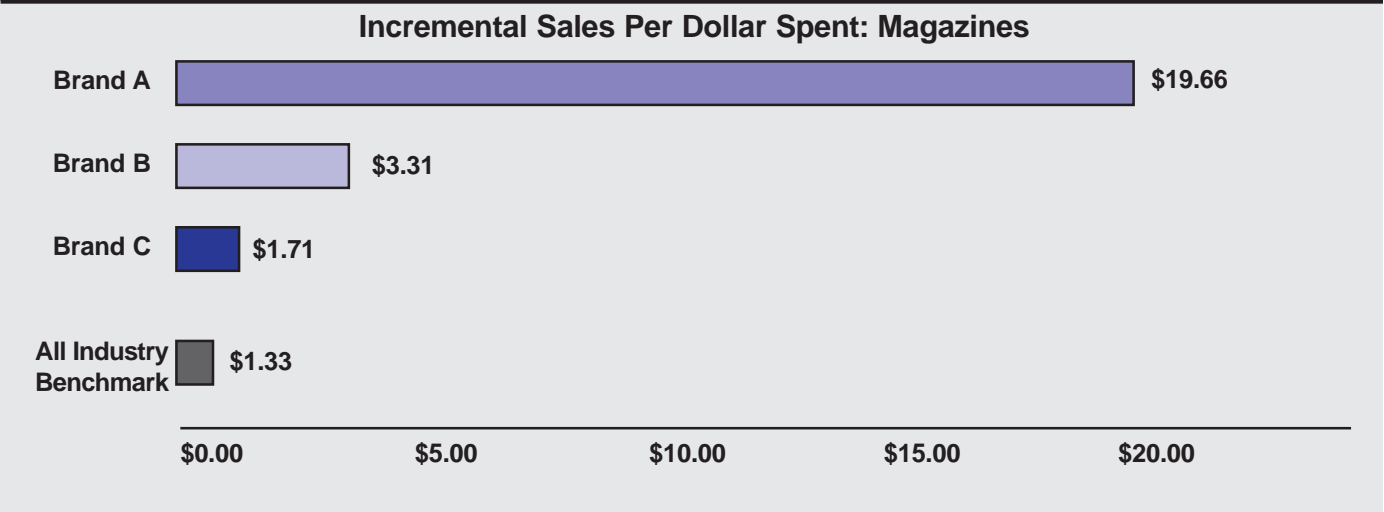
Magazine Volume Contribution



Magazine advertising is efficient.

Return on investment (ROI) for all three models was positive for magazine advertising. Each dollar invested in magazines returned more than one dollar in incremental sales, and was greater than the HRG “All Industry” benchmark.

Magazine Efficiency

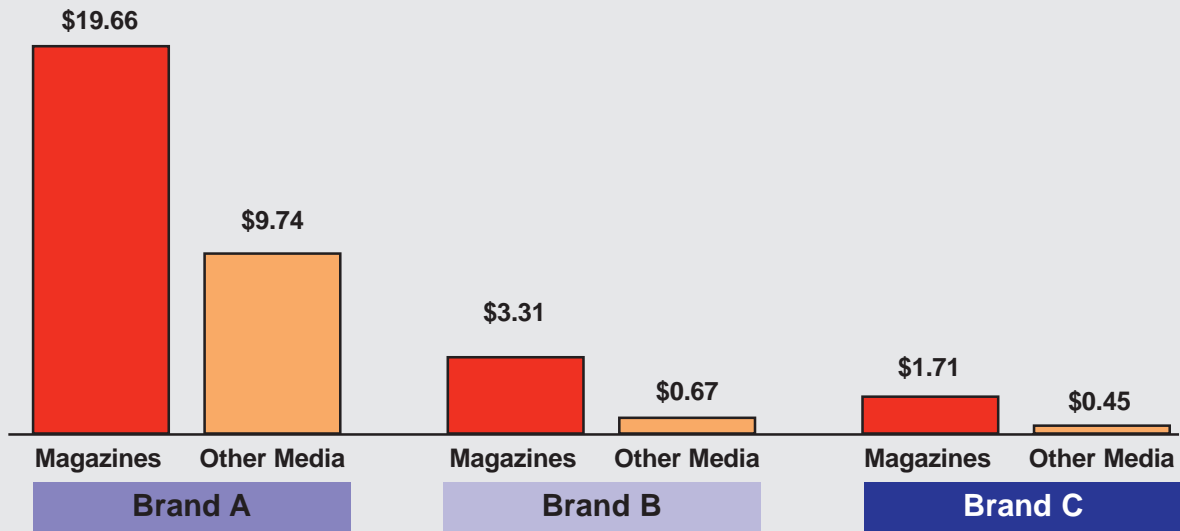


Magazines outperform other media.

Advertising in magazines and TV provides a higher return of investment than advertising in other media. Overall, ROI for all other media advertising averaged only \$3.62 in incremental sales per dollar spent versus \$8.23 for magazines.

Magazines and Secondary Media

Incremental Sales Per Dollar Spent



The Client validated the value of the study's findings.

Client Feedback

"...the findings have added to the company's research knowledge base and helped validate the strategic role of magazines in the mix and the direction the company has taken in their use."

"...this has been a valuable learning experience for all the parties involved."

Conclusion

Magazines Make A Difference

This latest research on magazine effectiveness for the automotive category reinforces data from five other industry studies* that measured results across a range of categories, including the following findings:

- Advertising is critical to marketplace success
- A balanced media mix is key
- Magazines play an important role in driving sales volume efficiently
- Magazines are generally shown to be underused in the media mix, and shifting weight to magazines increases advertising ROI.

* Measuring the Mix (MMA) 2002, ROI for Kraft (IPSOS-ASI/AC Nielsen) 2001, ROI for DTC (PERQ) 2000, Sales Scan (AC Nielsen) 1999, Documenting the Role of Magazines in the Mix (Millward Brown) 1998

For more information, or to schedule a presentation of the study's findings, contact Wayne Eadie, Senior Vice President, Research, at 212-872-3722 or weadie@magazine.org

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