

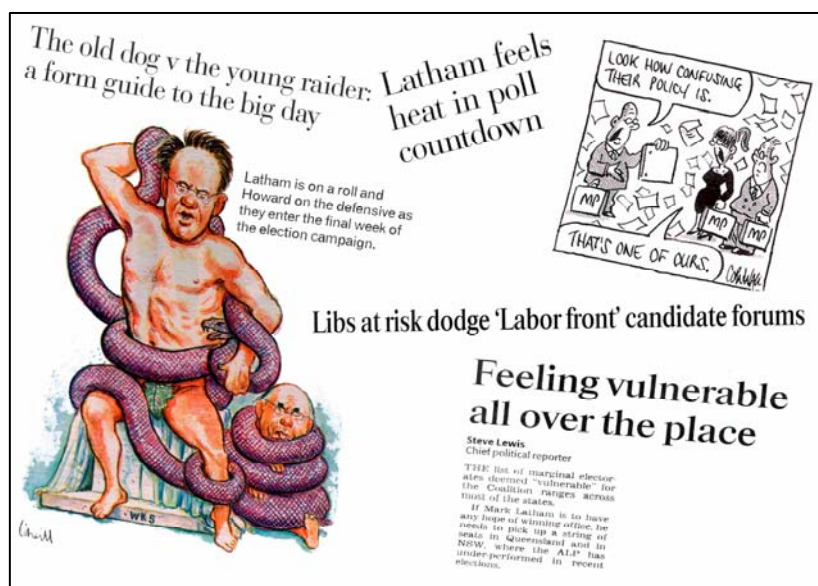
Are you going by the numbers? IF YES: Are they the right numbers?

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Media research methodology – Time to rejuvenate?
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Are you going by the numbers? IF YES: Are they the right numbers?

In Australia we have just had our Federal Election. The Howard Coalition Government was re-elected with an increased majority. In the weeks coming up to the election – the Australian people were bombarded with media polls – every newspaper has its own, TV polls, phone-in and internet polls, and the ‘leaked’ parties’ own polls. There were many different stories.



In business, you are provided with information and data all the time – often it is misinformation and flawed data – you need to be able to tell the difference.

At Roy Morgan Research we are in the business of information. We are the largest independent Australian market research company in Australia. Our core business is a massive, multi-industry, multi-country syndicated research product - called Roy Morgan Single Source - operating in Australia, New Zealand, US, UK and now Indonesia. Each month we prepare over 400 different fully integrated databases for advertisers, agencies and media. We have to get it right - we, just like everyone in business have to be able to tell the difference between information and misinformation or flawed data.

For instance, if we look at Indonesian newspaper, Kompas, the simple but powerful story is this:

In Indonesia, ACNielsen report 2,224,000 as average daily readership for Kompas for the whole week and there is a general belief in the Indonesian market place that the Monday edition has the highest readership. The Roy Morgan International Mon-Sat readership figure is 3,490,000.

More importantly, the myth that “Monday’s readership is the highest” has well and truly been shattered. We estimate over 5 million readers on Sunday! That’s because Roy Morgan Single Source covers 83% of the population, urban and rural areas, not just 9 cities. (Our readership numbers are essentially the same as ACNielsen’s in the 9 cities).

AC Nielsen (9 cities)	2,224,000
Roy Morgan (Indonesia)	Mon-Sat : 3,490,000 Sunday: 5,293,000

So if you are advertising in the Monday edition of Kompas because of the general belief – think again!

The other important point suggested from this data is that readership is fairly casual. Perhaps it is not the same people reading every day.

Indeed, if we look at the way people are reading – Over 10 million people read at least one issue of Kompas in a 7-day period, but only 7% of readers read all seven issues.

Table 1: Kompas Newspaper (March – July 2004)

Roy Morgan Readership	Population (000s)	Percentage of Readers
Read 1 issue	3,662	36.5%
Read 2 issues	3,092	30.8%
Read 3 issues	622	6.2%
Read 4 issues	712	7.1%
Read 5 issues	710	7.1%
Read 6 issues	524	5.2%
Read 7 issues	711	7.1%
Read any issue	10,033	100.0%
Didn't read	117,618	
TOTAL Population	127,651	

Source: Roy Morgan Single Source Indonesia March-July 2004 n=2502

Publishers work hard to create 'loyalty'. There are many reasons for this, including the 'brand equity' or 'brand value' associated with a masthead which is related to reader 'loyalty'. However, "loyalty" is a two-edged sword when it comes to a publication as a 'channel to market'.

If we believe a publication's audience is 100% 'loyal', ie everyone reads every issue, there would be little point in advertising in multiple issues – at least not to increase reach (you would be communicating to the same people many times).

However, if you knew that the publication's audience was more casual – say, around 50% 'loyalty' or 'turnover', there would be very good reason to advertise in multiple issues. For instance, a 3-issue buy might increase reach from 400,000 readers for one issue to almost 800,000 readers for three.

Table 2: Impact of 'Turnover' on 3-Issue Reach

Publication	Single Issue Reach (000s)	Turnover*	3-issue Reach (000s)	% Increase in readership
Jawa-Pos Surabaya (Mon-Fri ave)	1983	Low	2858	(+44%)
Pikiran Rakyat-Bandung (Mon-Fri ave)	2006	Medium	3164	(+58%)
Koran Tempo (Mon-Sat ave)	387	High	769	(+99%)

Source: Roy Morgan Single Source Indonesia March-July 2004 n=2502

*Note: 'loyalty' is inversely related to the more generally accepted measures of 'turnover' and 'casualness'. A publication with low turnover/casualness is considered to have high 'loyalty'.

This is obvious – when it's said like that.

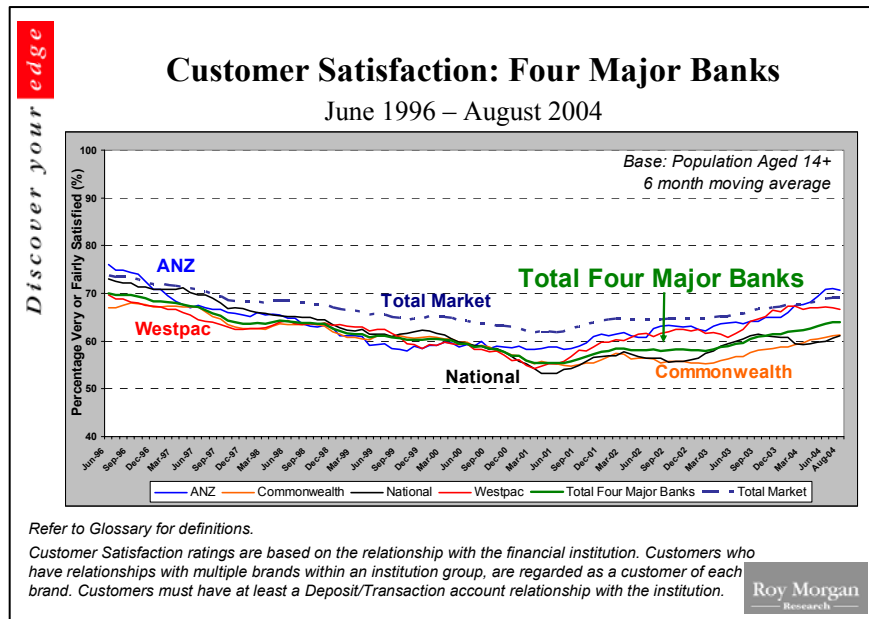
But how 'often' do we look beyond 'average issue readership' to 'turnover' rates? How often do we question the 'validity' of 'turnover' rates?

And yet, in the real world of trying to reach people with your message **'turnover' rates** can make more difference than 'average issue' readership.

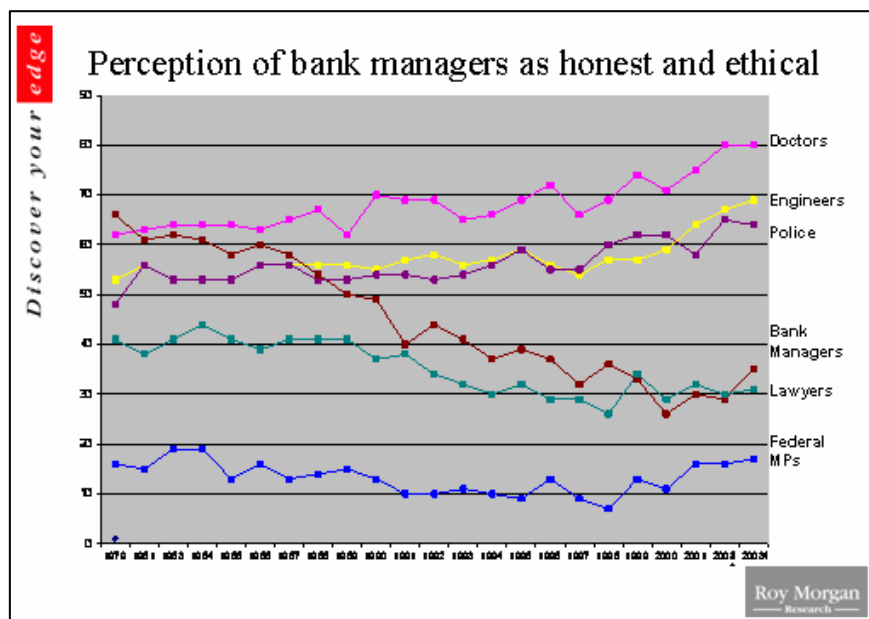
And what about the myths surrounding advertising effectiveness? The mythology surrounding ad effectiveness is as rich and varied as that surrounding customer satisfaction.

Just diverting for one moment – in the late 1990s banks in Australia and elsewhere have spent many millions of dollars on customer satisfaction programs and surveys. Many managers received bonuses as their measures of customer satisfaction improved against imperfectly constructed metrics.

The real ‘net’ result during that time – an overall decrease in customer satisfaction – according to an independent external source, the Morgan Poll – a real disconnect! The banks are now focusing on different, more relevant, less easily corruptible metrics, and satisfaction is improving.



Over the same time, the Morgan Poll also recorded a decrease in the perception of bank managers as honest and ethical.



Our fear is that the push for return on investment ‘ROI’ in advertising is in danger of creating the same ‘disconnect’.

Roy Morgan has recently acquired a well-established media and communications measurement company in the US, Mapes and Ross.

One of the most valuable assets of Mapes and Ross is a database of the impact of over 30,000 advertisements.

This normative database has been collected over some 30 years. The fundamental methodology and metrics (Natural Exposure) have not changed over that time, so we can be confident that the metrics have not been ‘corrupted’ inadvertently, or otherwise, by a desire to see increased advertising effectiveness and thus increased ‘ROI’.

An important number to remember is 20%. The average ‘proven recall’ across all ads in all categories is less than 20%. Of the people who see (or hear) the ad, an average fewer than 20% correctly recall the ad – around 2% are ‘persuaded’ by it.

A really involving category like toys can achieve ‘proven recall’ scores in the high 30s.

So, if the information you are getting is that your ads are achieving 80% and 90% recall or persuasion, it is probably misinformation – ask some probing questions of the source – especially if their bonus depends on high numbers.

This is not in any way to say advertising doesn’t work. We don’t say that. We don’t believe that. But you need to have realistic expectations and correct information.

So how do you know when something is wrong?

- **Logic – does it make sense?**

Does it make sense that People Magazine in America could have 9.8 readers on average for every copy printed? Of course not, but if you’re advertising in People in the US, that’s the premise you’ve accepted.

- Circulation for People Magazine was 3,632,804
- MRI Spring 2003 readership among people aged 18+ for People was 35,609,000 (9.8 readers per copy)
- The Roy Morgan readership among people aged 18+ for People was 15,181,000 (4.18 readers per copy)

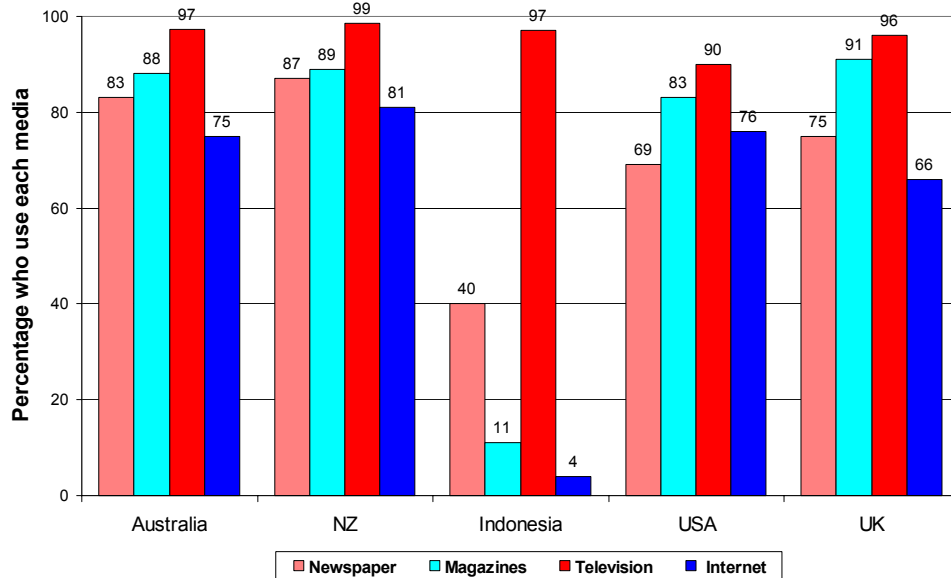
- **External / other sources of data**

The circulation data for Time in the US already gives the clue. Other external data, such as sales and patronage numbers are critical cross-checks for customer satisfaction. (If your customers are more and more satisfied yet there are less of them each month – the metrics are wrong somewhere.)

- **Normative data comparisons and international comparisons can provide a valuable context within which to make sense of information.** Take for instance cross-media usage across countries. The following chart shows remarkable consistency across the US, UK, Australia and New Zealand, but a very different picture in Indonesia. Television usage is

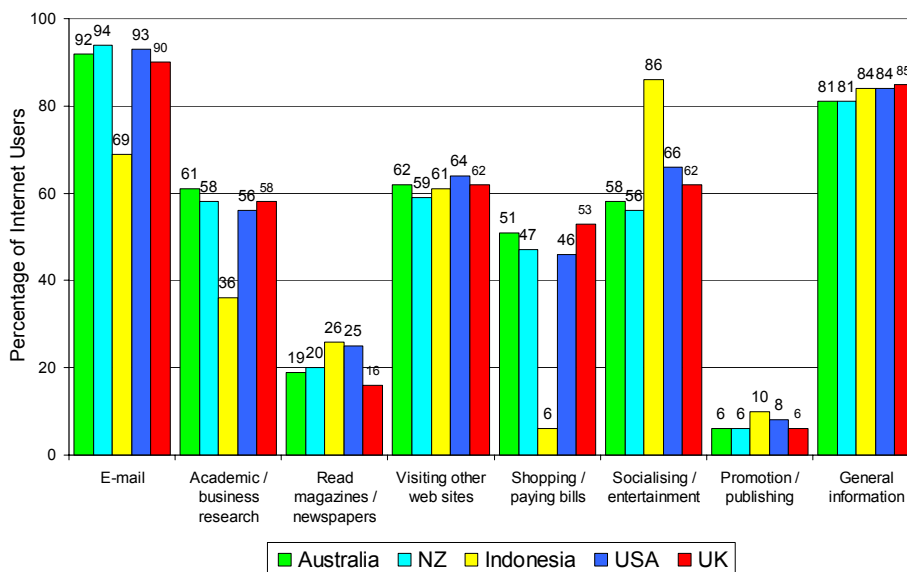
consistently high in all countries. Magazine and newspaper readership is lower in Indonesia – understandable given literacy and economic issues. Internet usage is very low in Indonesia – understandable.

Table 3 - Percentage of People who use each Medium



The next chart is very interesting – and not so obvious. It shows that among Internet users a fairly consistent pattern of use emerges – regardless of country, and regardless of Internet penetration. The differences for Indonesia are mostly understandable. The lower-than-average use of e-mail may be understandable in terms of lower penetration and thus fewer opportunities for email communication. However a closer look at the pattern of Internet usage, including relatively high use for socializing and entertainment in Indonesia raises the possibility that Indonesians are interpreting/answering the question differently.

Table 4 - What Internet users in different countries use the Internet for (Based on Internet users)



Let's take another example, one that has more far reaching consequences. If we look at the readers-per-copy of four well-known magazines in four markets – using the local readership currency – would have advertisers believe that magazines are ‘passed-on’ to a lot more people in the USA, UK and NZ than in Australia. For instance, that an average copy of People is read by 9.8 people aged 18+ in the USA, and the same magazine (called Who in Australia and New Zealand) is read by 12.9 people aged 10+ in New Zealand, but in Australia only 5.6 people aged 14+ or 5.2 people aged 18+.

Similarly, that an average copy of Reader's Digest is read by 6.5 people aged 10+ in NZ, 3.6 people aged 18+ in the USA, 3.2 people aged 15+ in the UK and only 2.9 people aged 18+ in Australia.

Similar differences are shown for Cosmopolitan, TIME and Newsweek (See Table 5 below).

Table 5: Readership currency reader-per-copy estimates across countries

Magazine	Australia Roy Morgan		New Zealand Nielsen (10+)	USA MRI (18+)	UK NRS (15+)
	14+	18+			
People / Who*	5.6	5.2	12.9	9.8	NP
Reader's Digest	3.0	2.9	6.5	3.6	3.2
Cosmopolitan	4.5	3.5	8.0	5.8	4.9
TIME	4.4	4.1	8.1	5.0	NM
Newsweek/Bulletin ⁺	4.6	4.5	-	6.2	NP

In Australia and New Zealand, People is Who

⁺ In Australia, Newsweek is included in The Bulletin

NP: Not published NM: Not measured

Source: Australia: Roy Morgan Research Apr 2003-Mar 2004, Circulation: Jul-Dec 2003
 New Zealand: Nielsen Jan-Dec 2003, Circulation: Jul-Dec 2003
 United States: MRI Spring 2004, Circulation: Jul-Dec 2003

However, the next table shows that when Roy Morgan Research applies the same measurement methodology across the different countries, the differences all but disappear.

People (or Who) has readers-per-copy, aged 14 and over of 5.6 in Australia, 3.8 in New Zealand, and 4.0 in the USA; and Reader's Digest has readers-per-copy of 3.0, 3.0 and 2.8 respectively. TIME has readers-per-copy aged 14 and over of 4.4 in Australia, 4.2 in New Zealand and 5.1 in the USA. A similar pattern of result is shown for Newsweek with slightly higher readers-per-copy in the USA (5.3) than Australia (4.6).

In other words, when a consistent proven methodology is applied to different markets on the same magazines, the magazines attract fairly similar readers-per-copy estimates despite the marketplace differences. Common sense would say this is correct.

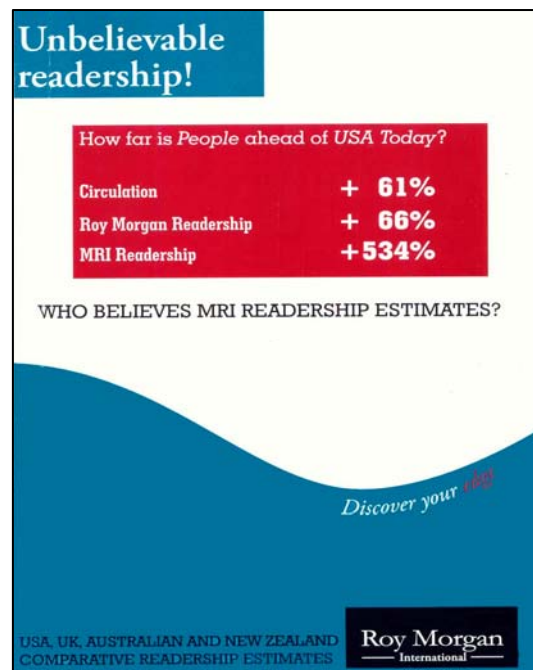
Table 6: Roy Morgan Research readers-per-copy (14+) estimates across countries

Magazine	Australia	New Zealand (14+)	USA (14+)	UK (14+)
People / Who*	5.6	3.8	4.0	NP
Reader's Digest	3.0	3.0	2.8	1.8
Cosmopolitan	4.5	3.6	4.1	3.6
TIME	4.4	4.2	5.1	3.0
Newsweek/Bulletin	4.6	NP	5.3	NP

* In Australia and New Zealand, People is Who + In Australia, Newsweek is included in The Bulletin
Source: Australia: Roy Morgan Research Apr 2003-Mar 2004, Circulation: Jul-Dec 2003
 New Zealand: Roy Morgan Research Apr 2003-Mar 2004, Circulation: Jul-Dec 2003
 United States: Roy Morgan Research Mar 2002-Feb 2004, Circulation: Jul-Dec 2003

- **Cross-media comparisons**

In many countries, the readership currencies create inflated readership estimates for magazines and reasonable readership estimates for newspapers, eg in America, MRI shows 2.5 readers per copy for USA Today (a national newspaper) and 9.8 readers per copy for People (magazine).



Who believes that?

In all countries we have reviewed (except Australia) the readership figures are not highly regarded or believed. The latest Canadian readership measurement fiasco is just another example of how to lose credibility for a medium (in this case the magazine sector) Until recently Canada's readership survey was conducted using the 'gold' standard 'through-the-book' specific issue methodology. However, in 2001 the methodology was changed from the 'gold' standard 'through-the-book' to 'recent reading' with the obvious resulting inflated figures.

Keith Damsell, in his article "*Magazine numbers unravelled*" published on globeandmail.com points out that: "On the surface, new readership data for Canada's magazine sector shows tremendous gains and looks like cause for celebration, but a closer look at the methodology reveals it's nearly impossible to draw conclusions from the new system's numbers." Damsell also alludes to the pressure within the Print Measurement Bureau: "...there was some pressure within the PMB –

an industry group whose members include publishers, advertising agencies and their clients – to raise the profile of the magazine sector as an advertising vehicle through big readership numbers. Television and newspapers use broadly based audience and readership survey methods to woo advertising dollars – so why not competing magazines, they thought.”

The 2001 survey, based on ‘recent reading’, showed an average increase of 134%, or 149% for English language titles.

While those in the print media in Canada may seek to have the new figures accepted (by claiming the new figures to be correct, the old ones too low), it is important to look at reality.

It is clear that 20 readers-per-copy for Canadian Gardening is not real; nor is 9.7 readers-per-copy for Time.

Table 7. Canadian magazine readership comparing Print Magazine Bureau’s new and old methodologies

Magazines	2000 Through-the-book (old)	2001 Recent Reading (new)	Change
Healthwatch	842,000	4,949,000	+488%
Canadian Gardening	706,000 (readers-per-copy 5.0)	2,842,000 (readers-per-copy 20.0)	+303
National Post Business	436,000	1,620,000	+272
R.O.B. magazine	397,000	1,326,000	+234
Canadian House and Home	800,000 (readers-per-copy 4.5)	2,447,000 (readers-per-copy 13.9)	+206
Toronto Life	341,000 (readers-per-copy 3.7)	1,034,000 (readers-per-copy 11.2)	+203
Chatelaine	1,766,000	4,792,000	+171
Reader’s Digest	3,168,000	7,929,000	+150
TV Guide	1,865,000	4,284,000	+130
Canadian Living	1,986,000	4,498,000	+126
Homemaker’s	1,206,000	2,267,000	+88
Maclean’s	1,669,000 (readers-per-copy 3.3)	3,090,000 (readers-per-copy 6.1)	+85
Time	1,706,000 (readers-per-copy 5.4)	3,074,000 (readers-per-copy 9.7)	+80
Elm Street	710,000	1,010,000	+42
Saturday Night	561,000	794,000	+42

Source: Print Measurement Bureau and Audit Bureau of Circulations

There is no substitute for thinking – never let the numbers bamboozle you. If the numbers don’t make sense – they may well be wrong.

If the numbers don’t make sense, and the numbers are right – you may need to rethink your own assumptions (reframe your reality).

BUT what you cannot afford to do is just go by the numbers!

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