

Audience Aggregation and Audience-Based Selling

A new approach to growing audience and advertising

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SNPS Audience Development Conference
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Columbia, SC



We must change the way we think about, define and quantify our audience.



“All our companies are building an impressive portfolio comprised of many different products. In almost any market across this country, our products can frequently reach virtually any audience an advertiser desires.

How vitally important it is that we get our message out about what a substantive footprint each of us has in our markets.

How important it is to understand our customers' needs and to develop solutions across multiple platforms.”



2007-2008 NAA Chairwoman Susan Clark-Johnson, President,
Newspaper Division of Gannett Co., Inc.

Agenda

- Brief Scarborough overview
- Why readership/audience?
- Context
- Audience Aggregation Research
- Case Study: The Ft. Myers News-Press
- Case Study: The Arizona Republic
- Summary/implications for newspapers

Scarborough Research

- Comprehensive, syndicated annual survey of 81 U.S. markets
- Annual sample of 220,000+ Adults (18+)
 - ▶ Average local market samples -- 2,000 and 13,000
- Measures demographics, shopping/retail behavior, product consumption, entertainment/leisure, media usage
- Newspaper audience ratings service in the U.S. for 34 years
- Partnership between The Nielsen Company and Arbitron, Inc.
- Accredited by the Media Rating Council (MRC)

From Circulation to Readership to Audience

- Audit Bureau of Circulations (ABC) established in 1914
- For 94 years, circulation has been the key metric used by advertisers to evaluate newspapers

Why talk about Readership/Audience?

- **Circulation**
 - ▶ Number of newspapers sold
 - ▶ Audited by the Audit Bureau of Circulations (ABC)
- **Readership/audience**
 - ▶ Number of adults who read the newspaper
 - ▶ Measured by survey research, like Scarborough

Why talk about Readership/Audience?

- More accurate measure of newspaper reach
 - People reached, not papers delivered
- Allows for the qualitative evaluation of the target audience
 - Demographic, psychographic, consumer behavior, lifestyle, media usage
- Comparable to the way other media are evaluated
 - TV and radio are bought and sold based on their audiences (not on the number of TVs and radios out there)
- Major emphasis of the newspaper industry to shift the focus to readership

Scarborough-ABC-NAA Audience-FAX Initiative

- New initiative that launched in November 2007
- Integrates newspaper readership and online audience information into ABC circulation reports
- Circulation statements will show:
 - Print readership
 - Online readership
 - Net Combined Audience
 - Web Site Usage
- Provides advertisers and agencies with a more complete picture of a newspaper's full presence and total market coverage

Scarborough Measured Newspaper Version
 Audit Bureau of Circulations
 Newspaper Publisher's Statement
 For six months ended September 30, 2007
 Subject to Audit

Subject to ABC Board Approval
Anytown News
 Anytown (Blue County), Illinois
 www.anytown.com

Paragraph 1 data will remain unchanged.

	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Weekend		Total
								Avg	Peak	
1. TOTAL AVERAGE PAID CIRCULATION	36,571	31,514	29,619	32,309	32,119	30,809	31,919	21,099	21,099	21,099
Core Newspaper	36,571	31,514	29,619	32,309	32,119	30,809	31,919	21,099	21,099	21,099
Electronic Edition (See Par 4B & 5C for further explanation)	36,571	31,514	29,619	32,309	32,119	30,809	31,919	21,099	21,099	21,099
Other Online Edition (See Par 4B & 5C for further explanation)	0	0	0	0	0	0	0	0	0	0
Total Average Paid Circulation	36,571	31,514	29,619	32,309	32,119	30,809	31,919	21,099	21,099	21,099

	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Weekend		Total
								Avg	Peak	
1A. AVERAGE PAID CIRCULATION - Core Newspaper	36,571	31,514	29,619	32,309	32,119	30,809	31,919	21,099	21,099	21,099
Home Delivery and Mail	36,571	31,514	29,619	32,309	32,119	30,809	31,919	21,099	21,099	21,099
Other Delivery Methods	0	0	0	0	0	0	0	0	0	0
Total Average Paid Circulation - Core Newspaper	36,571	31,514	29,619	32,309	32,119	30,809	31,919	21,099	21,099	21,099

	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Weekend		Total
								Avg	Peak	
PRINT READERSHIP	36,571	31,514	29,619	32,309	32,119	30,809	31,919	21,099	21,099	21,099
Home Delivery and Mail	36,571	31,514	29,619	32,309	32,119	30,809	31,919	21,099	21,099	21,099
Other Delivery Methods	0	0	0	0	0	0	0	0	0	0
ONLINE READERSHIP	0	0	0	0	0	0	0	0	0	0
Home Delivery and Mail	0	0	0	0	0	0	0	0	0	0
Other Delivery Methods	0	0	0	0	0	0	0	0	0	0
NET COMBINED AUDIENCE	36,571	31,514	29,619	32,309	32,119	30,809	31,919	21,099	21,099	21,099

	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Weekend		Total
								Avg	Peak	
WEB SITE USAGE	0	0	0	0	0	0	0	0	0	0
Home Delivery and Mail	0	0	0	0	0	0	0	0	0	0
Other Delivery Methods	0	0	0	0	0	0	0	0	0	0

Publisher's Statement Prototype

Paragraph 1 data remains unchanged.



Newspaper Publisher's Statement
 For six months ended September 30, 2007
Subject to Audit

Anytown News

Anytown (Blue County), Illinois
 www.anytown.com

Paragraph 1 data will remain unchanged.

	Sun	Morning					Fri	Evening Sat
		Cmbd Avg (Mon.-Fri.)	Mon	Tue	Wed	Thu		
1. TOTAL AVERAGE PAID CIRCULATION	36,571	31,514	29,619	32,309	32,119	30,809	31,019	31,059
Core Newspaper with replicas electronic	36,400	31,400	29,500	32,200	32,100	30,700	30,900	30,900
Core Newspaper	36,386	31,329	29,434	32,124	31,934	30,624	30,834	30,874
Electronic Editions (See Par. 6B & SDR) (when applicable)	125	125	125	125	125	125	125	125
Other Unique Editions (See Par. 6B & SDR) (when applicable)	60	60	60	60	60	60	60	60
Total Average Paid Circulation	36,571	31,514	29,619	32,309	32,119	30,809	31,019	31,059
1A. AVERAGE PAID CIRCULATION - Core Newspaper								
Paid for by Individual Recipients (>50% of basic)								
Home Delivery and Mail	23,020	19,815	19,020	20,010	18,520	19,010	20,020	20,510
Single-Copy Sales	11,500	9,000	7,500	9,500	10,000	9,500	8,500	8,300
Subtotal	34,520	28,815	26,520	29,510	29,520	28,510	28,520	28,810

Publisher's Statement Prototype

Additions to bottom of page one.

Required to report both readers and reach by DMA and NDM*				Required to report both readers and reach by DMA and NDM*			Required to report both audience and reach by DMA and NDM*			Required to report unique users/visitors	
Audience-FAX											
PRINT READERSHIP: In Market				ONLINE READERSHIP: In Market			NET COMBINED AUDIENCE: In Market (unduplicated)			WEB SITE USAGE: Total Activity	
	Sun	Weekday	Past 7 Days		Past 7 Days	Past 30 Days		Past 7 Days	Past 30 Days		July 2007
DMA				DMA			DMA			Total Unique Users/Visitors	279,764
Readers	91,428	81,736	97,300	Readers	35,800	45,108	Audience	125,114	130,114		
Reach	51.9%	37.8%	65.1%	Reach	20.4%	27.5%	Reach	68.4%	70.0%	Page Impressions/ Views (optional)	700,000
NDM*				NDM*			NDM*				
Readers	80,456	75,381	84,651	Readers	32,792	40,597	Audience	108,840	117,800		
Reach	61.4%	46.3%	76.0%	Reach	24.9%	33.0%	Reach	79.7%	81.4%		

Source: Scarborough, 2007, Release 1

Source(s): Publisher log activity, Nielsen/NetRatings or comScore Inc. for month of xxx (or other ABC Interactive-audited Web site activity sources)

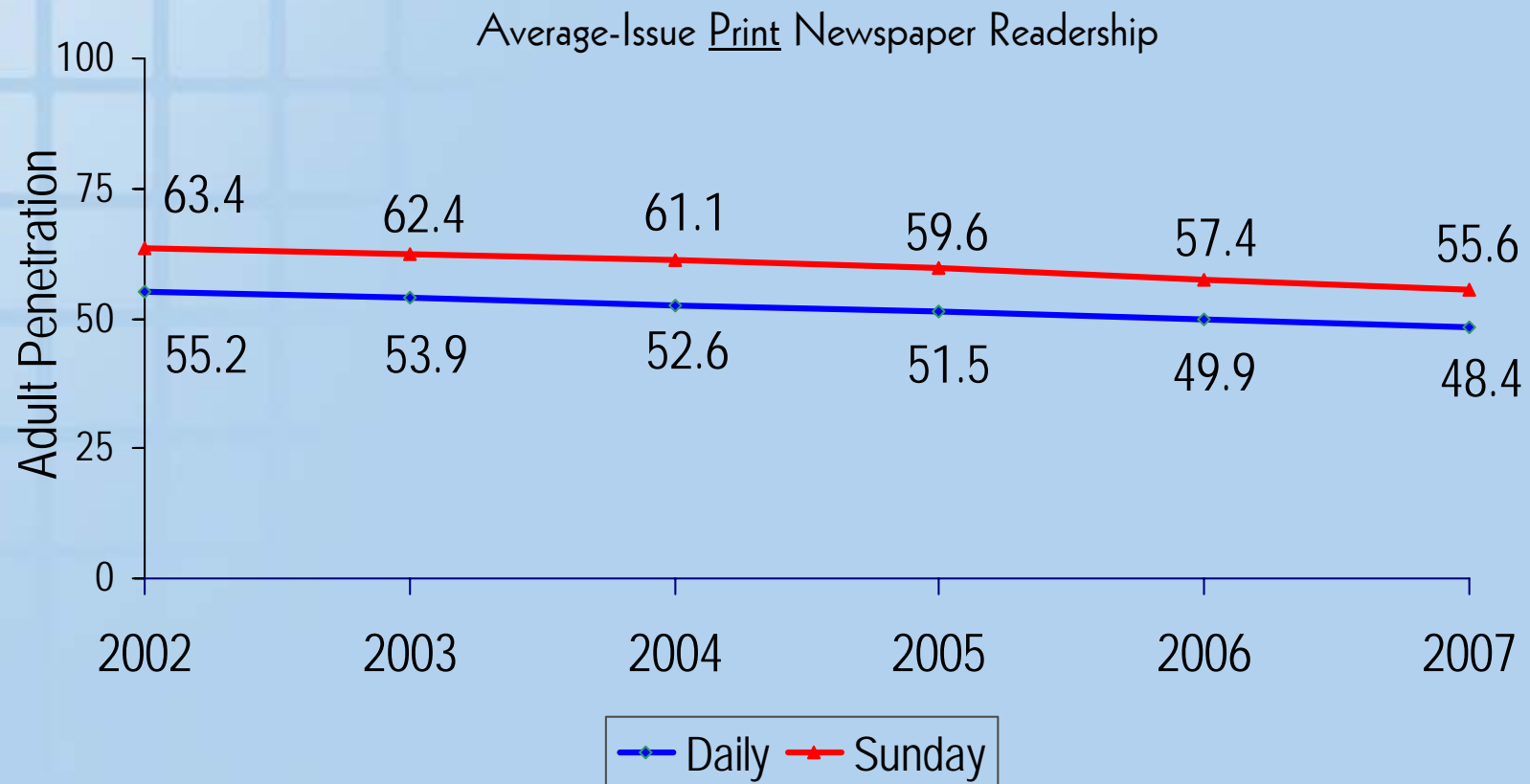
The Designated Market Area (DMA) is a standardized television viewing area as defined by Nielsen.

*The Newspaper Designated Market (NDM) for readership is a geographic area selected by the newspaper. It must encompass at least 75 percent of the total paid circulation.

Newspapers may select any ABC-audited Web site activity source.

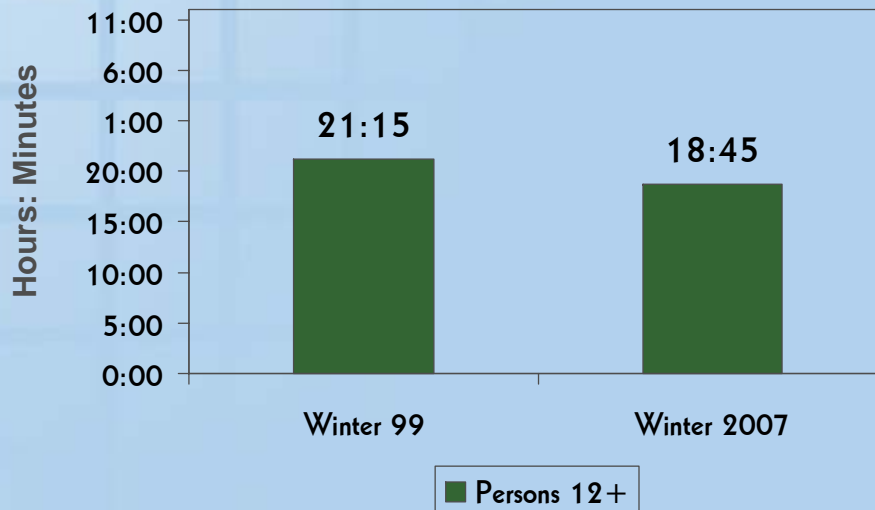
Newspapers can optionally report page impressions/views.

Both daily and Sunday Print newspaper readership continue to erode at a slow and steady pace



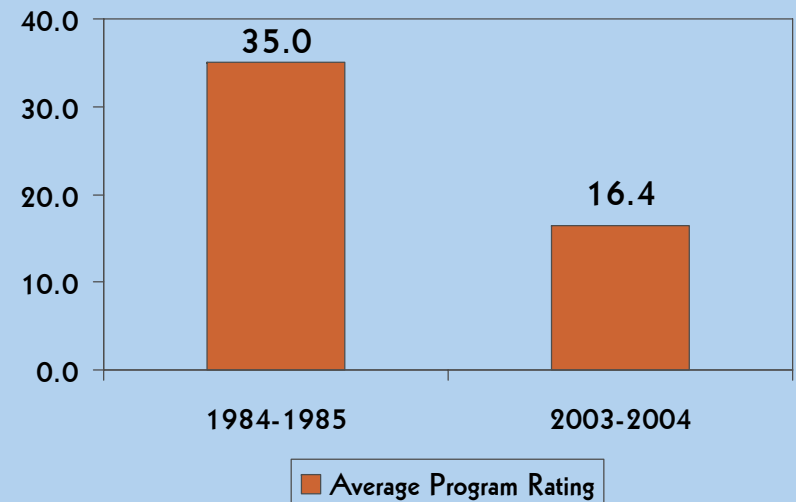
Established Media Are Experiencing Challenges of Shifting Audience Dynamics

Radio Time Spent Listening



Source: Arbitron, Inc Winter 99-Winter 2007: M-S 6A-12M

Annual Rating of Top-Rated TV Show



Source: Nielsen Media Research



iPODS



HD RADIO



SATELLITE RADIO



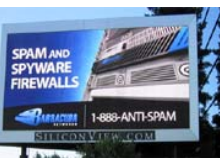
HIGH DEFINITION TV



PDA's



VIDEO GAMES



DIGITAL OUT-OF-HOME
ADVERTISING



TiVo/DVR/
"SLING BOXES"



CELL/MOBILE
PHONES



APPLE iPHONE

And more "new" media delivery
options continue to enter
the marketplace...

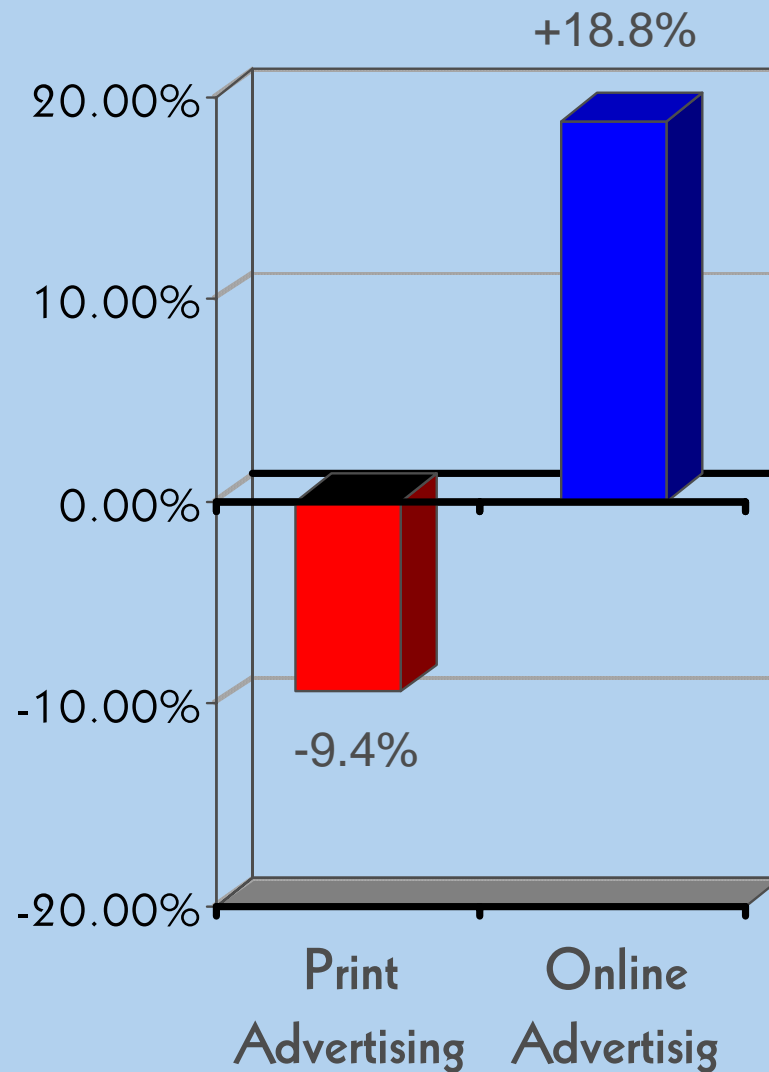


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Local. Regional. National.

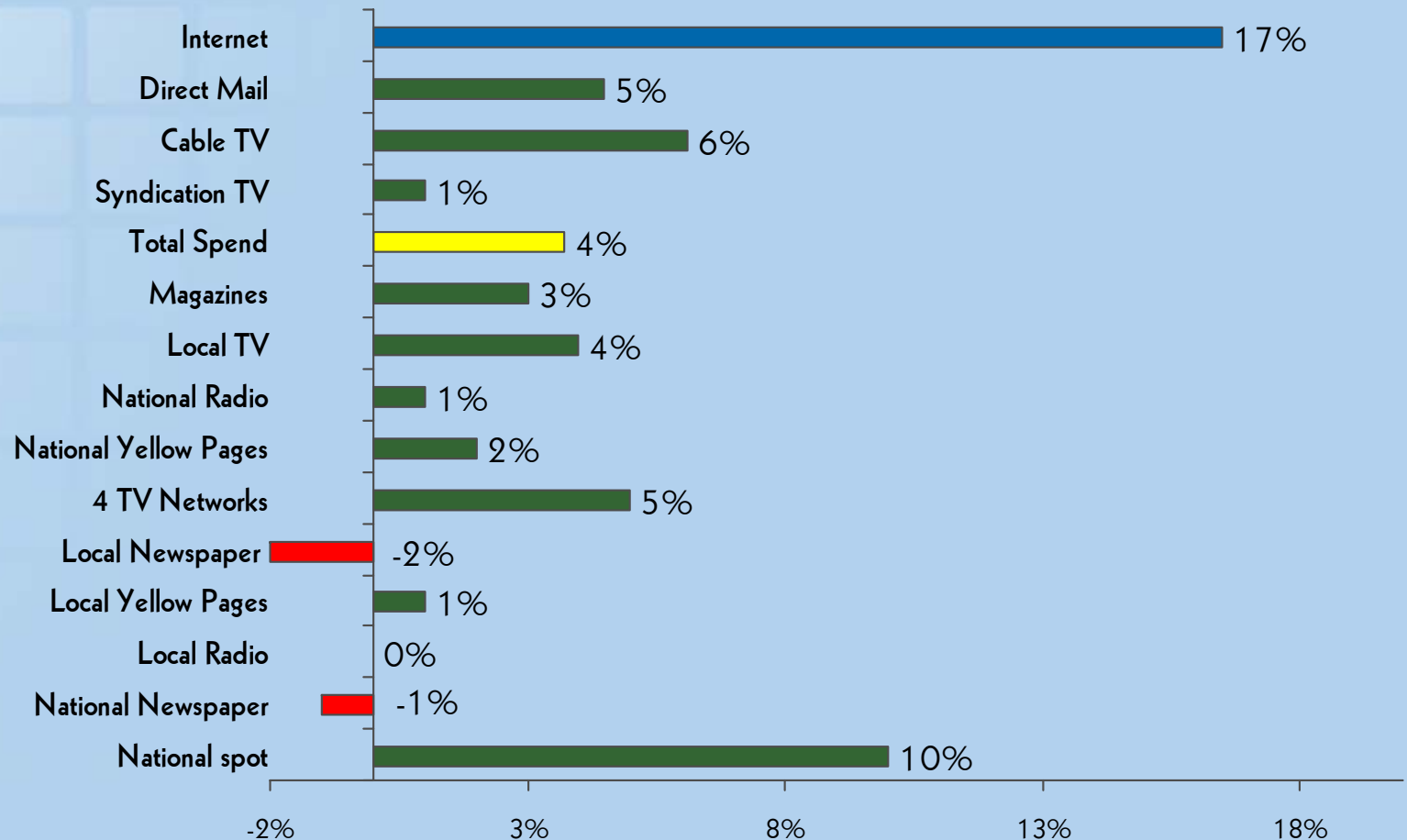
Newspaper Ad Revenue Down 7.9% in 2007

- Revenue from ads in printed newspapers dropped 9.4% for the year, the biggest drop in any year since 1950.
- Internet ad revenue on newspaper sites rose 18.8%.
- Online ads accounted for just 7.5 percent of all newspaper ad revenue in 2007.



Where is the Growth?

2008 Forecasts (% Change Over 2007 Estimates)



Advertising Focus Is Shifting From Mass Reach



To Audience Value

Why Audience Aggregation?

- Grow our audience
- Provide advertising solutions across multiple platforms
- Quantify the reach of the entire portfolio of products (mass)
- Understand the reach of specific products within the portfolio as well as demographics and consumer behavior (targeting)
- Provide reach & frequency capability to develop media schedules
- Develop advertising solutions based on *audience*

Audience Aggregation (Footprint)



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Local. Regional. National.

The Ft. Myers Study Audience Aggregation Study

- 20+ minute telephone interviews
- Random Digit Dial (RDD) sample
- Geography: Lee County, Florida
- Interviewing: February – March 2007
- Statistical weighting to achieve proper balance for:
 - ▶ Geography, age/sex, household size, education, race, Hispanic origin



Lehigh News-Star (Wednesday & Saturday) is a community publication with strong emphasis on local news and high school sports. It also features a real estate/business section and classifieds. It is distributed to Lehigh Acres and its surrounding areas.

Gaceta Tropical (Friday), a specialty publication targeted to the lifestyles of adults who speak Spanish in their homes.



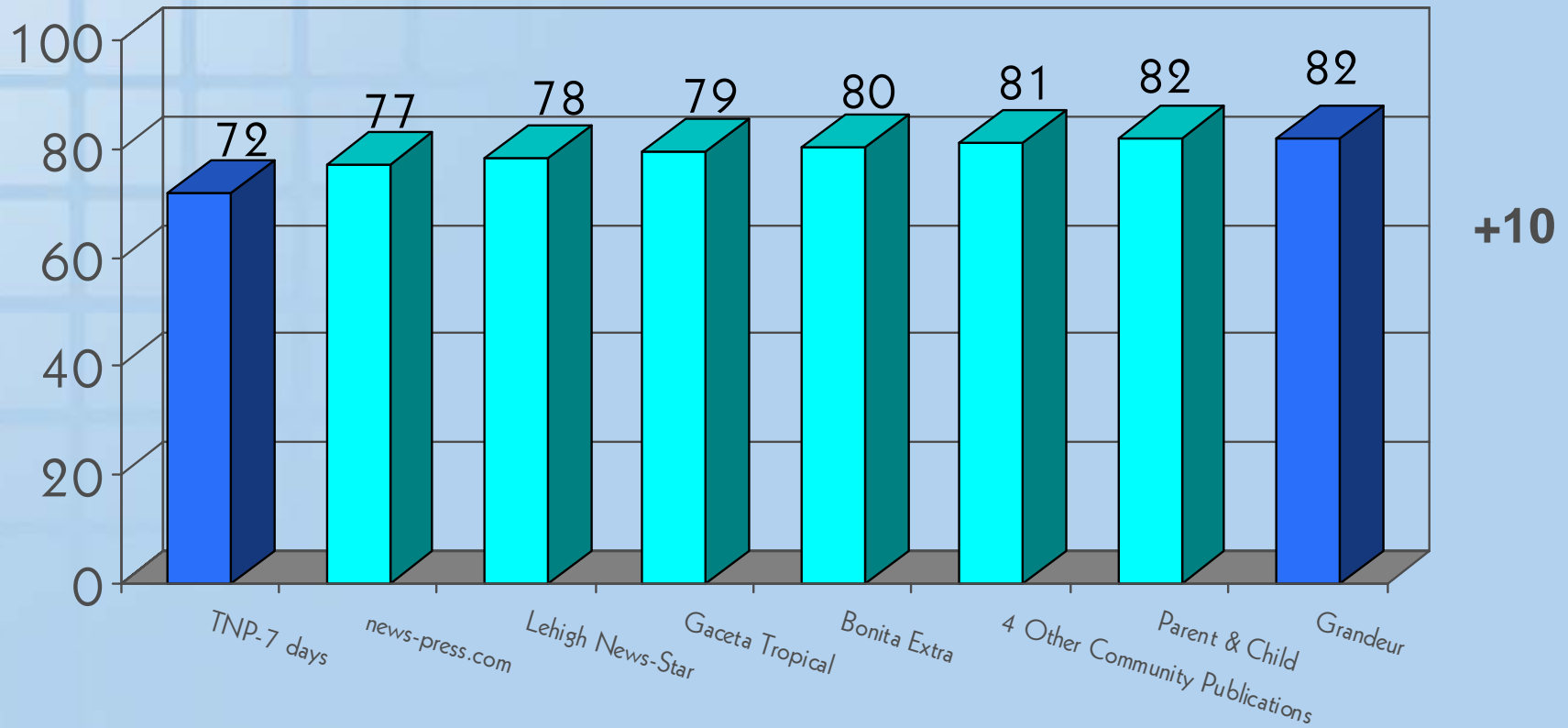
Grandeur is a valuable guide to the area's shopping, dining, arts, entertainment and recreation options with its signature emphasis on the art of living well and its glossy magazine format



Southwest Florida Parent & Child a regional magazine dedicated to the children, parents and grandparents of Lee, Charlotte, and Collier counties.

Aggregated Audience

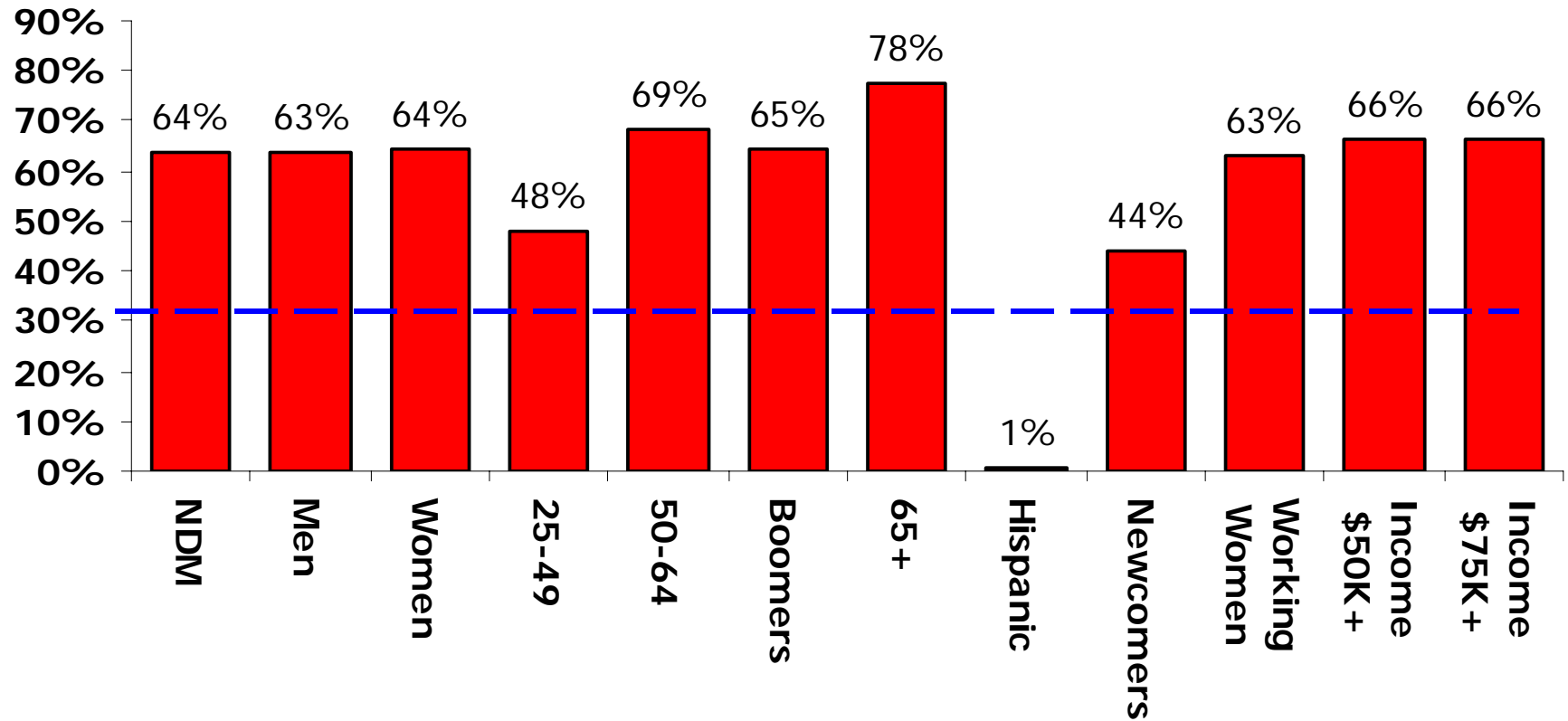
Fort Myers News-Press NDM (Lee County, FL)



Source: Scarborough Research, Gannett Custom Study, 2007

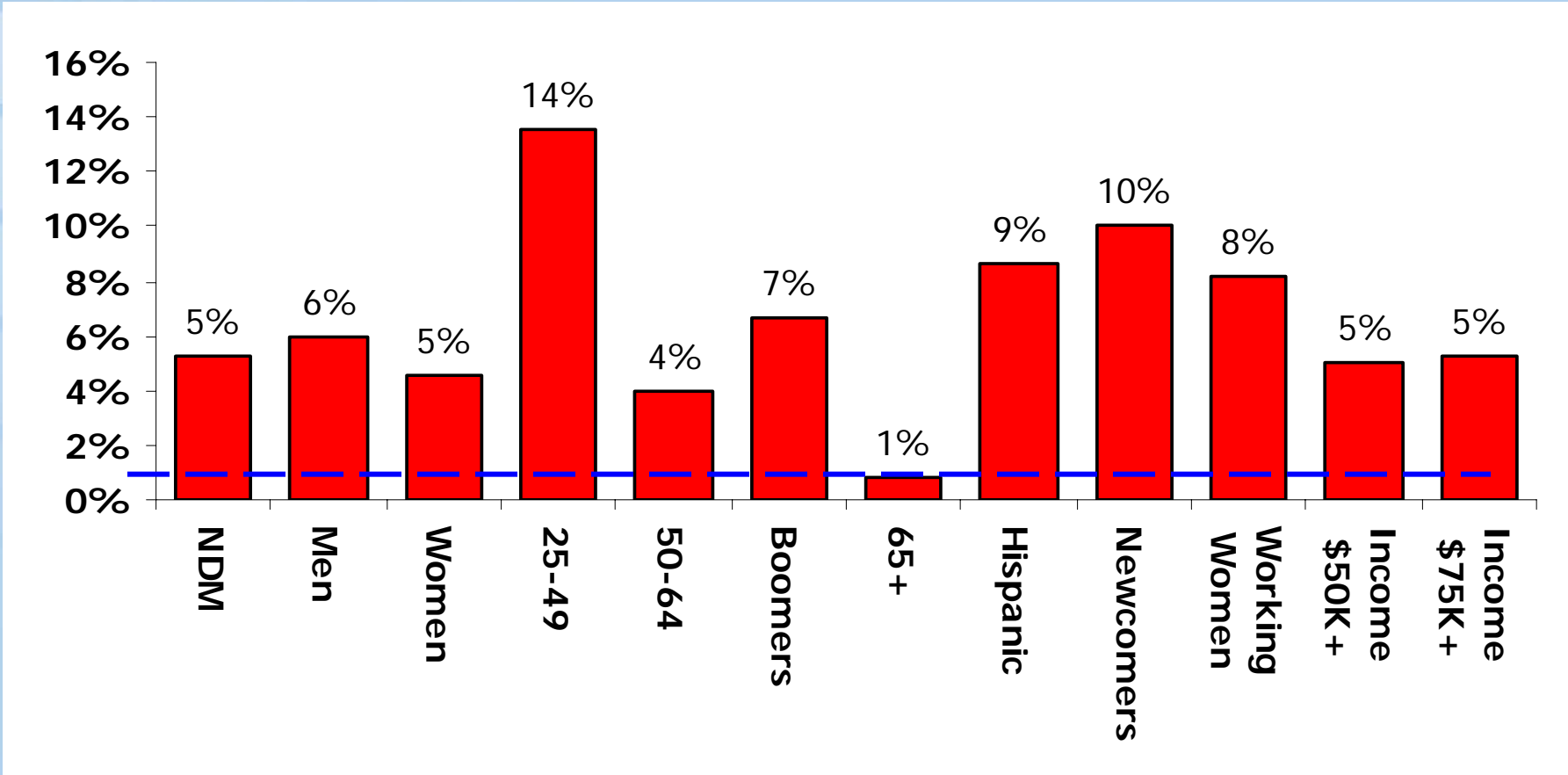
Audience Profile

The News-Press - (past 5 day daily readership) by target groups



Audience Profile

news-press.com by target groups



Furniture Store Example

Who is their audience?

Boomers

Affluent: HHI \$75,000+

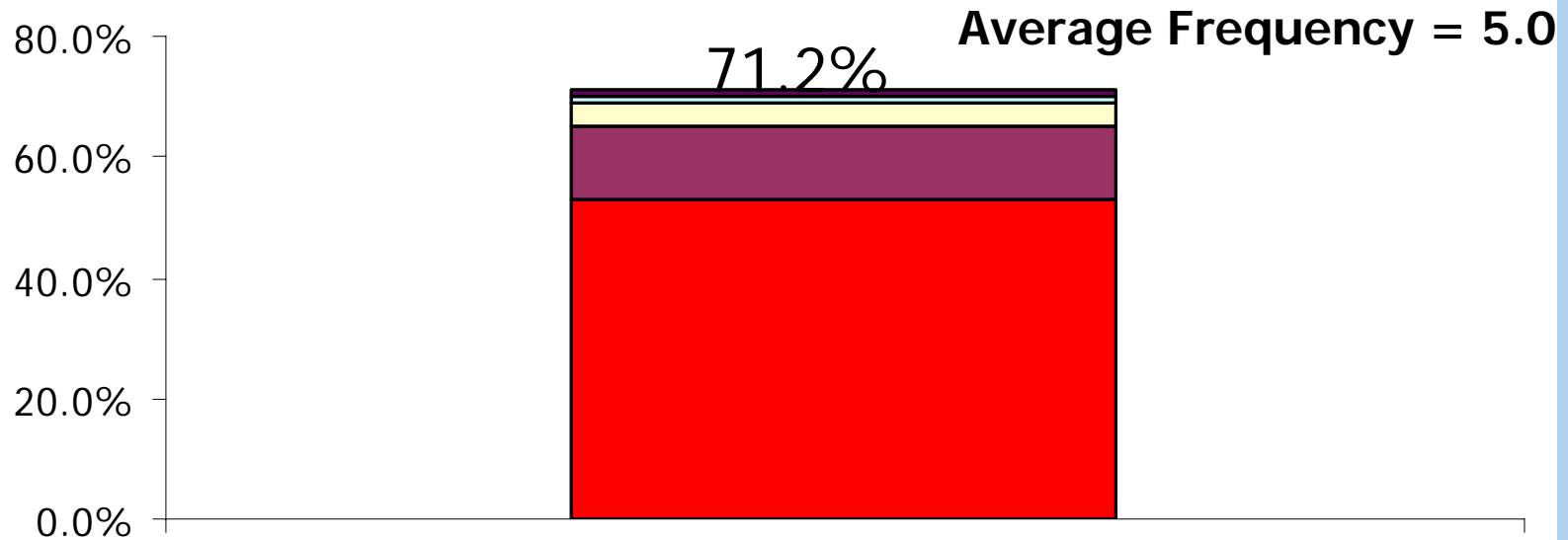
Homeowners

Working Women

Furniture Store Example

Of adults who plan to purchase furniture in the next 12 months

How do we reach their audience?



LEE COUNTY ADULTS WHO PLAN TO BUY FURNITURE

- TNP- Sunday (1)
- news-press.com (30)
- Weekly TNP (1)
- Saturday TNP (1)
- Grandeur

Arizona Republic

- Acquired and launched more than 20 new products in past few years
- Aggregation and target audience penetration
- Measurable target reader objectives with 100% customer focus:
 - Better serve the fast-growing Hispanic market
 - Serve the information and entertainment needs of the tech-savvy young market
 - Leverage the strength of boomers
 - Take advantage of hyper-local focus

The Arizona Republic Daily Newspaper

Solo/Targeted Direct Mail

Free Distribution Products

Shared/Saturated Mail

Online – azcentral.com

Community Newspapers

Preprinted Inserts

Hispanic Products

Custom Products

Events

Magazines

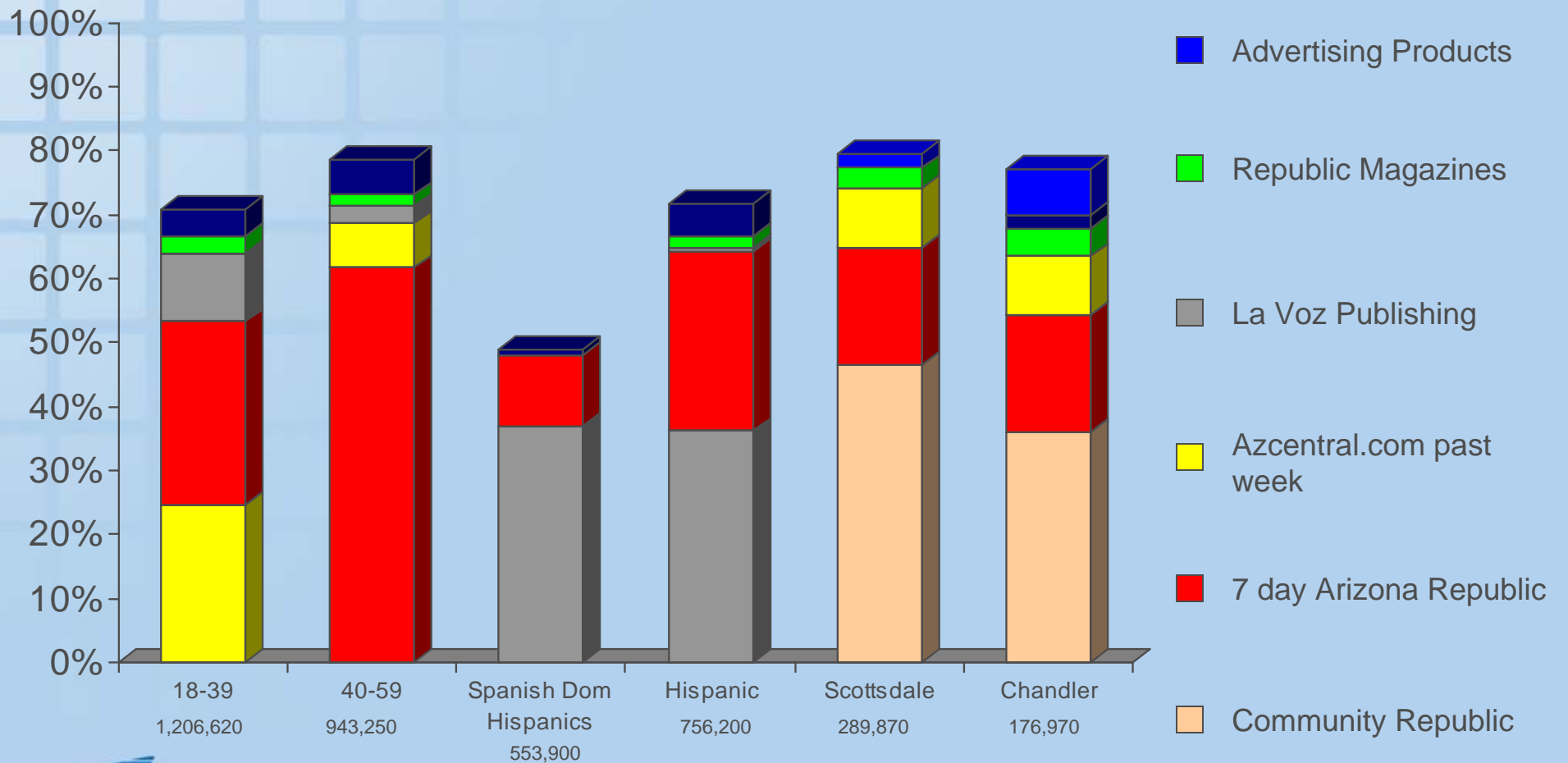
11 Product Lines



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Local. Regional. National.

Rethinking what “core” means by target group



SOURCE: SRBI Phoenix Market Study 2005

Local. Regional. National.

Serve the fast growing Hispanic market

Target: Spanish-dominant Hispanics.

Core Product: La Voz

Secondary Products: TvYMás, Clasificados, Mercado, LaVoz.com



Serve the information and entertainment needs of tech-savvy young market

Target: 18 – 39 year olds

Core Product: azcentral.com

Secondary Products: Community Republics, The Arizona Republic, Hispanic Products

“Part of our opportunity is having multiple platforms to reach the audience in our market.

One at a time, they can be niche target opportunities; together they can form the new definition of mass.”

Hyde Post, Vice President, Internet
The Atlanta Journal-Constitution

Implications for Newspapers

- Readership of the core printed paper is likely to continue to decline
- Develop targeted niche products and specialty Web sites
- Position your products as part of a multi-media, multi-platform buy
- The daily printed product may no longer be the core product for some advertisers
- Leverage the power of the portfolio by developing advertising solutions based on audience

It is not necessary to change. Survival is not mandatory. ~ W. Edwards Deming

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