THE ALLIANCE FOR MAGAZINE ACCOUNTABLILITY: A NEW PERFORMANCE BASED APPROACH TO MAGAZINE ACTIVATION AND ACCOUNTABILITY

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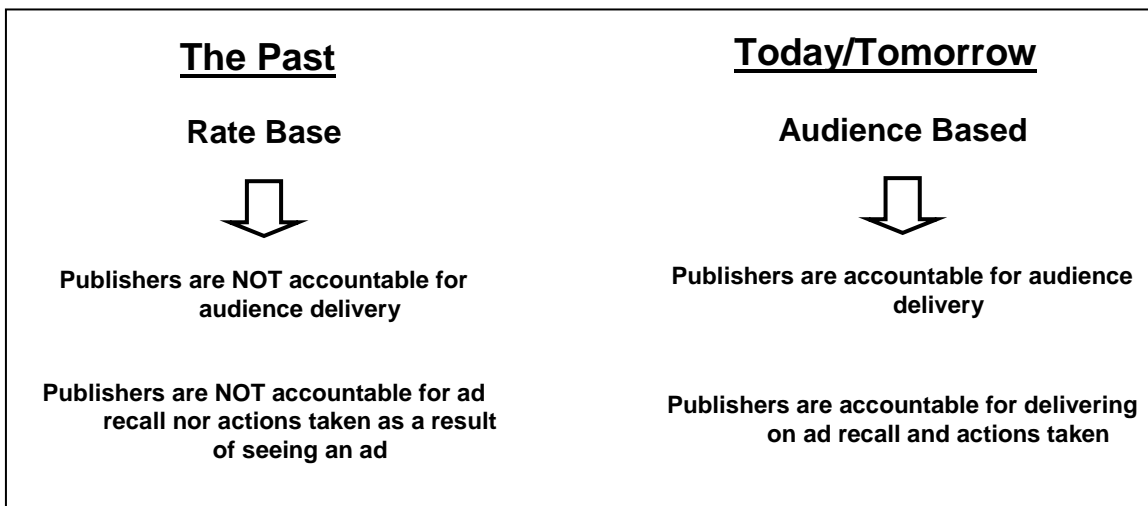Caryn Klein & Lori Jacobs, Time Inc.
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INTRODUCTION

There has never been a greater need for transparency and accountability in our business specifically around the way we measure and evaluate the effectiveness of print advertising.

As an industry, we have been talking a lot about measurement over the past few years. This is encouraging and we have certainly made progress with the development of new data sets, measurement tools and improvements in measurement techniques. For example, we have raised the importance of issue by issue rate-base guarantees, pushing more transparent circulation data. We have developed data integration and fusion solutions to better understand cross-platform audience reach and the synergy between a magazine's offline and online audience. We have also seen the emergence of issue by issue measurement that offers a more precise view of campaign specific audience delivery. Importantly, with data from firms such as Affinity and GfK MRI, we have also gone beyond simply counting the number of readers and can now evaluate how well the advertising resonates with readers.

All of these things have helped revolutionize the way we plan, buy and sell magazines. Using more granular audience data allows us to move beyond average issue audience, and begin to make better planning and investment decisions based on how well the advertising in magazines is building brand equity and driving consumers to take action.

While most of these resources have been in existence for about 5 years, little change had taken place with regards to how print was traded. Unlike most other media, buying and selling in the print space had not been based on an audience-related metric. Rather, despite all the data available in the marketplace, print continued to be traded on "rate base", a measure reflective of the number of magazines that are in circulation in the market, either delivered to subscribers or bought on newsstand or through other means. As a result, magazines remained on a different, less favorable playing field from other media.

Collectively, Starcom MediaVest Group and Time Inc. realized it was time for a major change in how the industry conducts business.   We saw an opportunity to push ourselves - and the industry - and evolve our trading practices to maximize the impact of print advertising on future investments.   We no longer wanted to be tied to a distribution-based currency, merely because that was the way things had been done in the past. In our drive for change, we needed a more accountable form of trade - a currency based on the number of readers that would see and take action on the advertising delivered in magazines.

The Past	**Today/Tomorrow**
Rate Base	**Audience Based**
⇩	⇩
Publishers are NOT accountable for audience delivery	**Publishers are accountable for audience delivery**
Publishers are NOT accountable for ad recall nor actions taken as a result of seeing an ad	**Publishers are accountable for delivering on ad recall and actions taken**

We had a clear vision for this initiative and for the Alliance for Magazine Accountability that we created:

- To develop a game-changing approach that creates a significant move forward for print buying and selling, by implementing new ways of incorporating advertising effectiveness and audience metrics.

- Unearth new insights into how magazine advertising works

- To make magazines and magazine advertising more accountable to advertisers by incorporating a guarantee around metrics that matter.

- And finally, to lay the foundation for consistent and future-ready trading approaches for the cross-platform publishing world, including printed copies, digital copies, apps, web properties, and more.

The purpose of this paper is to outline the work the Alliance has done over the past year, including our analysis and key findings.

A BRIEF REVIEW OF THE ADVERTISING READERSHIP SERVICES

There are two services available in the United States to measure the readership and impact of advertising in magazines. Both services survey respondents through a web-based approach tracking reader involvement and editorial engagement measures, on a title specific basis, which allows users to analyze the impact that different publication environments have on advertising for all national ads that are 1/3 page or larger.

In 2010, both services announced the measurement of all advertising in every issue of each magazine in order to gauge the impact of print campaigns in real-time. Traditional vehicle-based metrics, such as total audience, can now be enhanced with additional information about how an individual ad performs, how many readers of a magazine noted a specific ad, how many read any or most of the ad, and how many took a specific action as a result of noting/recalling the ad.

Additionally, each service provides some unique capabilities:

1.   Affinity LLC's Vista Print Effectiveness Service:

Vista Print, introduced in 2005, was the first syndicated magazine accountability tracking service. Other services include:
- The American Magazine Study, which reports total audience estimates for magazine brands, including traditional printed magazines as well as a magazine's digital audience across a variety of platforms
- Vista Digital, which measures issue-specific ads in the electronic editions of magazines across a variety of digital platforms and a number of other specialized and custom services in the areas of print audience and accountability.

2.   GFK MRI AdMeasure

GFK MRI AdMeasure, introduced in mid 2009 was the first to introduce true "ad ratings" for magazine advertisements, by leveraging three media currencies:

1.   GFK MRI's national audience study, the *Survey of the American Consumer*;
2.   GFK MRI's *Issue Specific Study*; launched in June 2007 and was the first to show total audience estimates and demographics for individual issues of magazines, and,
3.   *Starch print ad effectiveness*; established more than 85 years ago and has been recognized as a trusted source in print advertising effectiveness

The Starch advertising readership methodology is evolving to measure advertising on Tablets, digital reproductions and eReaders. In addition to all of the standard GfK MRI Starch questions asked of printed magazine readers, digital readers will be asked questions particular to the digital experience, such as their use of video within an ad.

We have selected GFK MRI's Admeasure as the data set for evaluation based on the need to incorporate Issue-by-Issue estimates in our analysis.

OUR APPROACH

Our working database consisted of 16 Time Inc. magazines available in AdMeasure from January 1, 2010 through July 2011.

The accounts that were evaluated crossed a broad range of advertising categories including, but not limited to, Food, Beverages, Insurance, Credit Cards, and Pharmaceuticals. We examined the data on a quarterly basis to understand:

- Data stability and predictability
- Issue Specific and Average Issue audience differences
- Impact of ad positioning
- Scale of campaign
- Publication size, and frequency

We established a set of minimum criteria (*note: proprietary and not for public disclosure*) – by title and publication frequency - that would be required for a brand or company to be included within our work, and monitored whether or not a brand met these minimums. We then agreed upon parameters for audience-based guarantees, and acknowledged the need for a new framework and system for setting benchmarks and tracking overall performance.

SETTING BENCHMARKS, PERFORMANCE-BASED ESTIMATES, & GUARANTEES

We developed benchmarks for each Time Inc. title using historical AdMeasure data. Using the agreed-to parameters, and through extensive analysis of brand-specific and category-level historical performance and audience delivery, client/brand-specific audience benchmarks were calculated for every Time Inc. title that is to be included on a brand's future print schedule. These historical title-specific benchmarks provide the required inputs for setting future deliveries, which factor in the number of insertions in each title to be run through the course of a campaign. Estimates are set for each Time Inc. title, and these estimates are then aggregated to establish the audience-based guarantee across all Time Inc. titles for each participating client, for campaigns that meet the agreed upon parameters. In addition, quarterly and mid-year estimates are tracked to assess performance on an ongoing basis.

The estimates and audience based guarantees created go beyond total audience and are focused on the engagement with magazine advertising. Depending on campaign objectives, we can track and assess performance in various ways:

1. Recall or total "noted" audience: The number of readers who recalled the specific advertising in Time Inc. magazines.
2. Actions Taken: Those who took an action based on those who "noted" the advertising.

This audience data provides relative comparability to other media and the emphasis on recall and actions-taken adds another layer of accountability to magazines that no other medium can provide.

Example Benchmarks: CPG Advertiser

Time Inc Pubs	2010 Benchmarks	
Title	Noted (000)	Actions Taken (000)
Title 1	2,649	1,810
Title 2	6,722	4,900
Title 3	5,964	3,751
Title 4	5,104	3,594
↓	↓	↓
Title 9	24,334	16,446
Title 10	4,556	2,952
Title 11	9,607	6,549
Title 12	11,043	7,365
Title 13	2,560	1,642
Title 14	11,945	7,516
Title 12	11,043	7,365
Title 13	2,560	1,642
Title 14	11,945	7,516

TRACKING PERFORMANCE

The ability to quickly and effectively track ongoing performance against our estimated deliveries is a vital part of our process as this allows for ongoing assessment and comparisons that enable SMG & Time Inc. to swiftly move on any course correction that may be required to ensure our mutual success. Reporting and tracking templates are created for each brand/client, and as AdMeasure data becomes available, these new data are entered into our tracking systems and analyzed on a quarterly basis.

Issue-specific AdMeasure data is used to calculate total brand/client actual deliveries for both noted and actions-taken audiences. These "actuals" are then compared to the quarterly, mid-year and year-end estimates for each participating client. Actual versus estimated levels are analyzed at multiple levels: title by title, brand-by-brand, and aggregated results by company. Through a highly collaborative and transparent process and partnership, Time Inc. and SMG regularly meet to discuss our analyses, develop shared insights and a deep understanding of the results and to determine what, if any, course correction is required.

RESULTS TO DATE

For 2011, we have been tracking data from January through July and our results are beyond encouraging – the data are proving the efficacy of our methods and approach. It's important to note that based on our agreed upon parameters, not all of the accounts we originally tested qualified for an audience based guarantee. We've learned that the size of the schedule for any given campaign needs to be monitored in order to ensure stability.

The following exhibits 1 – 3 provide three client-specific examples of 2011 audience deliveries within Time Inc publications and a comparison of estimated vs. actual performance. For each client example, we have provided both Q1 2011 results as well as 2011 YTD results.

As expected, as a campaign builds and has more insertions within and across titles, fluctuations in issue-specific audience levels and ad performance are mitigated as cumulative deliveries regress toward the mean. As a result, we expect to see better alignment between estimated vs. actuals in the YTD data (through July) than through Q1. This occurred in 2 out of the 3 cases.

For example, when analyzing CPG A (as illustrated in Exhibit 1) for Q1 2011 we see a difference in estimated versus actual delivery as high as 11%, but when we expand that time period, in this case through July, we see the gap between estimated and actual diminish down to 1%

Across the three accounts, the year-to-date performance shows actual "noted" audience levels to be, on average, within 5% (95 index) of the estimated levels, while the average difference between estimated and actual action-taken scores is an even more impressive -3% (97 index). With this representing just the first seven months of the year, and with improvements in YTD performance as compared to the early Q1 read, we fully expect that full 2011 results for each participating client will be within the range that our Alliance set as our ultimate success metric.

Exhibit 1

2011 Estimates Through Q1 2011 - CPG A		
Title	**Noted (000)**	**Action (000)**
Title 1	31,774	21,857
Title 2	14,428	10,201
Title 3	8,237	6,077
Title 4	49,341	34,933
Title 5	13,980	9,058
Title 6	30,150	19,897
Title 7	3,109	2,097
Title 8	12,499	8,101

2011 Estimates YTD (through July) - CPG A		
Title	**Noted (000)**	**Action (000)**
Title 1	69,903	48,085
Title 2	28,855	20,403
Title 3	24,711	18,231
Title 4	98,682	69,865
Title 5	51,260	33,212
Title 6	50,251	33,162
Title 7	12,436	8,388
Title 8	37,497	24,303

2011 Q1 - Actuals vs. Estimate - CPG A

	Noted (000)	**Action (000)**
Total - Estimated	163,518	112,221
Total - Actual	146,041	106,118
Difference	**-11%**	**-5%**

2011 YTD (through July) - Actuals vs. Estimate - CPG A

	Noted (000)	**Action (000)**
Total - Estimated	373,595	255,649
Total - Actual	369,720	264,016
Difference	**-1%**	**3%**

Exhibit 2

2011 Estimates Through Q1 2011 - CPG B		
Title	**Noted (000)**	**Action (000)**
Title 1	13,443	9,799
Title 2	23,855	15,002
Title 3	5,104	3,594
Title 4	8,580	6,549
Title 5	26,360	18,824
Title 6	389,342	263,130
Title 7	22,781	14,761
Title 8	9,607	6,549
Title 9	11,043	7,365
Title 10	7,681	4,925
Title 11	23,890	15,031

2011 Estimates YTD (through July) - CPG B		
Title	**Noted (000)**	**Action (000)**
Title 1	2,649	1,810
Title 2	20,165	14,699
Title 3	65,601	41,256
Title 4	81,656	57,506
Title 5	17,159	13,098
Title 6	72,489	51,767
Title 7	1,216,695	822,280
Title 8	68,343	44,282
Title 9	96,070	65,494
Title 10	55,215	36,823
Title 11	23,043	14,775
Title 12	23,890	15,031

2011 Q1 - Actuals vs. Estimate - CPG B		
	Noted (000)	**Action (000)**
Total - Estimated	541,685	365,529
Total - Actual	484,822	323,796
Difference	**-10%**	**-11%**

2011 YTD (through July) - Actuals vs. Estimate - CPG B		
	Noted (000)	**Action (000)**
Total - Estimated	1,742,974	1,178,820
Total - Actual	1,664,553	1,093,678
Difference	**-4%**	**-7%**

Exhibit 3

2011 Estimates Through Q1 2011 - Pharma		
Title	**Noted (000)**	**Action (000)**
Title 1	8,528	3,564
Title 2	16,472	5,097
Title 3	6,676	2,936
Title 4	70,316	22,377
Title 5	36,262	11,186

2011 Estimates YTD (through July) - Pharma		
Title	**Noted (000)**	**Action (000)**
Title 1	17,055	7,128
Title 2	28,827	8,919
Title 3	15,576	6,850
Title 4	126,570	40,279
Title 5	79,777	24,608

2011 Q1 - Actuals vs. Estimate - Pharma		
	Noted (000)	**Action (000)**
Total - Estimated	138,255	45,159
Total - Actual	124,624	44,207
	-10%	**-2%**

2011 YTD (through July) - Actuals vs. Estimate - Pharma		
	Noted (000)	**Action (000)**
Total - Estimated	267,806	87,784
Total - Actual	241,060	82,454
	-10%	**-6%**

OTHER IMPORTANT OBSERVATIONS

Based on our collaboration and analysis over the past year and a half, we feel even more confident that the data exists to provide greater accountability for magazines.

We uncovered many factors that drive ad engagement and reader action:

▪ Not surprising, larger size units consistently have higher recall scores than single page units or spreads. Spectacular advertising units can generate scores up to 85%, compared to an average spread with 58%. Special units can also garner higher scores for Actions Taken -- 65% vs. 58% for an average spread.

▪ While there are significantly more ads placed on the right hand side (30,871) vs. the left (7,955), there is no lift in recall of an ad and very little lift in actions taken as a result of seeing the ad. We looked at almost 40,000 1P4 ads to see if one position had an edge over the other in terms of Noted, Read Any or Any Action Taken scores. The data confirms that left hand 1P4 ads perform just as well as right hand 1P4 ad for each level of engagement.

Left Hand vs. Right Hand Page Ads	# ads	Noted (%)	Read Any (%)	Any action taken Noters (%)
Left, 1P4	7,955	53%	44%	60%
Right, 1P4	30,871	53%	44%	59%

- More ads are placed in the front of the magazine and receive slightly higher Ad Noting and Action Taken scores than ads in the back of the book. Among the quartiles which are based on 1P4C ads, Quartile 1 scored higher for Noted and Read Any, while Actions Taken scores were fairly consistent across all quartiles.

	# ads	Noted (%)	Read Any (%)	Any action taken Noters (%)
Quartile 1, 1P4	13,891	55	46	59
Quartile 2, 1P4	11,242	53	43	59
Quartile 3, 1P4	7,778	52	43	60
Quartile 4, 1P4	5,925	51	42	58

- Ad adjacency does matter. For instance, was the ad next to another ad, next to the cover story, next to an article or next to a related article? Ads next to editorial, on average, are read more than ads next to other ads. Specifically, ads next to edit are, on average, noted by 52% of readers compared to 48% who note ads adjacent to other ads. Ads placed next to a Table of Contents are more likely to be noted. Of course, results differ by magazine, women's fashion and beauty books seem to buck the trend with virtually no difference in average scores for ads opposite edit or ads opposite other ads while business and finance books receive a larger lift by being placed adjacent to an article as opposed to an ad.

	Noted (%)
Adjacent to TOC	60
Adjacent to related article	52
Adjacent to edit	52
Adjacent to cover story	51
Adjacent to article	51
Adjacent to ad	48

- Magazine placement and message to the right audience matters. The same creative in one magazine can perform very differently in another magazine. It's critical to make sure that the right message/creative is placed in each magazine.

  - Magazine A - June 2010 issue received a 70% noted score/73% actions taken for advertiser x
  - Magazine B – June 2010 issue received a 58% noted score/59% actions taken for advertiser x

- Creative does matter! Our analysis showed that many ads performed exceptionally well and many performed poorly: creative execution can definitely impact results. An ad that scores significantly lower than the brand average, category average or magazine average, should be analyzed to understand the role of creative versus other media-related variables. For example, a specific CPG advertiser ran the same brand ad in two consecutive months of Magazine A, but the creative execution was different.

  CPG Advertiser results in the same magazine:

  - Magazine A – March 2010 issue received a 50% noted score/66% actions taken
  - Magazine A – April 2010 issue received a 71% noted score/74% actions taken

Because of this finding, we have acknowledged the important role of creative and have included an evaluation as part of the parameters for a guarantee.

We have also concluded that it's imperative to employ minimums and the Alliance's agreed upon parameters in order to consider an audience-based guarantee. It's important to track and report through an entire campaign cycle in order to provide

the most accurate and reliable delivery estimates. In many cases a full year's worth of data is preferred; however, if an advertiser ran a large campaign in Q1 and met the criteria, it may not be necessary.

Our decision to use Issue Specific was based on the need to guarantee on past performance, and the Issue specific data provided a more precise measurement. It was also important to emulate some of what advertisers were familiar with for TV and the models that are developed for that medium.

In a paper presented at the 2007 Symposium in Vienna, "Issue Specific Audience: Perspectives on Application", Klein, Baim, Galin, Frankel, Jacobs, and Rovitzky attempted to offer insight in the applications of GfK MRI's Issue Specific data from both a buyer and media seller's perspective. They concluded that the data would provide the ability to be more predictive in the "success" of a specific issue, or even a specific campaign, and will provide greater diagnostics to understand the factors that are important in generating a magazine's total audience. In addition, they shared the fact that the granularity of this dataset can be used in models to understand the contribution of magazines in the mix.

In a companion paper, "Measuring Issue Specific Audience" Baim, Frankel, and team identified patterns in cover topics and celebrities as a result of the reported variability and found that weeklies were far more volatile than monthlies. They also identified benefits that agencies and publishers would get if they used issue specific audience data. In 2009, Baron, Klein, and Jacobs took these observations a step further to identify patterns in reported variability and created "The Volatility Score", a New Measure of the Issue to Issue Stability of a Magazines Audience.

These important findings and the impact that Issue Specific audience estimates have on measurement drove the approach of this initiative.

For illustration purposes, we've highlighted a selection of top noted ads in 2010 for a select weekly magazine to demonstrate the findings on variability

Weekly Magazine A

% Noted	89%	87%	84%	83%	82%
Issue Date	1/25/10	9/20/10	8/9/10	11/8/10	2/22/10
Issue Aud (000)	45,866	41,277	40,230	46,907	32,484
Size/Color	2C1S4	2C1S4	1P4	1P4	1P4
Noted (000)	40,821	35,911	33,793	38,933	26,637
Actions (000)	26,533	24,419	25,007	29,589	19,978

The noted audiences vary significantly, while the % noted scores are very similar. This is driven by the issue-to-issue total audience variability. The noted audiences range from a high of 40.8 million to a low of 26.6 million readers. This audience variability also impacts the actions people take as a result of seeing the ad.

Our analysis included a comparison using average issue audience in the calculation of "noted" and actions taken audiences, to see if there was a variance between planned delivery (AIA) and actual delivery (issue specific).
The results showed that there were minimal differences in the calculation of a benchmark when all criteria are met. This analysis was a critical step in our creation of the specific minimums we developed for this initiative.

TODAY AND BEYOND

More importantly for the entire print industry, this work is confirming our initial hypotheses that despite fluctuations in readership from issue to issue and despite other "challenges" or the hurdles put forth by others in this debate, we conclude that:

1. Audience/ad performance-based guarantees can be successfully implemented in magazine trading
2. Moving to an audience/ad performance-based method of trading is absolutely viable within the magazine space

As some of our business stakeholders have said in the past,

" Magazines engage readers like no other media—but to compete in today's crowded media mix print measurement must offer the highest standard of up-to-the minute accountability." "The Alliance for magazine Accountability not only puts SMG and Time Inc. on the cutting edge of accurate, reliable print measurement, but serves as a stand-out model of how marketer-publisher collaboration can modernize print accountability."
--John Muszynski, Chief Investment Officer, SMGx

"Starcom and Media Vest have always been excellent partners who understand the power of magazine advertising." "They've pushed magazines to further prove their accountability, and with new metrics in place, we look forward to working together to reveal new insights and reinvent industry standards.
--Stephanie George, EVP, Chief Marketing Officer Time Inc.

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