

MULTIPLE STUDIES IN ADVERTISING EFFECTIVENESS

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Background

In early 1998, as a result of numerous conversations with advertisers in which they stressed the need for further documentation of magazine advertising effectiveness, the MPA launched an aggressive program to document the effects of magazine advertising. Working with a task force comprised of representatives of many of the largest publishers, the goals and strategies of the program were established. The goal of the program, which is ongoing, is to document in a variety of ways and for a wide range of product categories, the effectiveness of magazines in building awareness and increasing sales. The magazine industry also made the decision to use suppliers already well accepted – and extensively utilized – by major advertisers.

This paper reports on the first three of these efforts:

- A study of the comparative effects of magazine and television advertising on awareness by Millward Brown
- A study of the effects of magazine advertising on sales by ACNielsen
- A study of the comparative effects of magazine and television advertising on advertising recall, message association, and product usage by PERQ/HCI.

Millward Brown

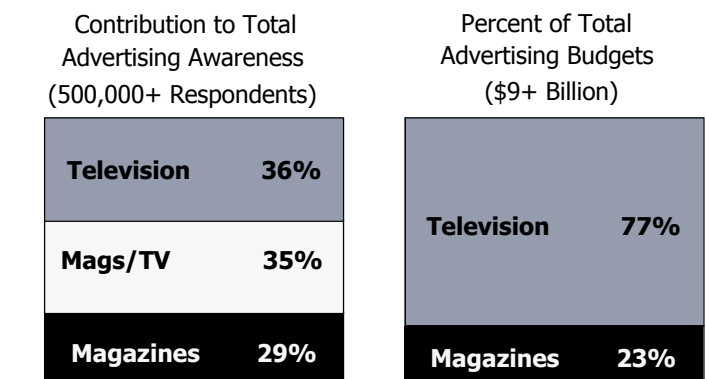
Millward Brown analyzed the relationships between advertising awareness, expenditures, and weight for 113 brands representing 22 product categories. These brands represented the universe of brands continually tracked by Millward Brown during 1996 and 1997, which had advertised in both magazines and television. Since most manufacturers undertake tracking primarily to understand the effects of their television advertising, this was the first time a detailed analysis of the Millward Brown database had been undertaken to specifically look at the effects of print advertising.

CMR was the source of information on spending by medium. As part of the ad-tracking process, Millward Brown's customers supply them with Nielsen based GRPs or TRPs per week. MRI data was used in combination with the IMS Adcume to develop comparable data for magazine schedules.

The Millward Brown analysis provides clear indications of the effectiveness of magazines and television individually, and in combination, at generating advertising awareness. The chart below shows the portion of total awareness attributable to each medium, as well as the portion accounted for by respondents who said they were exposed to the brand's advertising message in both magazines and television. It also shows the aggregate distribution of spending across the measured campaigns.

Share of Advertising Awareness and Spending

113 Brand Average, 1996-1997



Source: Millward Brown; Competitive Media Reporting

Of the total respondents who were aware of brand advertising, 71% attributed it to television, while 64% attributed it to magazines. This information, in combination with the breakout of spending, enabled Millward Brown to calculate an Awareness to Cost ratio for each medium. Based on the awareness to cost ratio, Millward Brown determined that, dollar for dollar, magazines deliver higher levels of advertising awareness than television.

Awareness to Cost Index

Dollar for Dollar, Magazines Deliver Significantly Higher Advertising Awareness Levels

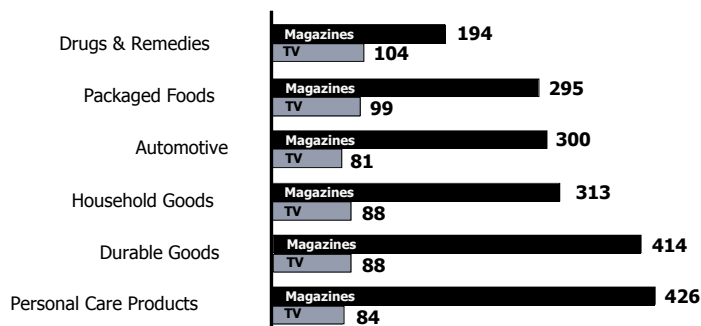


Source: Millward Brown; CMR

Awareness/Cost Index: medium's % contribution to awareness plus combined contribution, divided by % of spending

Magazines generated a higher Awareness to Cost Index for every measured category.

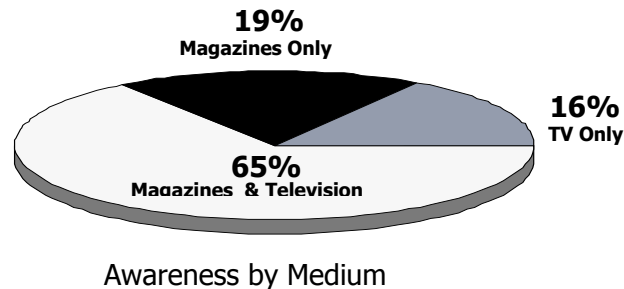
Regardless of Category, Magazines Deliver



Source: Millward Brown; CMR; 1996/97

The Awareness to Cost Index for magazines was higher for all budget levels, for new and mature brands, and regardless of the number of brands in the competitive set. Additionally, for 61% of the measured brands, intent to purchase – as measured by “Definitely or Probably Will Buy” – correlated with advertising awareness. Of those brands with a correlation, awareness attributed to a combination of magazines and TV was the strongest driver of purchase intent.

Cases With a Significant Relationship Between Awareness & Purchase Intent



Source: Millward Brown

ACNielsen Sales Scan

The MPA selected ACNielsen's nationally representative 50,000 household panel to measure the sales effects of magazine advertising. Each participating panel household has agreed to scan all of their UPC coded purchases regardless of where purchased.

In July 1998, ACNielsen fielded an issue-specific readership questionnaire to all adults in the panel, using cover recognition to identify households in which the principal shopper had the opportunity to see advertising for a specific product. A total of 78% of the households surveyed responded.

Fourteen magazines – selected because they carry the largest amounts of advertising in the categories to be studied – were measured:

Better Homes & Gardens	Ladies' Home Journal	Redbook
Cosmopolitan	McCall's	TV Guide
Family Circle	Parents	Vogue
Glamour	People	Woman's Day
Good Housekeeping	Reader's Digest	

Ten brands were selected for measurement based on the adequacy of the Nielsen sample size (a function of purchase incidence and interval), magazine weight and frequency, the number of test magazines in which the advertising appeared, and the proportion of magazine advertising in the measured titles. The brands include:

Grey Poupon	Pantene
Snackwell's	Cool Whip
Oil of Olay	Scope
Shake 'n Bake	Stove Top
Campbell's Soup	Jello

Despite the fact that the brands were selected based, in part, on their "heavy" magazine schedules, the heaviest weight given to magazines of any brand studied was only 27 GRPs/week. The average weight was 12 GRPs/week.

For each brand, households in which the principal shopper had the opportunity to see the advertising were matched with similar, unexposed, households based on demography, geographic distribution, and whether the household was heavy, medium or light in its use of television. For all measured brands, the opportunity to see commenced the week of March 7th. Sales were measured through the end of the 2nd Quarter.

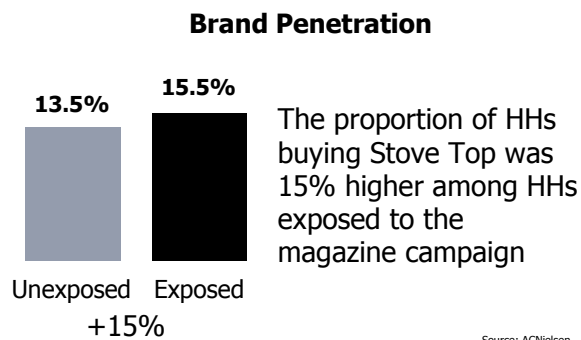
The analysis revealed that in comparison to households not exposed to magazine advertising, those households in which the principal shopper had the opportunity to see the brand's magazine advertising

- Were more likely to purchase the product for 9 of the 10 brands measured
- Bought more of 8 out of 10 brands
- Spent more on 8 out of 10 brands

An example is Stove Top Stuffing. In the 1st Quarter of 1998, Kraft spent \$8.4MM in advertising for the brand, 21% or \$1.8MM of it in magazines. In the 2nd Quarter, Kraft decreased the brand's spending to \$6.2MM, with a third of it spent in magazines. They were running an average of 8 magazine GRPs/month during the test period.

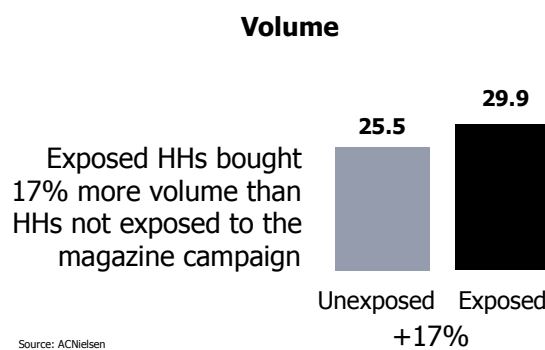
Brand penetration was 15% higher among households in which the principal shopper had the opportunity to see the brand's advertising.

Stove Top Stuffing



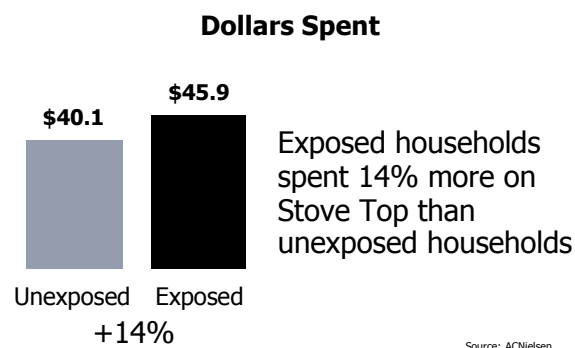
These households bought 17% more of the product per 100 households.

Stove Top Stuffing



Exposed households spent 14% more per 100 households on the brand than those not similarly exposed.

Stove Top Stuffing



When ACNielsen looked at changes over time, based on a 16 week period prior to the measured "opportunity to see" and 16 weeks after, they found that:

- Incidence of purchase increased at a higher rate – or declined at a lesser rate – among exposed households than unexposed households for 7 of the 10 brands measured
- Volume increased at a higher rate – or declined at a lesser rate – among exposed households than unexposed households for 6 of the 10 brands measured
- Dollar share increased at a higher rate – or decreased at a lesser rate – among exposed households than unexposed households for 6 of the 10 brands measured

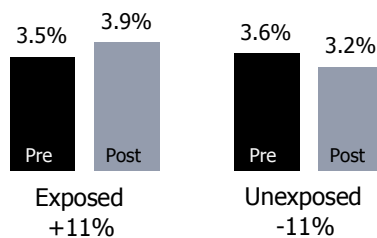
An example is Grey Poupon. Grey Poupon spent no money on advertising in the 1st Quarter, and \$3.3MM in the 2nd Quarter; all of which went to magazines. On average, their magazine spending generated 12 GRPs/week.

While brand penetration increased by 11% among those households with the opportunity to see Grey Poupon's advertising, it declined among unexposed households.

Grey Poupon Mustard

Brand Penetration

The percent of HHs buying increased among exposed HHs, while it declined among unexposed HHs



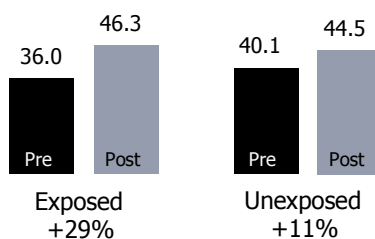
Source: ACNielsen

While volume increased by 29% among exposed households, it increased by only 11% among those not exposed.

Grey Poupon Mustard

Volume

Brand volume increased at a greater rate among households exposed to magazine advertising



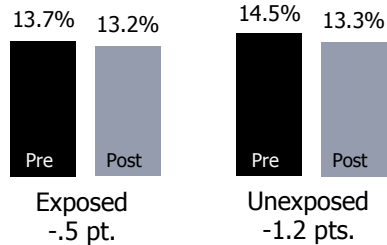
Source: ACNielsen

Dollar share declined for both groups of households. But among exposed households it declined at only half the rate by which it declined among unexposed households.

Grey Poupon Mustard

Dollar Share

Although share declined for all HHs, the decline among unexposed HHs was more than twice that of exposed HHs



Source: ACNielsen

When ACNielsen looked at change over time, those brands with the largest increases in magazine spending from the 1st to the 2nd Quarter were most likely to have realized improvements in our key measures among exposed households vs. those not exposed.

<u>Increase in Print Spending (Millions)</u>		<u>Brand Penetration</u>	<u>Volume/ 100HH</u>	<u>Dollar Share</u>
3.3	Grey Poupon	+	+	+
2.8	Snackwell	+	+	-
1	Cool Whip	+	+	+
0.8	Campbell's	+	-	+

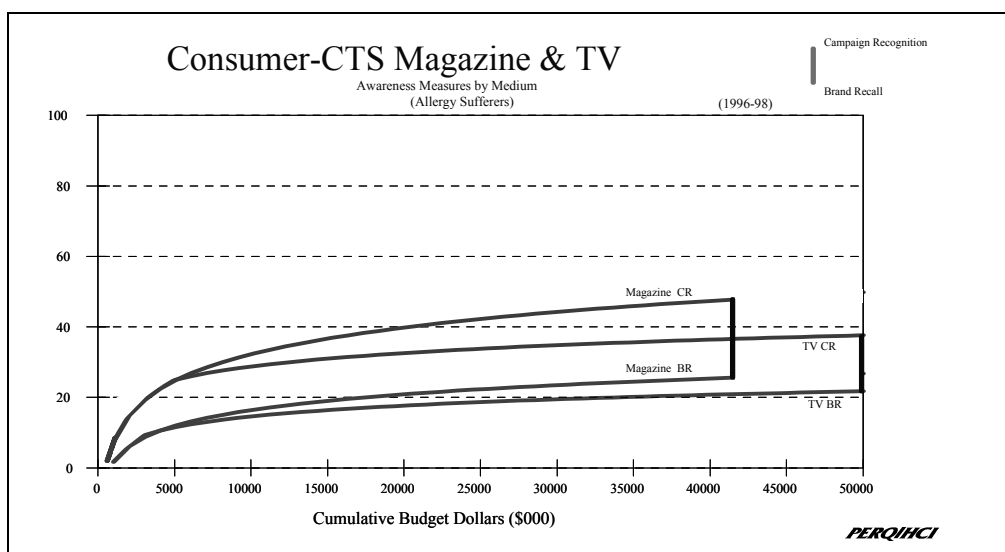
PERQ/HCI

In early 1999, the MPA contracted with PERQ/HCI, a leading purveyor of advertising effectiveness studies for the health care industry, to undertake an analysis of a series of studies they had conducted which looked at the ability of specific advertising campaigns for prescription allergy medications to generate:

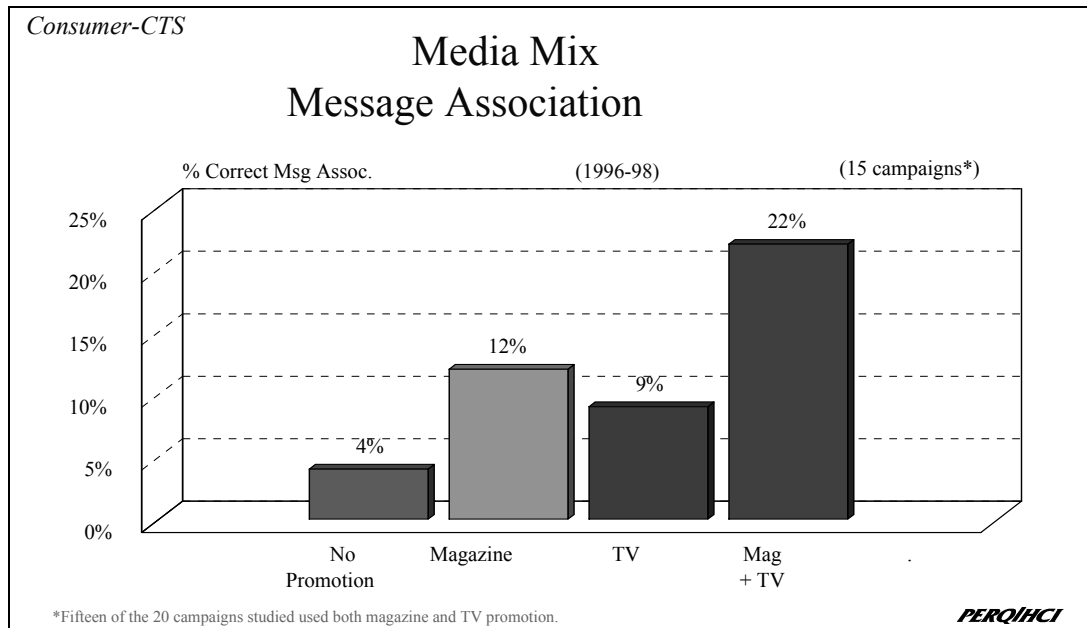
- Campaign recognition
- Brand recall
- Correct message association

The studies, which were conducted between December 1996 and October 1998 involved a respondent base of 1000 allergy sufferers for each of 20 discrete campaigns.

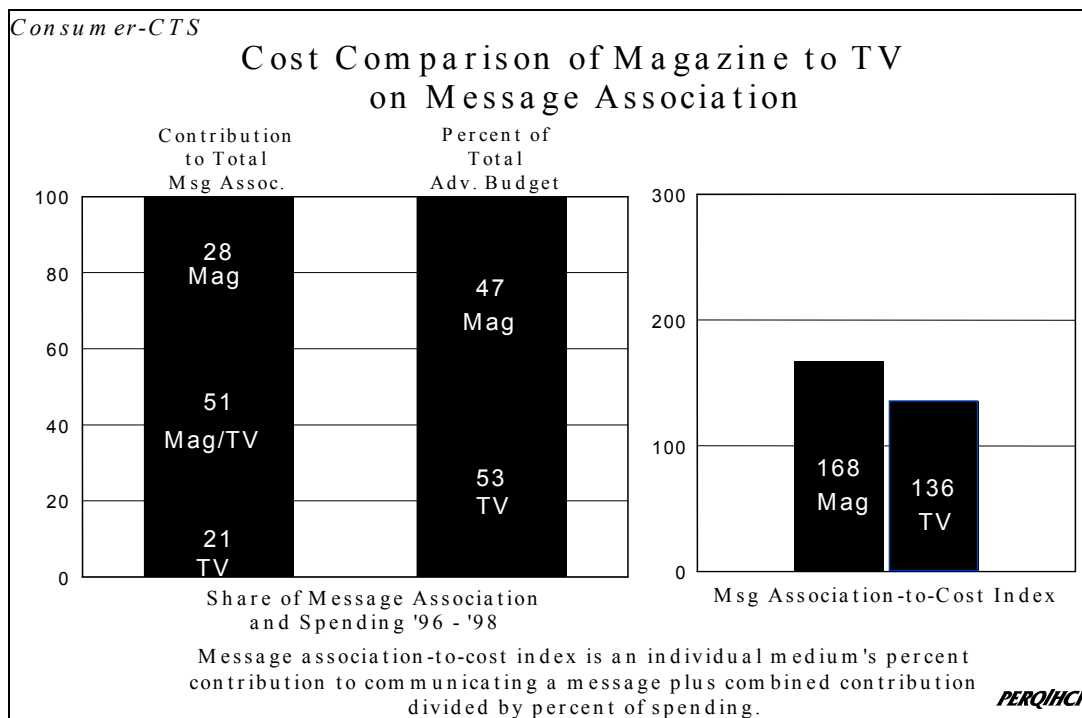
Across the brands studied, magazine advertising consistently generated higher levels of both Campaign Recognition and Brand Recall per dollar spent than TV advertising.



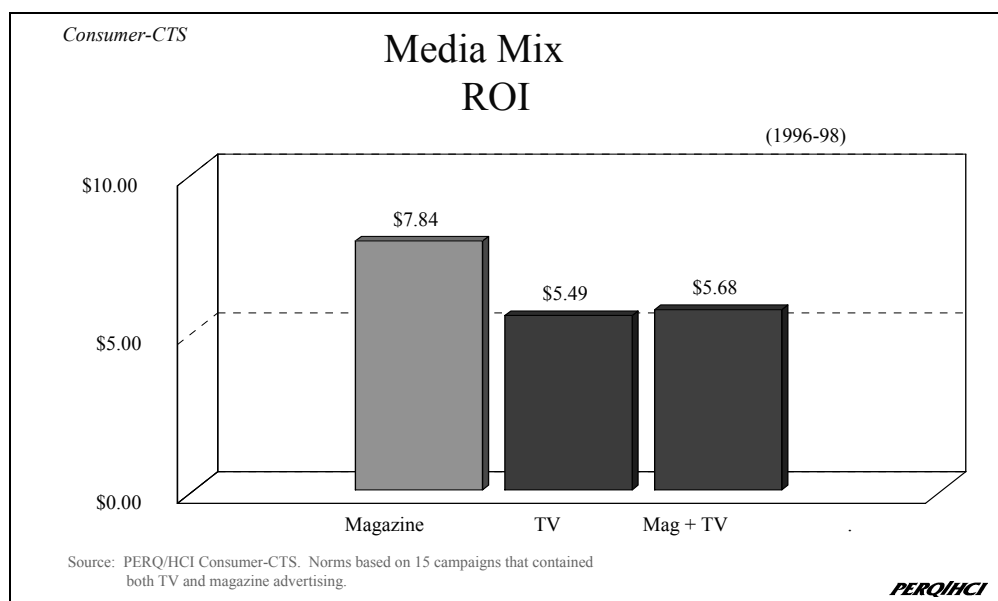
Among magazine exposed respondents, 12% - on average - associated the message with the correct brand, vs. 9% for those who recalled seeing the TV campaign. For those exposed to both, 22% correctly associated the message with the brand, suggesting that the effects were additive.



When PERQ/HCI looked at the relationship between message association and cost, they found an index of 168 for magazine advertising and 136 for the television campaigns.



Based on respondents report of prescriptions purchased and their wholesale price, PERQ/HCI calculated wholesale spending attributable to each dollar of advertising. They found that \$1 of magazine advertising generated \$7.84 in sales revenue, whereas \$1 spent on TV generated sales of only \$5.49. Sales generated per dollar spent among those reached by both media totaled \$5.68.



Multiple Studies-Overall Conclusions

- Magazine advertising is more cost effective than television in generating awareness (Millward Brown; PERQ/HCI).
- Magazine advertising increases sales (ACNielsen; PERQ/HCI).
- Magazine advertising is more cost effective than television in generating sales (PERQ/HCI).