HEARTS AND MINDS - MANAGING A NEWSPAPER BRAND IN THE DIGITAL AGE

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Introduction

Our paper has been written against the background of two ongoing and inter-related developments affecting the newspaper industry. These developments are now having a profound impact on the way that news information is disseminated and in the way that the equity in newspaper brands is managed.

As we reach the end of the 20th Century a major change has started to take place in the way we access news information. Newspaper publishers are rolling out electronic versions of their titles and clearly it makes sense for the online editions to capitalise on the high levels of title awareness enjoyed by the parent paper.

In parallel, during the 1990s there has been a growing acceptance in many markets that understanding the ***strength*** of the relationship between consumers and products is essential information for brand and corporate management. Many fmcg and service brands go to great lengths to measure consumer commitment and to identify what factors motivate and undermine it. Increasingly this knowledge is exerting a profound influence on marketing and communication strategies. However, at present many publishers have limited knowledge about what drives consumer commitment to the existing printed edition, let alone what if any effect this will have on take up of the new electronic editions. And conversely, what effect will online access have on commitment to the newsprint version?

Our paper focuses on research conducted to shed light on the newspaper as a brand encompassing both newsprint and electronic editions. It discusses the implications the internet is now having for publishers, their research and how their brands are managed, and describes a project recently conducted by BMRB International and Millward Brown on behalf of the Financial Times which measured the extent of readers' commitment to newspaper brands.

The Impact of the Internet

For many of us the internet is now part of our daily routine and has revolutionised the way in which business people in all types of work communicate, source information and, to a lesser extent, make transactions. Among the total population, both access and use is now significant and continues to increase. Estimates at the time of writing suggest that there were 165 million users worldwide, with Europe and Asia now catching up with North America in terms of numbers of users. This compares with 120 million in October last year, a growth of 38% in just over six months *(Source: NUA Internet Surveys)*.

Worldwide Internet Users (Millions)

North America	91	Latin America	5
Europe	40	Africa	1
Asia/Pacific	27	Middle East	1

In the UK, there are currently around 10 million users. Data from the UK National Readership Survey (NRS) show that the number of frequent users is now growing faster than total users, and that the growth in access is fastest amongst home users.

Web Use In The UK

	April–June 1998	July – Sept 1998	Oct – Dec 1998	Jan – March 1999	April – June 1999
Any use	7.9m	8.4m	9.2m	10.3m	11.9m
Use web daily	1.1m	1.6m	1.8m	2.2m	2.6m

In general terms it can be concluded that among business and professional markets the internet is a common feature of daily life. The hierarchy of use for the internet puts e-mail top followed by searching, media sites and transactions. Among broader consumer audiences it is not yet a mass market medium, but is nevertheless a rapidly developing one, at different stages of evolution in different countries, socio-economic and lifestage groups.

The fact that the Dow Jones index has recently outpaced it's European counterparts has been put down in part to the rise of internet stocks in the US; in Europe this is still a developing investment sector. A recent report by investment bank Morgan Stanley Dean Witter concluded that "the internet will transform the economics of European business", forecasting that whilst Europe does not yet have an established universe of public internet companies comparable with the US:

- The number of European internet users should triple over the next four years to over 100 million
- European internet advertising revenue will grow to US$5.9 billion by 2004 (5% of ad spend) making it the fastest growing medium in Europe.

There are now an estimated 8 million domain names registered, most (6.4 million) being .com. Growth continues at the rate of 100,000 additional names per week. *(Source: domainstats.com, September 1999).* However, not all of these domains are in active use and estimates suggest that the typical search engine can only look through between 5 and 15% of them.

The internet has also broken down traditional barriers to trade. This certainly holds true for newspapers – for example, the Washington Post and New York Times, the two most popular newspaper sites on the internet, are now able to distribute their product outside their traditional geographical boundaries. Readers are able to draw on a wider range of newspapers and this can lead to changes in the media hierarchy. The table below compares average issue readership levels of UK daily newspapers (NRS Jan – June 1999) with monthly page traffic on their corresponding internet sites *(Source: Revolution, Feb 1999).*

Internet vs Paper Audiences (UK)

	AIR (000)	**Monthly Page Impressions (millions)**
The Times	1,924	11 (includes Sunday Times)
Daily Telegraph	2,500	14
The Guardian	1,109	8
The Independent	651	3
Financial Times	636	10
The Mirror	6,231	3
The Express	2,407	3
Sporting Life	No longer published	9

In line with the upmarket skew of UK internet users, traffic to quality newspaper sites is higher than the popular newspapers. One newspaper, The Sporting Life, has ceased publishing on paper and now runs exclusively on the web.

However, we must not be over-awed by these big numbers for the internet. The monthly page traffic figures shown above equate to the average reader looking at just five pages of the printed paper every month - less than 1% of the likely 'page traffic' of the newsprint versions over the same time period. And in many respects newspapers continue to look vibrant:

- The number of titles published worldwide has grown from 4,900 in 1994 to 5,180 in 1998
- 331 million newspaper copies are sold each day (1998)
- Last year daily sales revenues amounted to US$2.8 million in the UK, US$6.2 million in the US.
- Newspaper advertising revenues in the UK increased 1.1% in real terms (98/99) to US$5.6 billion, and by 4.6% in the US to US$44 billion.

Source WAN/Zenith World Press Trends 1999.

Whilst this healthy state for the print medium suggests that the doomsayers predicting the imminent demise of newspapers were wrong, perhaps the transformation to a new e-conomy has been slower than expected and newspapers are still set to die a slow death. It is well known that the internet is moving fast. Qualitative research conducted for **ft.com** has shown how the site moved from living in the shadow of the newspaper in the middle of last year to being a resource and entity in it's own right earlier this year *(Source: Objective Research).* The evolution of web sites, the increasing confidence of users and the wide range of sources available must present a threat to newspapers; as down-load times improve, software and search engines become more efficient surely the end is in sight for newspaper?

What we have learned is that past success is not a guarantee for the future, but this is not the first time the coming of a new medium has been thought to spell impending doom for newsprint. Newspapers survived the introduction of radio and television and, financially at least, the industry is now in relatively good shape, according to The Economist (July 17th 1999).

When we look more closely at the data, this is not really surprising - internet users are also newspaper readers. Based on the last 12 months UK NRS data, 56% of all adults read a national newspaper yesterday and a strikingly similar 57% of people who use the internet daily are newspaper readers.

UK data also suggest that the activity of newspaper reading has not been adversely affected by the use of the internet. 5% of users claim to be reading newspapers less since they began accessing the internet, but 5% say that they are doing so more. If anything it is television viewing which has been hardest hit with 30% of internet users claiming to watch less *(Source: BMRB Internet Monitor August 1999)*.

So for newspapers this could be a win win situation. If traffic is built on the web sites whilst preserving readership of the printed editions, the advertising and circulation growth referred to above need not be short-lived.

A Brief History of the Financial Times

Before we turn to branding, let us look at how the Financial Times and **ft.com** evolved.

The Financial Times started printing in London on the 13th February 1888, initially on white paper, then on its distinctive pink in 1893. The first international printing of the FT started in 1979 in Frankfurt. Recent international growth in the newspaper's sales (up 11% in the last year) has been impressive - over half of sales are now being generated outside the UK, with ambitious plans to increase still further over the next five years. As far as the Financial Times and its owner Pearson are concerned, the newspaper format is still alive and profitable (yielding a £79 million operating profit for the FT Group last year).

Financial Times ABC Sales July 1999

	Sales	Change on previous year
UK/Eire	169,804	-2%
Continental Europe	123,717	+16%
Americas	79,433	+37%
Asia	15,769	+13%
Total	**388,723**	**+11%**
Source: Audit Bureau of Circulations		

Pearson and the Financial Times were early converts to the strategic importance of the web; **ft.com** was initially launched in a limited format on 13th May 1995, with full commercial operations, including registration, starting on 24th April 1996. Monthly traffic on **ft.com** has grown steadily from between 5 and 6 million in the summer of 1998 to a current level of over 12 million (August 1999) with its advertising revenue increasing to £6 million from £2 million in the previous year. Industry research estimates that it is the largest revenue-earning site in the UK.

A Trusted Brand in an Increasingly Complex World

The Financial Times and **ft.com** are related products with shared brand values, although the way in which people use the two together may vary widely. The importance of content and brand values is a conclusion that has been reached by a number of commentators:

- "The value of content should not be underestimated as a driver of the market…[commenting on investment opportunities]…Pearson has a powerful weapon in **ft.com**." *Morgan Stanley Dean Witter, June 1999*

- "The demand for well researched, well written news will not disappear…the easier it is to publish, the more rubbish will get published, and trusted newspaper brands may become more valuable." *The Economist, July 17th 1999*

These issues have long been recognised by the Financial Times. The values of content and the brand in the internet age were being promoted by Pearson Director David Bell back in early 1997 when, at a media industry conference, as well as pointing out the need to avoid change for changes sake he said:

- "Whatever else we do in the future we have got to remember content is the most important thing."
- "The brand is not only already important but will become more important…the role of the brand in whatever medium we are are operating is absolutely crucial."

The Case for Researching Brand Equity and Commitment

In recent years, marketers have been quick to embrace brand commitment research techniques such as Brand Dynamics, Equity Engine and Conversion Model. Their role requires them to influence attitudes towards the brand and, whilst traditional measures of their success such as sales and awareness are critically important, these can be affected by external factors such as distribution systems and retailer promotions which are largely outside their control. There is a growing body of evidence that consumer commitment correlates strongly, and positively, with sales – research is, therefore, increasingly trying to isolate the affinity consumers have for the brand as a purer measure of what the brand manager ***can*** influence.

It could be argued that newspapers have a particular need for this type of information. Consumers may have positive or negative feelings about brands in a wide variety of markets, but newspapers are able to build an especially emotive relationship with consumers via their content, tone, political affiliations and so on. However, the prevailing interest in brand commitment research has taken longer to find favour among traditional newspaper publishers.

There have been a number of reasons for this resistance:

- Traditionally there was certainly a view that newspaper readers were fundamentally price insensitive. However, in the UK broadsheet market this view has been undermined by a period of aggressive price competition since the mid 1990s.

- Also, there is a school of thought, most frequently found in editorial departments, that newspapers cannot be regarded as products or brands. It is sometimes argued that since the content changes from day to day, we are dealing with different products. But this viewpoint fails to acknowledge the inherent strengths of the medium. The best and most successful newspapers have strong personalities and, to many of their readers, the brand comes to embody a way of thinking that invokes passionate loyalty.

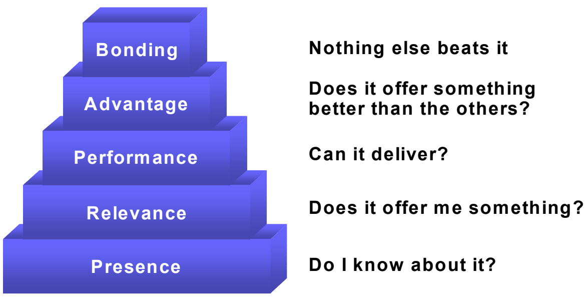
There is no doubt that newspapers are especially sensitive subjects to research. In recent years the process has been complicated still further by the availability of newspaper content via alternative distribution channels. As the majority of the larger publishers are now offering both print and online editions of their titles, there is a need for new types of information to guide the management of the brand in its different formats. There is a real danger that if a publisher does not understand the attitudes and behaviour patterns that drive consumption of the parent print edition it will not be able to take full advantage of the opportunities afforded by electronic access. A successful online newspaper edition will take the core values of the printed edition and apply them itself. The strengths of the parent brand will support the online edition, while electronic access will extend the audience to, and utility of, the product without undermining these brand values.

Financial Times Brand Research

During 1999, the Financial Times has undertaken a major piece of research to help manage the brand and shed new light on the core values of the parent paper – who are the most committed readers and what drives that commitment? At the same time we looked to establish how the printed edition was used in conjunction with the online version to identify the opportunities and threats to the FT brand.

Recognising the particular sensitivities of researching the newspaper market, BMRB International worked with Millward Brown to customise their BrandDynamics™ methodology specifically for the newspaper environment. BrandDynamics™ is a system for measuring, understanding and developing the consumer equity of brands. It works by establishing the nature and depth of consumers' relationships with each brand within a market, producing a consumer pyramid that illustrates the different levels of commitment.

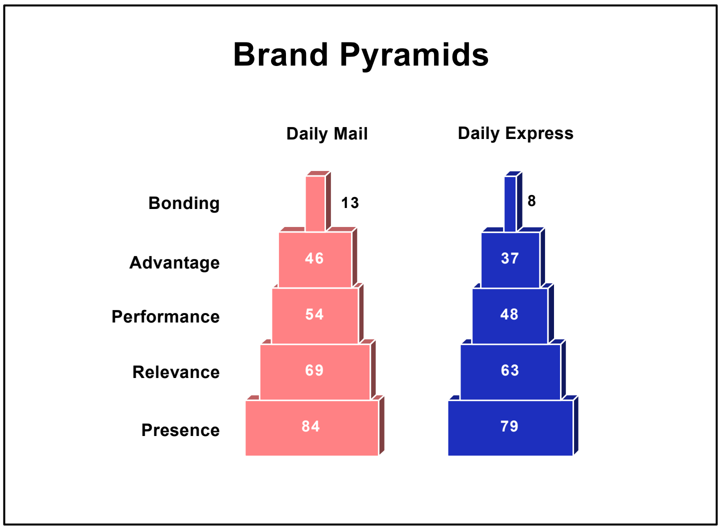
The BrandDynamics™ Pyramid



According to their answers to a series of awareness and attitudinal questions, each respondent is allocated to segments of the pyramid for each brand. The higher up the pyramid, the stronger the relationship with the brand – those at the very top, the bonded consumers, have the strongest ties and will spend a higher proportion of their category expenditure on that brand. Diagnostic questions asked as part of the same study then help to identify what aspects of consumer perceptions or behaviour contribute to the different levels of commitment.

WPP has commissioned a study using the BrandDynamics™ approach to investigate the relationship of consumers with the brands in over 50 categories in seven leading world markets including the UK. This project, called BRANDZ, includes an analysis of the daily newspaper market in the UK, and we have selected some of this information to give a flavour of the types of data produced by a BrandDynamics™ study.

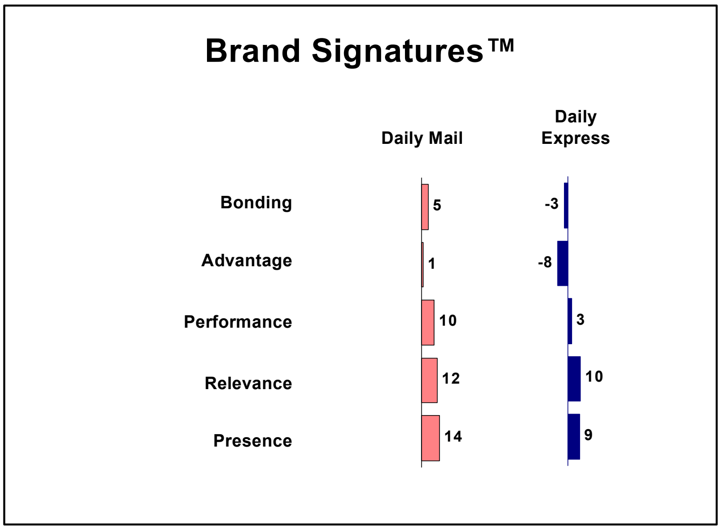
The chart below shows the BrandDynamics™ Pyramids for the Daily Mail and Daily Express. Both papers are mid-market tabloid titles, but whilst the Daily Mail has seen circulation increase by 2% over the past year, the Daily Express has lost 5% in the same period.



The Pyramids illustrate the higher levels of bonding evident for the Daily Mail – 13% versus 8% for the Express.

Whilst the Pyramid represents the overall relationship consumers have with the two titles, the Brand Signature™ illustrates the strengths and weaknesses of each brand relative to other brands in the category – in this case UK national daily newspapers. This is a measure of how well the brand "converts" consumers from one level of the Pyramid to the next, compared against the typical conversion for all brands in the same market.

The chart below compares the Brand Signature™ for the Daily Mail and the Express.



The strength of the Daily Mail is once again evident with above average conversion to all levels of the Pyramid. In contrast, the Express suffers from lower than average levels of conversion to Bonding and Advantage. If we dig deeper to identify those reader perceptions that are associated with these levels, and in particular what attitudes explain the higher conversion of the Daily Mail from Performance to Advantage, we see:

- A widely held belief that the Daily Mail is the most popular paper;
- A higher incidence of the Daily Mail being top-of-mind;
- And that the Daily Mail is more likely to be credited with accuracy, depth and range.

To simplify the analysis still further, a one number summary of the Brand Signature™ has been developed – the Brand Voltage. The Voltage is the sum of the Pyramid Conversion Profile deviations, at each level multiplied by the Loyalty of Consumers at that level. A high voltage indicates that there is a good chance that the brand will maintain or grow share; a low voltage suggests a higher probability that share will decline.

The results for the Daily Mail and Daily Express would seem to endorse this conclusion. The Daily Mail achieves a Voltage score of 4.27 (analysis of data collected for 153 brands suggests that Voltage in excess of 2.5 has a 61% probability that share will increase in the next year) whilst the Express has a score of –0.58 (only 23% probability that share will increase.)

The Research Issues

As we have discussed, there are particular sensitivities researching the brand equity of newspapers. In setting up the Financial Times project we were forced to make a number of decisions and, in certain instances, compromises to tackle these issues.

Firstly, it was necessary to decide on the survey universe. The Financial Times has two main target markets – whilst it is aimed at senior business people, the content is not solely financial and there is also a significant mainstream AB readership. Consequently, it was decided to represent both audiences in the sample – interviews were conducted with a sample of 750 ABs, controlled to yield half the sample as business people. In practice the sample was achieved by recontacting respondents from BMRB International's Premier TGI (Target Group Index), an annual survey which provides product usage, media and lifestyle data on over 5,000 AB adults in Great Britain. The interview was conducted using CATI (Computer Assisted Telephone Interviewing).

The second issue was how should a brand "user" be defined – by readership or by purchase? In most consumer markets recent purchase will be the appropriate criteria, but it is a more complex issue for newspapers since copy sales generate higher levels of readership and readers generate income via advertising sales. In this case there were further good reasons for defining users as readers. The Financial Times has a relatively high readers per copy figure of almost four, since many readers see a copy at their place of work. Indeed for many it is a job requirement to read the title so it was felt important to understand the relationship this extended reader base has with the Financial Times. Furthermore, it is likely that the impact of online editions will be felt most immediately on the propensity to read the paper.

Thirdly, we needed to agree how the Monday-Friday and weekend issues were handled. This links with the decision to research both the business audience and the mainstream consumer audience, as the weekend paper has less emphasis on business content. There seemed to be some justification in regarding the weekday and weekend papers as quite different titles with different targets and different images. Consequently, throughout the study, questions were asked separately of the weekday and weekend issues, and the BrandDynamics™ analyses were conducted on each in isolation.

Finally, and perhaps the most thorny issue was agreeing the competitive set of brands. It is vitally important for the set presented to respondents to represent a logical and consistent group of brands from which consumers make their selections. However, one of the objectives for the project was to understand the impact of alternative information sources, such as the weekly business magazines and online newspaper editions, on the readership decision making process. After a great deal of discussion it was decided that these other sources were not, as yet, ***directly*** competing with the daily newspapers and therefore it was inappropriate to include them within the BrandDynamics™ analysis. However, a separate series of questions were asked within the interview so it was possible to cross-analyse the Pyramid segments against usage and attitudes towards these alternatives.

The Findings

To illustrate the type of information the study has yielded we will focus on two specific segments of the BrandDynamics™ Pyramid – the conversion from Relevance to Performance. The Financial Times was slightly above the category average for the rate of conversion between these two segments, but we were able to see what is preventing more people from moving up the commitment scale.

One of the main challenges for the paper is that the emphasis of the content on business and financial issues is the major strength of the title, but it inevitably impacts on its appeal to a wider, non-business audience. The findings confirmed that the perceived focus of the content, whilst relevant to many readers, does represent a barrier to greater bonding. Those who do not move up to Performance, recognise the authority and credibility of the title (35% ***below*** the category average regard it as inaccurate and untrustworthy), but a third more than average think that it has too little to read, in terms of breadth of coverage.

For those who are especially committed to the title, the business and financial focus represents a strength and virtue, and further analysis of those progressing to Performance and above reveals that the greater levels of bonding also correlate strongly with a high regard for the international coverage of the title.

So how can this information about underlying perceptions of the parent paper be used in the context of **ft.com**?

Analysis of internet use amongst the sample reveals that regular readers of the Financial Times are 35% more likely than the average AB adult to have internet access and are also more likely to have access than readers of the other newspapers researched. Access to the internet becomes even more prevalent the further up the Financial Times' commitment pyramid and so, as the gradual development of online editions continues, the Financial Times is well placed to serve and convert its existing loyal readers.

And this may present important opportunities for the future. One option is that online editions lend themselves especially well to providing detailed data and search facilities, and are not limited by national boundaries. It may be possible in the future to use the internet to communicate this detail and to provide an international perspective, whilst still retaining the credibility of the FT brand, thereby freeing up pagination in the newsprint edition to provide more in depth analysis and comment.

Alternatively, the research has revealed that even those with lower levels of commitment to the Financial Times regard it as a trustworthy source of accurate information. This brand credibility will undoubtedly help the development of **ft.com** and its associated online services. However, success in developing the audience via the internet will depend on conveying credibility and trust whilst extending the breadth of content available to users.

Conclusions

The development of online newspapers represents an enormous opportunity for publishers, but it is a development that is not isolated from the traditional newsprint editions. Brand equity research techniques, first adopted in other consumer and service markets, are now being applied to newspaper markets to shed light on this issue. It is our view that publishers must first understand the core values of their brands, so that they are in a position to capitalise on these inherent strengths with their online editions. Equally, they must develop their internet offerings in such a way that they do not undermine the equity held by the parent brand.