

COMMUNITY NEWSPAPERS – COMBASE™ ADDING TO THE PRINT MEDIA MIX IN CANADA

Elena Dunn, ComBase
Raj Matuk, Maritz: Thompson Lightstone

Introduction

Canada is a country of 13 million households and 31 million people. Community newspapers represent a billion dollar business with over 1000 titles publishing at least weekly in either, or both official languages. With a total circulation of 11.2 million copies weekly, proprietary and non title-specific research suggests average issue readership of at least 60% nationally, higher than any other media. In most markets, the community newspaper is the medium of record.

Until this year, community newspapers were the only major medium in Canada without a national audience study. Other major media – television, radio, magazines and outdoor – have had annual data available to planners for decades. The only national research available for community newspapers came from the Print Measurement Bureau measurement of ‘local community newspapers’ – a generic, non-title-specific, category – through a national sample; but, it was believed by some that both the question wording and sampling methodology under-represented readership.

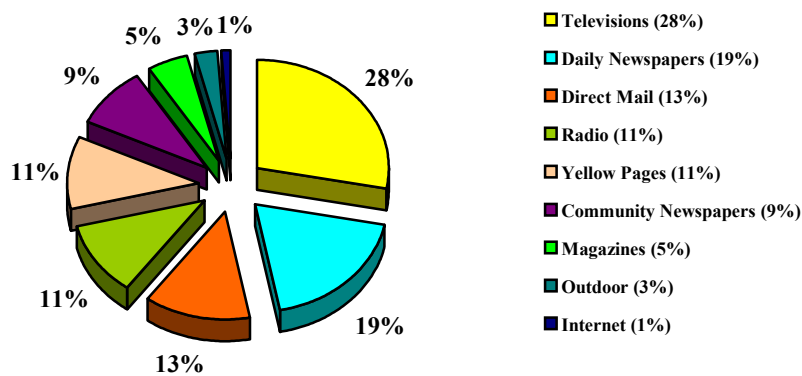
Advertising agencies account for over 80% of advertising spending in Canada, and most decisions are made using reach/frequency software from IMS/LNA or Harris Telmar. Without a presence in this software, community newspapers are at a severe disadvantage.

As a result of this, and despite the breadth and scope of the sector, its stability, and quality of its products, community newspapers ranked in sixth place for total ad spending in Canada - attracting a mere 9% (Fig. 1). They held last place, tied with the Internet, in national advertising. Further, though total advertising expenditure was growing, and their immediate competitors – daily newspapers and radio – were attracting more dollars, community newspapers’ share was declining in national advertising and not keeping up in other categories.

Fig 1

COMMUNITY NEWSPAPERS OVERLOOKED BY BUYERS

National & Local Ad Revenues 2000
(Total Ad Expenditures \$10.8 Billion) Source: TVB



As a first step to improving the industry’s advertising revenues, the Canadian Community Newspaper Association (CCNA), with its 670 members, hired a consultant to speak to media planners to determine the obstacles to advertising growth. The findings confirmed the perception that a lack of credible readership data was keeping community papers off the radar of advertising buyers.

To compete with other media, the industry would need a national title-specific study. To be accepted, any research would have to adhere to the same standards as established readership studies in terms of

- sample size
- sample management and callback procedures
- questionnaire design
- recognized geography
- response rates
- independence from the industry

Issues and Challenges

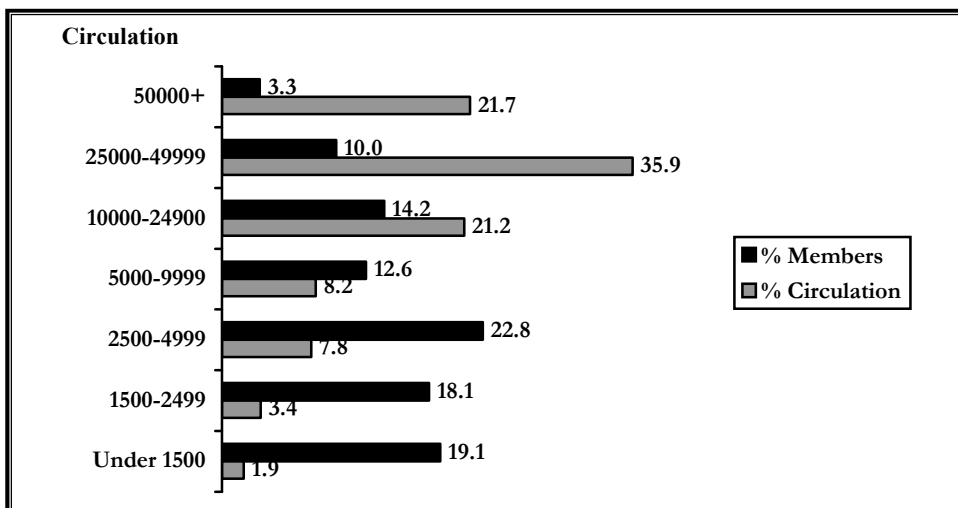
Every type of media is, in a sense, unique. Whether printed or broadcast, visual or audible, glossy or newsprint, tabloid or broadsheet, each of the media that are measured around the world has characteristics that distinguish it from the others.

Even the most brief review of the literature shows that the factors that make one medium different from others also make for interesting readership research. At the risk of sounding self-serving, community newspapers (that is, those publishing less often than daily and in most cases serving numerically, culturally, or geographically small areas) possess a wealth of characteristics that set them apart from other print media. These traits make community newspaper readership both challenging to measure, and interesting to examine.

Though the need for a national readership survey along the lines of those existing for each of the other media was the obvious answer, such an initiative needed to acknowledge certain issues inherent in the profile of the community newspaper industry:

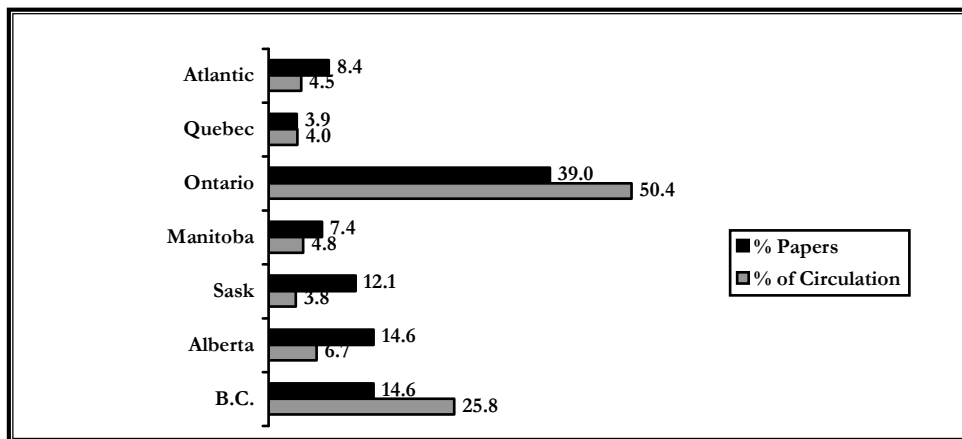
- 60% of the CCNA’s members have circulations of less than 5,000. The non-member profile is assumed to be similar, or in fact, composed of smaller papers (Fig 2)

Fig 2
PROFILE OF MEMBERS
(60% of Our Members Under 5,000 Circulation)



- While 60% of the copies are distributed free, most of the members were paid publications with distribution areas that crossed city, county and municipal boundaries.
- Penetration rates for the members varied considerably.

Fig 3
PROFILE OF MEMBERS



- The seven regions of the country vary considerably in the profile of their members and corresponding ability to fund any study. (Fig 3)
- Over two-thirds of publishers are independent operators, resulting in hundreds of decision-makers.
- Perhaps the most prevalent view among the members was that they could never benefit from a survey because there was little or no potential for ad growth in their particular market.

Before describing a method to measure non-daily newspapers, it would be instructive to look at dailies and how they are measured in Canada. Daily newspapers sell their copies primarily through subscription, newsstand and coin box. With a few exceptions, the majority of copies are distributed in the vicinity of the large city whose name the paper bears. This makes the geographic universe for measurement straightforward and uncontroversial. Statistics Canada, the national statistical agency, has created statistical units for large urban centers called Census Metropolitan Areas (CMAs) that incorporate the urban core and associated suburban and fringe areas. Their definition follows rigorous rules and does not permit overlap, so they provide ideal boundaries. Furthermore, Statistics Canada provides all manner of demographic data that conforms to these areas.

Other media that compete with a daily newspaper tend to be large, well documented, and distributed in geographies that align with the distribution of the daily itself. This makes their inclusion relatively simple.

Lastly, daily newspapers are, almost by definition, large entities that have the resources to fund a large and expensive research initiative from their research and advertising budgets. The benefits of having 'numbers' are easily understood and justified. In Canada, the readership measurement study for the daily newspapers, NADbank, is the *ne plus ultra* of readership measurement for daily newspapers. It is universally accepted by the advertising and ad buying industries, and plays a decisive role in the selection of media for vital advertising spending.

Community newspapers, offer the same distribution channels as dailies, but are delivered or offered at newsstands, street boxes, or door to door for free, as often as not.

The biggest point of divergence between dailies and community papers concerns issues of geographic distribution patterns. While dailies cover a large urban market, community newspapers serve unique micro-geographies that may include one or more towns, or entire regions. Whereas a major pre-defined Census boundary may serve a daily newspaper well, community papers' distribution patterns may follow highways or river valleys, or even conform to soil-type boundaries in agricultural regions. Some of these would easily align with various levels of Census coding, but clearly, some would not. Local idiosyncrasies are not limited to physical features or barriers. Some community newspapers will deliver to their immediate vicinity, pass over an area and deliver to a second area that may be underserved or represent a retail or transportation hub. While daily newspapers certainly exhibit these features, they manifest at the fringes of their distribution areas, and represent a negligible proportion of circulation. With community papers, this *is* their circulation. The nature of rural- and small town-Canada is such that the eponymous town may only represent a small proportion of a community newspaper's total circulation.

Further challenges emerge when trying to identify a community paper's competition for readers and advertising dollars. Aside from 'national' dailies, 'local' dailies, and radio stations that broadcast into the area, a broad range of other titles exists. The list may be long, and its components may be distant, not always obvious, and often peripheral in coverage of the paper of interest's area.

Compounding the issues of market definition and competitor identification was the size of the newspapers being measured. As mentioned previously, 60% of the papers belonging to the CCNA have circulations under 5000 copies. While many are owned

by large publishing enterprises, and some independents have embraced technology as a tool to help their ventures, many others had not before been required to understand their markets as being composed of identifiable and measurable geographies, with a list of competitors and their own geographies.

Pilot Study

Establishing procedures and standards that could eventually build a matrix of community newspapers, their community, daily and radio competitors, with market areas and publications schedules, would prove to be a test of co-ordination and computing capacity. Through a five-market pilot study beginning in 2001, methods were tested. Adjustments were made to questionnaire length, question wording, and market definition rules.

Key to correctly handling the hundreds of papers, their geographies and publishing schedules was the sophistication of the Computer Assisted Telephone Interviewing (CATI) system. Early in the interview, each respondent was asked for their postal code. This triggered the correct list of newspapers and radio stations for that pre-defined market area. As each title was asked, the CATI system was able to route the interview to the correct frequency wording based on the publication schedule of the paper.

In addition to refining the research design, the pilot study also verified the sense that readership of community newspapers was much higher than anyone anticipated. An average of 80% of respondents claimed to have read the last issue. The readership of daily newspapers reflected the same patterns, and nearly the same levels, as those obtained in the well-established NADbank study.

The CCNA made these exciting results available at no charge to all major advertising agencies in Canada. It also used the results to market the notion of a national study with its own membership. By June 2002, nearly half of the CCNA's membership, with every province represented, agreed to support a national study. The goal was to provide accurate readership numbers for hundreds of community newspapers in market areas that not only represented their circulation but also conformed to known Census boundaries.

ComBase

Once a decision had been made to proceed with a national study, the Canadian Community Newspaper Database was incorporated as a for-profit, independent organization to be run by a fifteen-member tri-partite Board of Directors. The Board represents, in equal proportion, members of the publishing, advertising agency and advertiser sectors.

Employing the CATI system and a ten-minute telephone interview fine-tuned in the Pilot study, staggered fieldwork for close to 300 markets began in October 2002 and continued through August 2003. Over 24,000 interviews were completed measuring more than 600 publications and 900 radio stations.

ComBase Market Definition Procedure

The process of defining a participating community newspaper's (referred to as 'members') market area, for purposes of readership measurement, began with input from the publisher. (Fig. 4) Where possible, this information was confirmed by referencing published media listings, or on the Web. Publishers were asked for

- The postal codes in which subscribers reside (in the case of paid circulation papers) or the postal codes in which the paper is distributed or made available (in the case of controlled/free distribution papers) [*In Canada, a unique postal code is assigned to each urban block-face, or an entire small community. All postal codes in an area share the first three characters (letter, number, letter) called an FSA (forward sortation area)*]
- Where known, the number of copies sold or distributed in each postal code (or in aggregate, if detail is unavailable)
- If a paper has both free and paid circulation, quantities of each, or an overall ratio
- Day, or days, of publication, frequency of publication and information on print and radio competitors. (Fig. 5)

Fig. 4

Fig. 5

Penetration Rates and Circulation Ratios

A feature of community newspapers is the relatively wide dispersion of their circulation. To ensure that the true ‘market’ for the paper was captured, the density or penetration of a paper in an area was examined. At the same time, focusing solely on areas where a paper had complete saturation would mean potentially excluding a significant portion of the circulation, and therefore, reach. Penetration and circulation are inversely related, and a balance needed to be struck between the two in order to accurately reflect the paper’s market. To arrive at the right balance, testing was done on a sample of the newspapers involved in the study

that were able to provide circulation figures at the postal code level. As the required level of penetration in an area was raised, fewer areas qualified, and this resulted in a smaller proportion of the papers' circulation being included in the market.

For the purposes of a member's market definition, 'Penetration Rate' is defined as the ratio of newspapers distributed, to Census-defined households, in a given area. The threshold (minimum) penetration rate was set at 30 % for paid circulation papers, and 50 % for free distribution papers.

'Circulation Ratio' is defined as the proportion of a member's total circulation captured by their market definition. Target circulation ratios are 50 percent for paid circulation papers, and 70 percent for free distribution papers.

Both Paid and Free papers were tested at a 50% Penetration rate. If Paid papers do not achieve at least 50% Circulation ratio, the penetration rate was dropped incrementally (but not below 30%) until the Circulation ratio reached 50%.

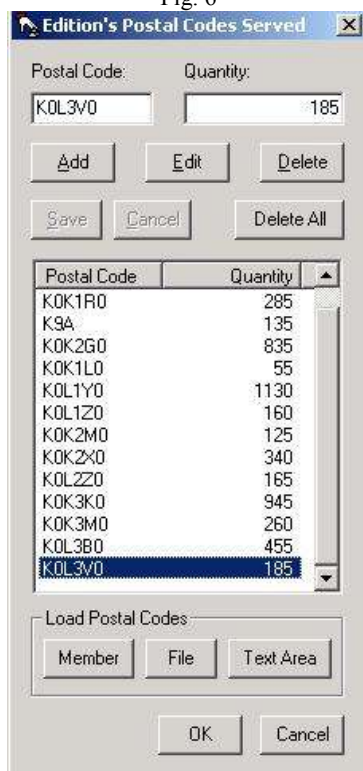
When a paper had both paid and free circulation, the thresholds for penetration and circulation had to, at a minimum, meet the requirements for paid papers, and rise with their proportion of free distribution.

Market Definition Procedures

As mentioned earlier, some members were not able to provide their circulation at the postal code level. For members that did provide quantities delivered/distributed (hereafter called 'quantities'), the market area was defined as follows:

- 1 The list of postal codes defining the paper's distribution area was examined and considered as two lists – FSAs (the first part of a postal code) and full postal codes (called FSA LDUs). (Fig. 6)

Fig. 6



FSAs

- 2 The quantity of newspapers distributed in each FSA was divided by the total number of households in that FSA. This fraction was the penetration rate for the FSA.
- 3 FSAs with a penetration rate meeting, or exceeding, the pre-determined threshold were considered 'qualifying FSAs' and their component postal codes were considered 'qualifying postal codes'
- 4 Statistics Canada creates a file called the Postal Code Conversion File (PCCF). The PCCF links postal codes (FSA LDUs) to Census Enumeration Areas (EAs) using the closest matching geographic centroids. The qualifying FSA LDUs were linked to EAs using the PCCF. The EAs identified were considered 'qualifying EAs'.

FSA LDUs

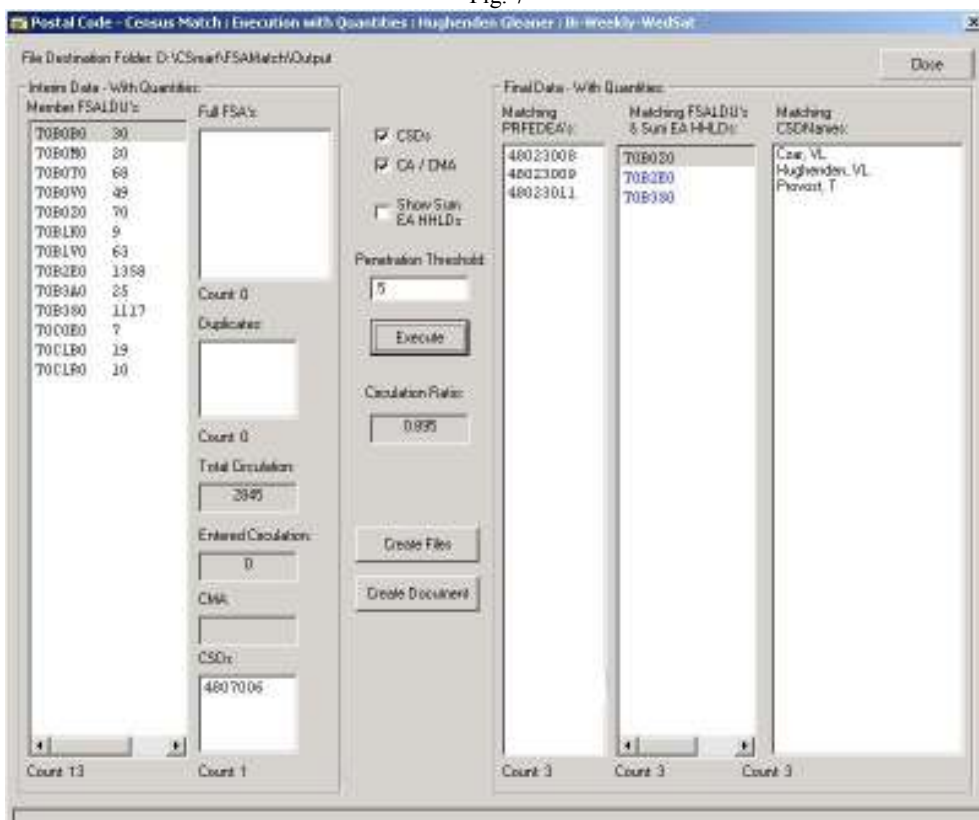
- 5 The full postal codes (FSA LDUs) in the distribution area were matched to EAs using the PCCF.
- 6 Depending on local geo-demographic features and population density, it was often the case that more than one postal code fell into one EA. The quantity of newspapers distributed in FSA LDUs falling into each EA was summed. This figure was divided by the total number of households in the EA to arrive at a penetration rate for the EA.
- 7 EAs meeting or exceeding the pre-determined penetration threshold were considered qualifying EAs.

Conforming to known Census geography was one of the chief objectives of this research. To ensure that the resulting market for a newspaper was not a disembodied group of Census Enumeration Areas, the 'home town' of the newspaper was imposed on the market. This was usually a formality, as the circulation in the home town was sufficient for inclusion using the above formula.

CSD/CMA/CA

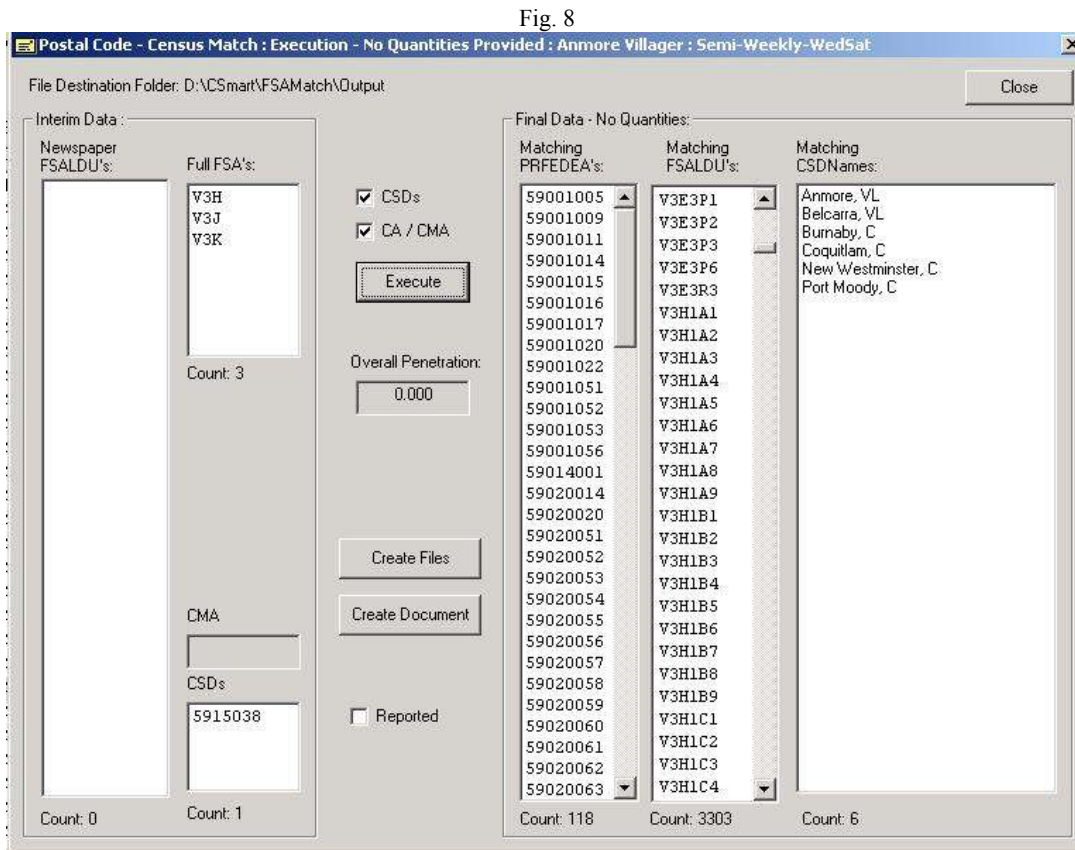
- 8 The central or home-town for the newspaper was determined, from the publisher's information, the masthead name, or highest circulation town. The Census Subdivision (CSD) for this town was identified. If it was a city, town, village or similar, its CSD code number was used as an identifier. Where it was a region, improvement district, subdivision of a regional district, or similar large dispersed area, it was not used as an identifier. If appropriate, more than one CSD was used.
- 9 Where the coverage area of the newspaper approximated the Census Metropolitan Area (CMA) or Census Agglomeration (CA – a large urban centre not quite large enough to meet the requirements of a CMA), this code was used as an identifier.
- 10 All EAs in the CSD(s) or CMA/CA identified above were added to the list of qualifying EAs (determined from the FSA and FSA LDU processes above) and the list de-duplicated. Thus, a list of all EAs in the central town, plus EAs outside the central town that met a penetration threshold became the preliminary 'market' for the newspaper.
- 11 All that remained to be tested was the circulation ratio. The circulation in qualifying EAs was summed and divided by the total circulation in all areas as provided by the publisher. This figure was the Qualifying Circulation ratio, and was used to assess the approximate proportion of circulation to be covered by the market as defined for readership measurement purposes.
- 12 Finally, the list of qualifying EAs was matched back to FSA LDUs (using the PCCF). This step was necessary because the telephone numbers required to conduct the interviews are 'rented' from the various telephone service companies across the country. Random selection of telephone numbers to contact was made from the universe of telephone numbers available through the postal code on the companies' records. This final list of FSA LDUs (postal codes) constituted the market for the newspaper for the purposes of ComBase measurement. (Fig. 7)

Fig. 7



For members that were unable to provide quantities delivered/distributed at the postal code level, penetration testing was not conducted. For these members, market area was determined as follows:

- 1 The central, or home-town for the newspaper was determined either from the publisher’s information, the masthead name, or highest circulation town. The CSD for this town was identified. If it was a city, town, village or similar, its CSD code number was used as an identifier. Where it was a region, improvement district, subdivision of a regional district, or similar large dispersed area, it was not used as an identifier. If necessary, more than one CSD was used.
- 2 Where the coverage area of the newspaper approximated the CMA/CA, this code was used as an identifier.
- 3 All FSA LDUs in the CSD(s) or CMA/CA identified above were added to the list of FSAs and FSA LDUs provided by the publisher and the list was de-duplicated. Thus, a list of all postal codes in the central town, plus postal codes outside the central town became the preliminary ‘market’ for the newspaper.
- 4 The list of FSA LDUs was matched to EAs, and all FSA LDUs in these EAs were listed.
- 5 This final list of FSA LDUs (postal codes) constituted the market for the newspaper for the purposes of ComBase measurement.
- 6 The total circulation for the paper, if provided, was compared to the total number of households in the EAs. This ratio was the Overall Penetration rate for this paper. (Fig. 8)



Rules for Defining Competitors

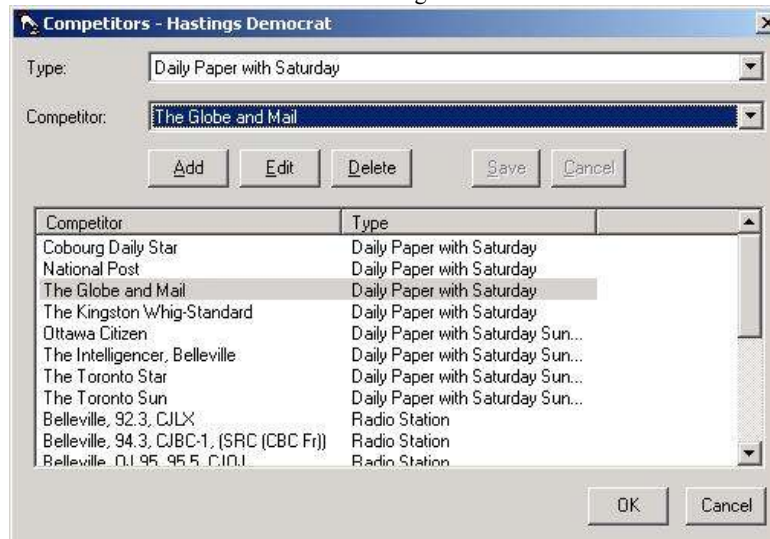
In the process of defining their markets, publishers were asked about their print competitors. With so many community titles, many of which were not members of any media organization and had no published presence on the Web or in libraries, the member-publisher was the initial source of information. For each competitor, members were asked to list

- Competing newspaper's name
- Distribution schedule
- The portions of their own market area in which the competitor distributes

Some guidelines were used to define distribution areas for community newspaper competitors:

1. Where a publisher was unable to provide a distribution area, it was assumed the competitor was distributed in the competitor's named town (if clear) or else throughout the member's distribution area.
2. Only a participating member paper could define their own distribution area. If a member listed another participating member as a competitor, the area of competition was determined by common postal codes provided by participating members for themselves. This would be controlled by CATI programming during the interviewing process.
3. Daily newspapers and radio stations were measured throughout the participating paper's market, based on the publisher's information and available independent data. (Fig. 9)

Fig. 9



Outcome

The results of the national study will be released on October 7, 2003 in presentations to over 1,000 senior media buyers. Though it is difficult to discuss the impact of the research on its intended audience given the timing of the release, we can extrapolate from the reaction to the Pilot. Some members measured in the Pilot have already enjoyed significant increases in national advertising revenues, as agencies began to use the data via media planning software.

Of all the newspapers measured in the Pilot, the Red Deer Express became its most enthusiastic proponent, quickly using the data to their advantage. That newspaper soon incorporated pilot research statistics into a glossy, well-produced media kit, the contents of which were mirrored on their website. Notably, the Red Deer Express advised that “National advertising placements are up 70% over the prior fiscal year. We attribute a healthy share of this increase to readership results provided by the Combase pilot study of the Red Deer market.” The agency confirmed that the client would only consider media that could provide standardized readership data and that other newspapers could have received the campaign had they been able to provide such data.

Various media directors’ councils endorsed the study and recommended to non-participating publishers that they join the national study. As a direct result of this support from the buying community, another 36 newspapers recently signed up for measurement, with interviewing to begin this month. Further, ComBase is developing membership rules that may bring ethnic and alternative newspapers into its fold allowing it to offer standardized, multi-language audience data, something currently not available in Canada.

Conclusion

Beyond the jargon and minutiae of adapting geographic and circulation data from publishers to Census and Postal boundaries, the acceptance of the research by the advertising community hinged on maintaining the standards of readership research. The important aspects of the procedure described here are:

- Title-specific newspaper readership was measured in the defined market in which the paper is available.
- The publishers alone did not decide the markets to be measured. Input on distribution was accepted from the publishers, but had to conform to known Census areas. In most cases, small areas of additional geography were imposed on a paper’s market in order to ensure that the market was more than a random collection of postal codes
- Areas where the publisher distributed an insufficient number of papers (that were not in their central area) were not measured as part of the market.
- Readership is measured regardless of frequency of publication
- Competitors were measured as fairly as possible. If a competitor had only partial coverage of a participating paper’s area, they were only measured in that portion.
- An analyst not intimately familiar with a market can be confident that they are assessing a newspaper’s reach within an area that fairly reflects their market.