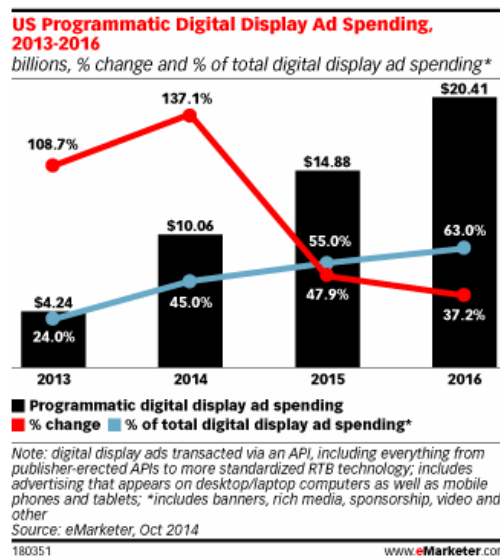


PROGRAMMATIC FOR PRINT BUYING: DEVELOPING INNOVATIVE SOLUTIONS TO CONNECT ADVERTISERS TO PRINT

Lori Jacobs, Time Inc.
Mickey Galin, Julian Baim, GfK MRI

BACKGROUND

Programmatic is one of the hottest buzzwords in today's advertising market. It's a must for successful digital marketing and is transforming the way media is bought and sold. According to new figures from eMarketer, nearly \$15 billion of digital advertising budgets will be spent using programmatic technology in 2015, representing 55% of all digital display advertising spending in the U.S. Spending is leaning heavily toward Travel, Retail, and CPG, with Pharma on the other end of the spectrum, and Auto and Financial somewhere in the middle. eMarketer expects significant increases ahead, fueled by build-out of private marketplaces, programmatic direct deals, and continued growth in mobile and video advertising. Spending is expected to increase another 48% this year, and by 2016 is estimated to reach \$20.4 billion, or 63% of U.S. digital display ad spending.



New research from Ad Exchanger also shows that publishers continue to adopt programmatic selling. Compared to last year, more inventory is being sold programmatically, accounting for a higher percentage of revenue. They also report that private marketplaces and programmatic guarantees are growing.

TIME INC. DIGITAL PROGRAMMATIC HAS BEEN AROUND FOR YEARS

Time Inc. has recognized the importance in providing efficient cross-platform targeting for global advertisers. In fact, as a first step, in February 2014, Time Inc. partnered with Google to launch the Time Inc. Global Exchange, one of the largest premium programmatic ad exchanges. The exchange gives marketers programmatic access to Time Inc.'s global digital footprint of 155 million¹ consumers. Andy Blau, SVP & Group GM, Time Inc. Advertising Sales recently said:

"We've been focused on programmatic for some time now, but with the launch of the Time Inc. Global Exchange, we're betting on the untapped potential Time Inc. has in this space."

The Time Inc. Global Exchange brings together all of Time Inc.'s U.S. and UK brands into a single network. By aggregating all our brands together we can offer customized solutions for our clients. Scale, along with diverse content and a premium environment offers advertisers an attractive solution for reaching their best customers.

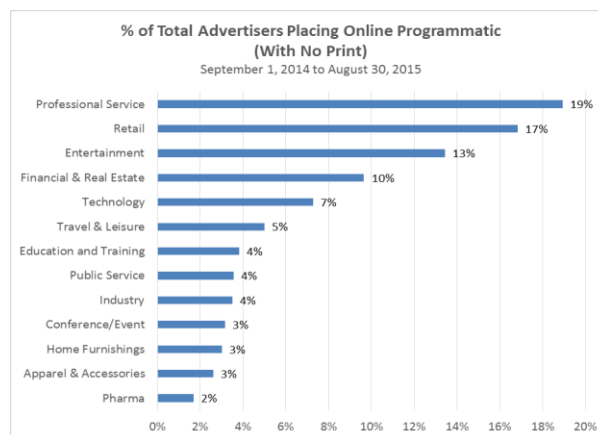
¹ Time Inc.'s Global Multi-Platform audience is reached by adding the World Wide Media Metrix Desktop/PC audience + Mobile exclusive audiences from Media Metrix Multi-platform data from those regions where comScore has published estimates (i.e. U.S. & UK). All data is from July 2015 comScore.

WHY NOT BUY PRINT THE SAME WAY YOU BUY DIGITAL: INTRODUCING PRINT PROGRAMMATIC

It is no secret that the print industry has been challenged by some advertisers as they discuss moving ad investments from print to digital. To explore this investment shift, Time Inc. did an analysis of Kantar Media data among the universe of advertisers running in consumer magazines or internet display over the past two full years (2013-2014). Through this analysis, Time Inc. found that while 5,422 advertisers dropped their print investment, 76,712 advertisers were new to internet display advertising. While the information available for this review could not provide all the answers, the analysis did find that **at least** 300 of the 5,422 advertisers (or almost 6%) who eliminated their print investment seemed to have moved investment to digital.

While the losses to print are indisputable, there is a flipside to the coin which relates to the potential that the programmatic marketplace presents to print. According to MediaRadar, 61% of all digital advertisers do not advertise in print. That equates to 99,347 advertisers who do not currently buy print ad space. This is a large potential prospect pool that the print industry must go after. Making print ad space available on programmatic platforms at least offers an entry point to these advertisers.

Additionally, the data available indicates that the top 5 product categories that place online programmatic advertising and place no print advertising are: Professional Services, Retail, Entertainment, Financial & Real Estate and Technology. These categories alone represent 66% of all brands.



Source: MediaRadar September 1, 2014 to August 30, 2015

In February 2015, Time Inc. announced the launch of an innovative approach to buying print ad space - Print Programmatic. Print Programmatic complements digital programmatic in providing a cross-platform solution for turnkey, audience buying. Through its Print Programmatic offering, Time Inc. allows marketers to buy print ads with the same automated technology used to buy digital ads. This type of deal, where a computer facilitates the transaction rather than human/direct buyer and seller interaction, is referred to as programmatic ad buying.

The main benefit of Print Programmatic is to drive ad sales across platforms. Through its Print Programmatic offering, Time Inc. launched six audience segments, each corresponding to a similar digital segment. The original six print segments introduced were:

1. Women
2. Men
3. Business/Finance
4. Luxury
5. Rapid Scale
6. Lifestyle

At the same time, the Print Programmatic solution allows Time Inc. to expose digital buyers to print rates, which as outlined below are not as different to digital rates as the market might think.

Currently there is a misconception that print ad rates are much more expensive than digital ad rates. Print CPMs are traditionally calculated based on guaranteed circulation or ratebase, while other media CPMs are based on audience. Creating apples-to-apples metric or audience-to-audience CPM is a more valid comparison.

The example we are using is that if you calculate the CPM of the Rapid Scale audience segment, which is made up of People, Entertainment Weekly, Sports Illustrated and Time, the resulting audience CPM of \$6.50 per 1,000 readers is very

similar to the \$4 CPM seen in digital. \$6 is a very common CPM in the world of digital for premium buyers; the prices are not very far apart. Not only are we making print easily accessible, but it's also affordable for buyers.

PROGRAMMATIC SEGMENTS	PRINT AUDIENCE CPM'S	DIGITAL RATE CARD CPM'S
WOMEN	\$8.75	\$6.00
MEN	\$14.00	\$6.00
LUXURY	\$9.00	\$6.00
RAPID SCALE	\$6.50	\$4.00
LIFESTYLE	\$9.00	\$6.00
BUSINESS/FINANCE	\$9.00	\$6.00

Through Print Programmatic, Time Inc. is selling guaranteed audience segments as opposed to circulation guarantees. Sales of an individual title are not available programmatically; that is, these segments leverage the efficiency of multiple titles reaching the segment to reach the specified audience.

In July 2015, Time Inc. expanded to Print Programmatic 2.0 by introducing an additional 15 audience segments:

1. Moms
2. Pet Owners
3. Beauty
4. Tech Savvy
5. Family Travelers
6. Sports Enthusiasts
7. Fashion Followers Total
8. Fashion Followers Women
9. Young Families
10. Health Conscious
11. Influentials
12. Active Lifestyle
13. Auto Intenders
14. Foodies
15. Media & Movies

HOW PRINT PROGRAMMATIC WORKS: TECHNOLOGY USED TO DELIVER DESIRED SEGMENTS

The Print Programmatic platform, which ad-tech firm MediaMath helped develop, is nearly identical to the one Time Inc. uses to sell digital ads. MediaMath is an enterprise software solution that marketers can use to manage their digital spend. Media-buying agencies can use the platform to select the audience they want to reach, from "luxury," and "women," to "Beauty," "Fashion Followers", "Foodies", and "Pet Owners". Each segment has an estimated audience of 15 million to 46 million. Time Inc. fulfills the audience buy for these segments by placing ads across magazines that over-index in the targeted segment based on GfK MRI's National survey. Media buyers don't know in which magazines their ads will run, only that they will appear in one or more of the magazines in the audience segment. Like its digital cousin, Print Programmatic 2.0 targets are based on the consumer and the promise to reach a certain "audience" – again, a departure from print's guarantees based on "circulation" or "ratebase".

The chief difference between print and digital programmatic is the data available for targeting. Currently marketers cannot apply their own audience data when buying print on the programmatic exchange.

5 EASY STEPS FOR DIGITAL BUYERS:

1. Click on Deal Discover: Discover and purchase automated private marketplace and programmatic guaranteed publisher deals
2. Select Time Inc. Network - Print
3. Select Audience Segment (i.e. Women's Segment)
4. Configures Deal (select audience level, from 5 million to 55 million)
5. Submit Proposal

After the digital buyer selects the Women's Segment (as an example), they are then prompted to select an audience level. Time Inc. then guarantees that audience level and magazines are selected. After the campaign runs, Time Inc. uses GfK MRI Starch/AdMeasure data to report the aggregated issue audience of the campaign to see if the audience guarantee is met.

A post-campaign measurement of the advertising is then sent to the advertiser using GfK MRI Starch/AdMeasure Survey to see how many readers noted the ad and if the reader took any action as a result of seeing the ad.

BENEFIT TO ADVERTISERS

This solution offers benefits of mass scale of print and targeted messaging through digital. Digital audience segments can be matched with print programmatic segments.

Today, marketers are demanding greater accountability. With Print Programmatic Time Inc. will guarantee the issue audience delivery of the campaign and will also provide advertising effectiveness metrics to the advertiser through GfK MRI’s Starch Admeasure data.

The large retailer, Target, was the first advertiser to buy ads from Time Inc. in this manner. Target's media agency, Haworth, handled the deal buying ads in the Women Segment (*InStyle, People StyleWatch, and Real Simple*) which was selected at an audience level of 20 million. While both Time Inc. and Target have been actively using programmatic systems for digital ad campaigns, the automated purchase of print is groundbreaking.

Per the post campaign report below, the three insertions delivered a total Women Adult Audience of 20,094,000. The original guarantee was set at 20,250,000 with a 5% cushion (per our Print Programmatic terms and conditions). As the table below indicates, the issue-delivery exceeded the average-issue delivery but under-delivered against the guarantee by 156,000 or less than 1% (0.77%); this difference is well within the pre-defined cushion of 5%.

Magazine/Advertiser Detail Report 7/1/2015 - 7/1/2015 - Base: Women

Magazine	Issue Date	Page #	Size/Color	Average Issue Audience (000)	Issue Audience (000)	Noted (%)	Any action taken Noters (%)
People StyleWatch	07/01/2015	57	1P4	4,584	4,757	60	47
In Style	07/01/2015	161	1P4	8,510	7,095	64	54
Real Simple	07/01/2015	124	1P4	6,605	8,242	71	54
Grand Total / Average	3 Issues			19,699	20,094	65	52

HOW DO WE MEASURE THE DELIVERY AND AD EFFECTIVENESS FOR THESE 15 TARGETED SEGMENTS?

Given the nature of the original 6 segments introduced through Print Programmatic, audience guarantees and resulting ad effectiveness was relatively simple to define and deliver – not the case for the 15 additional segments launched in the 2.0 offering. For that reason, Time Inc. partnered with GfK MRI to come up with a methodology for measurement. For the purpose of this paper the Pet Owners segment is used as an example.

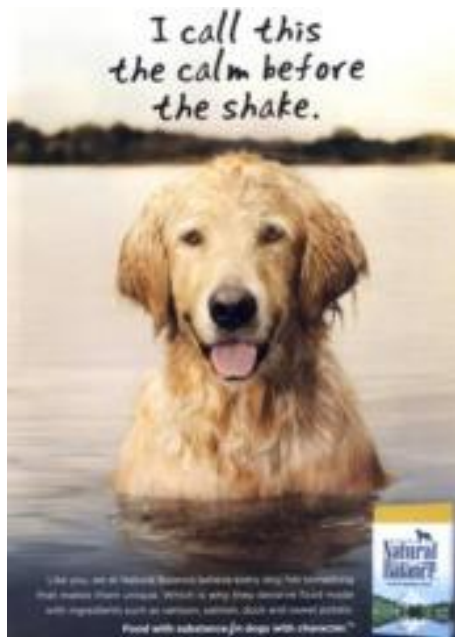
AD IMPACT MEASUREMENT

As a means to simulate the prospect of providing ad effectiveness by target to advertisers taking advantage of the Print Programmatic offering, Time Inc. and GfK MRI set about to run a series of custom questions in Starch studies to isolate pet owners in 3 Time Inc. issues running at the end of the summer 2015 – People magazine’s July 27th and August 3rd issues as well as the August issue of Cooking Light. By querying Starch respondents in these three surveys about their pet ownership, we could explore two dimensions of interest:

- (1) The incidence of pet owners responding to these Starch surveys vis à vis incidence levels released through the GfK MRI Survey of the American Consumer and the GfK MRI Issue-Specific study
- (2) The potential difference in ad receptivity – Starch noted and actions taken scores – for the target vis à vis general respondents to the surveys

GfK MRI Starch ran standard Starch surveys for these three issues, measuring all nationally running ads of 1/3 of a page or larger. Across these three issues we measured 13 pet related ads– 1 ad in the July 27th issue of People, 5 ads in the August 3rd issue of People and 7 ads in the August issue of Cooking Light.

Below is an example of one of the ads running in the August issue of Cooking Light.



For the purposes of our simulation, the two custom questions incorporated into these surveys were:

- (1) Does your household own a pet? Yes/No
- (2) (If yes) What pet or pets does your household own? (select as many as apply)
 - Dog
 - Cat
 - Other (birds, horses, etc.)

In its Survey of the American Consumer, GfK MRI asks respondents whether they own a pet probing for specific pet types and number of pets. In the Spring 2015 survey, about 57% of American adults indicated that they owned any pet; about 58% of Cooking Light readers and about 60% of People readers indicated that they own a pet.

The following table presents the findings from asking Starch respondents – readers to specific issues of People and Cooking Light – about pet ownership. The data demonstrates our ability to easily isolate readers by different targeting characteristics.

Issue	Pet Ownership – Starch Survey	Pet Ownership GfK MRI Survey of the American Consumer (Spring 2015 Report)
People – July 27 th	66%	60%
People – August 3 rd	71%	
Cooking Light – August	74%	58%

In order to estimate the number of pet owners who read or looked into these three issues respectively, GfK MRI integrated results from its National study (The Survey of the American Consumers) and its Issue-Specific studies. The National study provides the overall estimate of pet ownership for three specific age groups: ages 18-34, 35-54 and 55+. The Issue-Specific study generates the total audience for these three issues and their audiences for these three specific age cohorts. Using incidences of pet owners from the three age categories, respectively, GfK MRI developed an estimate of total pet ownership for each of the three issues. We then applied the ad noting and actions taken percentages from GfK MRI Starch studies to estimate the number of pet owners who noted an ad or took an action as a result of noting the ad.

Three examples of this procedure are shown in the following tables:

Example 1: Estimated Pet Owner Noting Ad 1 (People 7/27)

	People Avg. Issue	Pets - All Any	Incidence	Issue Specific: People Audience 7/27	Estimated Pet Owners	Starch Ad Noting Score Among Pet Owners	Estimated Ad Noting Audience Among Pet Owners
	(000)s	(000)s		(000)s	(000)s		(000)s
People: Ad 1 (7/27)	41,733	25,190	60.36%	54,530	32,853		21,702
Age 18-34	13,037	7,761	59.53%	16,230	9,662	50.2%	4,850
Age 35-54	15,290	10,349	67.68%	19,936	13,494	71.7%	9,675
Age 55+	13,406	7,080	52.81%	18,363	9,698	74.0%	7,176

Example 2: Estimated Pet Owner Noting Ad 2 (People 8/3)

	People Avg. Issue	Pets - All Any	Incidence	Issue Specific: People Audience 8/3	Estimated Pet Owners	Starch Ad Noting Score Among Pet Owners	Estimated Ad Noting Audience Among Pet Owners
	(000)s	(000)s		(000)s	(000)s		(000)s
People: Ad 2 (8/3)	41,733	25,190	60.36%	47,825	28,995		12,238
Age 18-34	13,037	7,761	59.53%	15,594	9,283	32.3%	2,998
Age 35-54	15,290	10,349	67.68%	18,085	12,241	59.8%	7,320
Age 55+	13,406	7,080	52.81%	14,146	7,471	25.7%	1,920

Example 3: Estimated Pet Owner Noting Ad 3 (People 8/3)

	People Avg. Issue	Pets - All Any	Incidence	Issue Specific: People Audience 8/3	Estimated Pet Owners	Starch Ad Noting Score Among Pet Owners	Estimated Ad Noting Audience Among Pet Owners
	(000)s	(000)s		(000)s	(000)s		(000)s
People: Ad 3 (8/3)	41,733	25,190	60.36%	47,825	28,995		17,543
Age 18-34	13,037	7,761	59.53%	15,594	9,283	63.6%	5,904
Age 35-54	15,290	10,349	67.68%	18,085	12,241	66.4%	8,128
Age 55+	13,406	7,080	52.81%	14,146	7,471	47.0%	3,511

Once we isolate different readers by profiling dimension, we can, by extension, evaluate whether different types of readers have differing levels of receptivity to specific ads. Do pet owners remember seeing ads (Starch noted score) at a different rate than readers of an issue who don't own pets? The table below compares the ad receptivity scores measured in the 3 Starch surveys included in this simulation.

Issue	Ad	Overall Noted Score %	Noted Score Pet Owners %	Noted Score Non-Pet Owners %
People July 27	Ad 1	50	66	27
People August 3	Ad 1	32	41	10
	Ad 2	48	60	20
	Ad 3	48	53	35
	Ad 4	37	48	19
	Ad 5	34	42	21
Cooking Light August	Ad 1	63	63	62
	Ad 2	57	63	41
	Ad 3	58	61	44
	Ad 4	52	57	33
	Ad 5	60	65	50
	Ad 6	56	58	49
	Ad 7	63	70	47

In basically all cases, the data confirms that pet owners are more receptive to the pet ads than non-pet owners. (In only one instance, Ad 1 in the August issue of Cooking Light, the rate at which pet owners and non-pet owners noted the ad was basically the same.) This is good news for pet product advertisers who are running ads in given issues. Additionally, the ability to drill down to the ad receptivity for the particular target provides Time Inc. the opportunity to deliver to the advertiser a transparent and powerful accountability metric.

While the pet ads that we included in this simulation were not bought through the Print Programmatic offering, this exercise demonstrates how by using GfK MRI Starch AdMeasure surveys, Time Inc. and other clients can incorporate custom questions to drill down to specific targets of readers. This more granular data can then, in turn, be used to filter the ad receptivity data produced by Starch to evaluate differences by consumer groups.

TIME INC. IS NOT STOPPING AT 2.0

As Print Programmatic gains traction, Time Inc. expects other magazine media companies to jump on board, and welcomes competition on the theory that more participants will create a marketplace. The big hurdle isn't targeting or delivering a targeted campaign, but measuring them accurately. Estimating a total audience for a targeted buy that includes pass-along readership is a challenge. We will continue to work with GfK MRI, and hope to test Print Programmatic 3.0 in the near future.

REFERENCES

US Programmatic Digital Display Ad Spending 2013-2016: eMarketer, October 2014

State of Programmatic: 2015 Ad Exchanger

Print and Digital Advertising Spending: Kantar Media FY 2013 and 2014

Advertisers Placing Online Programmatic with No Print: MediaRadar September 1, 2014 to August 30, 2015