NEW RESEARCH DEMONSTRATES THE VALUE OF VARIOUS PRINT SUBSCRIPTION SOURCES

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In an MPA report focused on the value of magazine readership, Debbie Solomon a Senior Partner, Group Research Director, MindShare asserted:

> *What is important is how readers read the magazine, not how they obtained the copy or the price they paid.*

Solomon's assertion aside, a longstanding industry perception of magazine subscriptions is that not all subscriber sources are of equal value. This perception, in turn, has provoked some advertiser agencies to put pressure on publishers in the form of credits for circulation that comes from sources of perceived lesser-value.

In 2016, Time Inc. and GfK MRI in the US conducted work that addressed this assertion. Database matching efforts afforded us an efficient and effective approach for bringing together disparate databases in order to query this perception and, in the end, dispel the long held devaluation of non-direct subscribers. This paper will describe our research and share results regarding the value of non-direct subscriptions in terms of profile and engagement. We will start by providing some background into the various subscription sources included in this analysis. The paper will then describe the approach taken and results.

BACKGROUND: WHAT ARE NON-DIRECT SUBSCRIPTION SOURCES?

There are various ways consumers get their magazine subscriptions. The most common way is "direct from publisher" or "individual" subscriptions. These are most commonly known as paid subscriptions and will be referred to as "Other Paid" subscribers in this paper as it includes DTP sources as well as other Agent business (e.g. school plans/QSP, Publishers Clearing House, DMI, etc.). Other methods include Partnerships/deductible and customer appreciation program system (CAPS).

- **Partnerships/Deductible:** Targets consumers who are likely to show affinity for a magazine brand and the subscription is sold as part of a bundle of other goods or services, such as cosmetics or apparel. Partnerships are effective in acquiring targeted, high-value subscribers and often involve a choice model where a consumer can choose which magazine they want from various options. The number of Partnership subscribers varies by title and genre of magazine.

  According to AAM (Alliance for Audited Media), the number of Partnership subscriptions has grown almost 70% over the past five years to 14.1 million. About 1/3 of all magazines measured in AAM include Partnership subscriptions. The top 5 are Better Homes & Gardens, InStyle, Shape, Sports Illustrated and Parents – ranging from approximately 600,000 to over 1 million Partnership subscribers.

- **CAPS (also known as Awards Points):** is a program that enables consumers who are eligible for award points, such as frequent flyer miles, to redeem their points for a magazine subscription. Subscribers acquired via Awards Points programs are widely used by the magazine industry because they target attractive consumers: typically active travelers with heavier credit card spend. These subscribers often have coveted demographics and the subscriptions are personally selected and "paid" for by the subscriber, using the points as currency.

  CAPS subscriptions are also growing and total about 8.6 million subscribers, according to AAM. This is about half the number of Partnership subscribers. The top 5 magazines are Game Informer Magazine, People, Time, Cooking Light and Health - ranging in size from almost 300,000 to over 1.6 million.

- **Arrears/Grace:** In addition to Partnership/deductibles and CAPS, our analysis included Arrears/grace subscribers. Rather than a specific source of new subscriptions, the term "arrears/grace" refers to subscribers who didn't renew an expiring subscription, and instead were sent free or "grace" issues of the magazine beyond the last issue they were scheduled to receive. This is a strategy employed selectively by some titles to fill short-term shortages in their promised advertising ratebase. Customers who receive magazines in arrears are specifically targeted due to their proven history of engaging with a magazine's content. These readers are demographically very similar to existing paid subscribers. An analysis of Time Inc.'s database of subscribers shows that those people who are given a time extension re-subscribe to the specific title 20% to 45% of the time.

As attractive as these non-direct subscribers appear, for years publishers, including Time Inc., have felt pressure from agencies and advertisers to justify the value of non-direct subscription sources. Given the richness of data available to magazine publishers today, Time Inc. developed a research concept to address this issue that involved overlaying data from different databases. Additionally, both Time Inc.'s and GfK MRI's prior experience with database matching for insights had demonstrated to us the power behind this approach.

With databases such as GfK MRI's Survey of the American Consumer ("National Study") and Starch Print Ad Effectiveness we recognized an opportunity to evaluate the demographic quality of subscribers, their consumer behavior and their engagement to advertising. Accordingly, we set out to find out if the GfK MRI databases could be leveraged to help us explore the value of different subscription streams.

APPROACH TO MATCHING:

For this project, we sought to match the Time Inc. subscriber database to GfK MRI's National Study and, separately, to the GfK MRI Starch Print Ad Effectiveness study. Each of these studies was well suited for different aspects of the analysis.

GfK MRI's National Study is considered the currency for magazine audience estimates in the U.S. Demographic and media data (including magazine readership and engagement measures) are collected via personal interview, conducted with a probability sample in respondents' homes. In addition, product usage (including more than 500 product categories), lifestyle and attitudinal data are collected in a self-administered questionnaire. The National Study's Doublebase (the database used for this analysis) is comprised of two years of data and includes ~48,000 respondents.

The Starch Print Ad Effectiveness study is an online study, conducted with respondents from three large national panels. The Starch methodology measures all national magazine ads, 1/3 of a page or larger, for more than 140 titles. Among other information, Starch collects the following key engagement metrics: "noted" (percent of readers who remembered seeing the ad) and "actions taken" as a result of seeing the ad. Starch conducts ~480,000 surveys annually and each survey taker is asked about their ad recall and engagement for a single title/issue. Given the robust sample sizes from both of the GfK MRI databases, the option of matching the Time Inc. subscriber databases to these others seemed possible and could potentially yield the answers we were seeking.

Time Inc.'s database includes transactional data on 160MM U.S. individuals across all Time Inc. products. For the matching and analysis, Time Inc. selected a subset of active subscribers at random in each of the four subscriber groups: CAPS, Partnerships, Arrears/Grace, and Other Paid subscribers. For ease of match/analysis, Time Inc. de-duped these subscribers within each source group and across groups before matching. Subscribers were then selected only if they were on the Time Inc. file during the same time period as the MRI Doublebase fieldwork.

We performed two matches in total reflecting the two levels of analysis – (1) Time Inc. database with GfK National Study for demographic profiling and consumer behavior and (2) Time Inc. database with GfK MRI Starch for evaluation of ad effectiveness by subscriber segment.
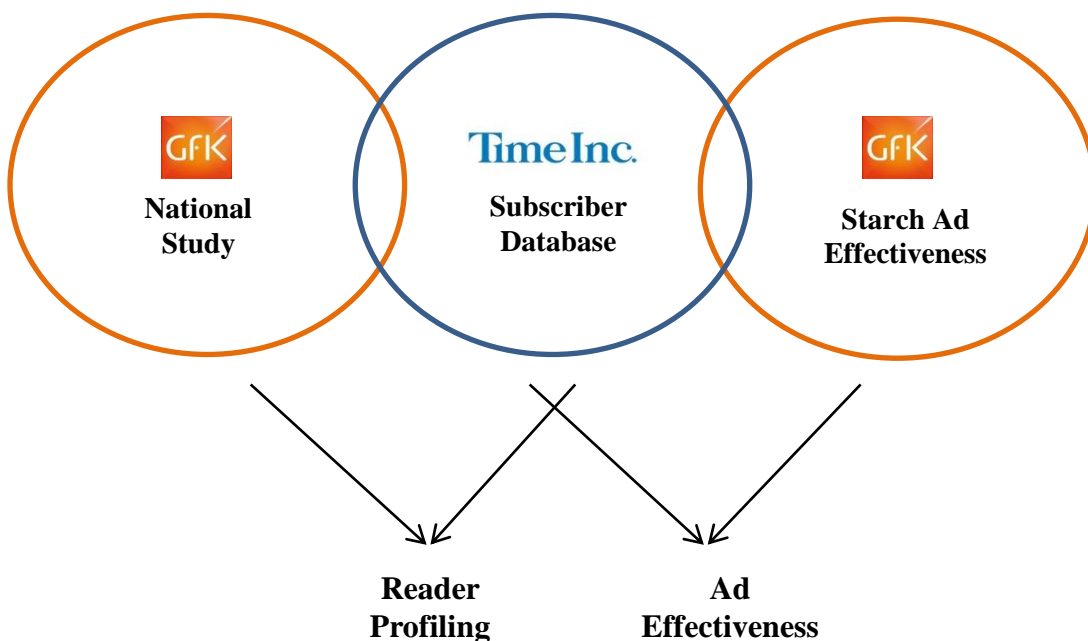
Stage 1: Data Preparation
As a first stage, for each of the two GfK MRI databases, GfK MRI prepared its data for matching. This involved extracting respondent IDs and name and address information to be used for the match. In the case of the National Study, GfK MRI extracted names/addresses/IDs directly from its database. In the case of the Starch database, GfK MRI requested the name and address from the online panel providers used to provide sample for the Starch surveys. GfK MRI and the online panels, respectively, provided the name/address and ID information directly to Acxiom, the third party executing the match. Similarly, Time Inc. provided Acxiom with name/address information for its chosen subset of subscribers.

Stage 2: Match
Once all of the information was provided to Acxiom – from Time Inc. and GfK MRI – the two matches were executed creating two databases of respondents to use for each component of the analysis. The matched IDs were then sent back to GfK MRI for the analysis.

Stage 3: Assess data post-match
GfK MRI loaded the matched IDs onto their databases. In the case of the Starch match, GfK MRI ran the analysis on the subset of respondents matched in stage 2 and shared results with Time Inc. In the case of the National Study match, GfK MRI created and loaded new variables (grouping respondents into types of subscribers) onto the Doublebase dataset and Time Inc. was then able to run the analysis. These analyses will be described and discussed in the results section of this paper.

MATCH RESULTS:

Two years of data in both of the GfK MRI databases were matched with the Time Inc. subscriber database to maximize the number of records potentially matched. The results from the two matches are as follows:

- Match 1 – Time Inc. Subscriber Database to GfK MRI National Study yielded almost 3K matched records.
- Match 2 – Time Inc. Subscriber Database to GfK MRI Starch yielded just over 25K records (where the Starch respondent matched as a Time Inc. subscriber and also took a Starch survey for a Time Inc. title.)

Since the objective of this initial test was an overview analysis of subscriber profiles and engagement, Time Inc. aggregated the data across all Time Inc. brands (or those brands that had subscribers for each source). In future analyses, an investigation into the behavior and/or profiles of subscribers on a title by title basis may also be warranted and informative.

For the National Study match, at Time Inc.'s direction, GfK MRI created data punches for each subscriber source in MEMRI (GfK MRI's software platform). This enabled Time Inc. to crosstab any data point in the MRI Doublebase report (demographic, attitudinal, qualitative, behavioral, etc.) against the subscriber source variables. Each of the four subscriber segment variables had a sample of over 500 matched respondents.

For the Starch data, Time Inc. conducted the analysis among those subscribers who had taken a Starch survey for any Time Inc. title. The match resulted in at least 3,500 respondents in each of the four subscriber buckets. Of note is that while the GfK MRI National Study database has been used for database matching in the past, this was the first endeavor of the sort to use the Starch Print Ad Effectiveness database.

KEY FINDINGS: KEY DEMOGRAPHICS ARE CONSISTENT ACROSS SUBSCRIPTION SOURCES – MATCH 1

The initial phase of Time Inc.'s analysis included a comparison of key demographic targets, such as age, household composition/income, education, and occupation. For the purpose of this paper we highlighted a few key demographics that are important to agencies and advertisers.

We found that Time Inc. Partnership subscribers were more female than CAPS subscribers and both CAPS and Partnership subscribers tended to be slightly younger than Other Paid subscribers. In addition, Partnership/CAPS subscribers were just as likely as Other Paid subscribers to have children in their household and own their own home.
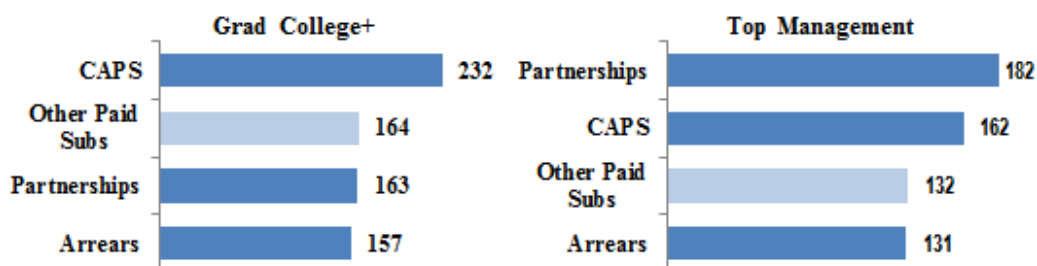
	Male	Female	Median Age
Other Paid Subscribers	33%	67%	54
Partnerships	34%	66%	50
CAPS	54%	46%	51
Arrears	35%	65%	53

The match allowed us to calculate the median household income for CAPS subscribers as $109,682 and Partnership subscribers as $95,169. As the graph below demonstrates, the HHI of these groups is even higher than it is vis à vis Other Paid subscribers whose median HHI is $86,268; Partnerships +15% and CAPS +27% respectively. In addition, all of the subscriber sources analyzed are more affluent than the population at large ($59,979) and the typical magazine reader (i.e. read any magazine, last 6 months -- $65,673).

Median HHI

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CAPS	$109,682
Partnerships	$95,169
Other Paid Subs	$86,268
Arrears	$82,884
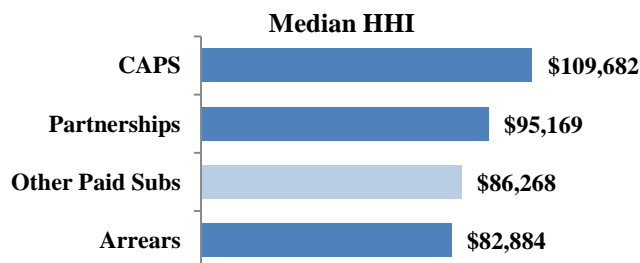
Beyond household income other demographic variables were explored for profiling purposes. Individuals who acquired their subscriptions through CAPS are better educated and more likely to be employed in top level positions than Other Paid subscribers. Compared to the average US adult, age 18+, Other Paid subscribers are 64% more likely to have graduated college or more, while CAPs and Partnership subscribers are 132% and 71% more likely to have graduated college or more (respectively). In addition, CAPS (Index 162) and Partnership (Index 202) subscribers are more likely to be employed in Top Management positions than Other Paid subscribers (Index 132).

(Charts indexed to Adults 18+)

Grad College+

CAPS	232
Other Paid Subs	164
Partnerships	163
Arrears	157

Top Management

Partnerships	182
CAPS	162
Other Paid Subs	132
Arrears	131

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With over 500 product categories in GfK MRI, we were able to understand the purchase behavior and lifestyle of these subscribers. Partnership, CAPS and even Arrears subscribers are more likely than Other Paid subscribers to own a luxury vehicle, fly first/business class, and own a luxury watch. Our analysis also included other general market product categories such as sports, apparel and food. For example, CAPS and Partnership subscribers were just as likely as Other Paid subscribers to participate in golf in past year, spend $1,000+ on apparel in past year, use organic food in the last 6 months and bake 1+ times a month.
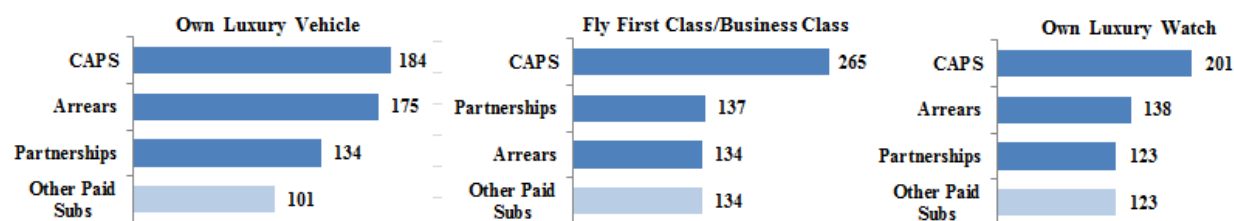
While the non-direct subscribers tend to buy expensive products and services at higher rates, they are also generous consumers and are more likely to give to their favorite charity; Other Paid subscribers Index at 161, compared to CAPS (Index 226) and Partnerships (Index 165).

As we know, consumers with similar demographics can have quite dissimilar attitudes. For instance, adults in the same age group with similar incomes, may have very different attitudes, feelings and purchase experiences. Marketers are increasingly interested in gaining insights into what motivates consumers and use these type of data to go beyond demographics to understand the 'why' that underlies consumer behavior. For that reason, we also examined a range of attitudinal data captured in GfK MRI to see if there are differences in subscriber attitudes. The chart below demonstrates that Partnership, CAPS and Arrears subscribers tended to have attitudes very similar to Other Paid subscribers.

% Agree with the following statements:	Other Paid Subs	Partnerships	CAPS	Arrears
I buy based on quality, not price	67%	69%	72%	67%
I'm a "spender" rather than a saver	43%	41%	35%	39%
I rely on magazines to keep me up to date on fashion	32%	28%	33%	31%
Always first of my friends to try new products & services	26%	29%	28%	25%

KEY FINDINGS: NON-DIRECT SUBSCRIBERS ARE JUST AS ENGAGED WITH THE ADVERTISING- MATCH 2

GfK MRI's advertising effectiveness metrics are known to publishers as the industry-accepted ad rating currency. As mentioned above, this was the first time GfK MRI matched its Starch respondents to another database, and as such, it was an innovative approach to understand ad engagement across different types of magazine subscribers. The results complemented the data from Match 1.

The table, below, shows results for Time Inc.'s analysis of ad noting within the top advertising categories (i.e. those categories with the greatest number of ads measured and/or the greatest number of respondents surveyed). We found that in addition to showing consistent demographics, the Partnership, CAPS and Arrears subscribers appeared to be similarly engaged with the advertising in the magazines, as compared to Other Paid subscribers. When looking at all ads measured, scores for "Noting" the ad (remembered seeing the specific ad) were generally consistent across the subscriber sources. The "Noted" adnorm from Starch for all ads is around 50% with slight variations by product category.

% Ads Noted, by ad category and subscriber group

	CAPS	Partnerships	Arrears/Grace	Other Paid Subs
ALL ADS	**46**	**51**	**53**	**49**
Confectionery & Snacks	56	58	60	59
Jewelry & Watches	51	54	58	58
Ingredients, Mixes & Seasonings	54	58	59	57
Dairy, Produce, Meat & Bakery Goods	51	56	60	56
Beverages	52	57	60	56
Cosmetics & Beauty Aids	51	57	58	54
Prepared Foods	52	55	60	54
Retail	46	53	53	51
Public Transportation, Hotels & Resorts	46	52	53	51
Media & Advertising	44	50	52	50
Personal Hygiene & Health	47	53	52	50
Automotive, Automotive Access & Equip	47	50	52	49
Insurance & Real Estate	47	51	52	48
Direct Response Companies	46	50	54	48
Communications	44	46	51	47
Hair Products & Access	46	52	54	46
Household Soaps, Cleansers & Polishes	47	51	56	46
Pets, Pet Foods & Supplies	41	46	48	43
Computers, Software, Internet	41	43	47	43
Financial	42	42	47	41
Misc. Services & Amusements	39	41	46	41
Medicines & Proprietary Remedies	34	38	41	38

More importantly, Partnerships, CAPS and Arrear subscribers compare favorably to Other Paid subscribers with respect to taking an action as a result of seeing the ad. These actions include purchasing the product or looking for more information about the product. This metric delivers the ROI that print advertisers and publishers are looking for.

% Actions Taken, by ad category and subscriber group

	CAPS	Partnerships	Arrears/Grace	Other Paid Subs
ALL ADS	**47**	**53**	**50**	**46**
Dairy, Produce, Meat & Bakery Goods	61	65	63	61
Prepared Foods	57	60	60	60
Confectionery & Snacks	61	64	64	59
Ingredients, Mixes & Seasonings	59	64	61	57
Household Soaps, Cleansers & Polishes	60	62	63	53
Cosmetics & Beauty Aids	53	62	54	52
Personal Hygiene & Health	55	59	55	52
Beverages	54	57	57	49
Retail	49	55	53	48
Hair Products & Access	50	58	53	48
Media & Advertising	48	49	47	46
Computers, Software, Internet	41	51	50	46
Public Transportation, Hotels & Resorts	51	50	51	44
Direct Response Companies	45	49	49	43
Financial	37	44	42	39
Automotive, Automotive Access & Equip	40	45	41	37
Communications	41	45	42	36
Jewelry & Watches	37	44	44	36
Misc. Services & Amusements	42	43	46	35
Pets, Pet Foods & Supplies	34	43	41	32
Medicines & Proprietary Remedies	36	40	37	31
Insurance & Real Estate	31	34	34	31

CONCLUSIONS

The analysis discussed in this paper was born from an innovative and resourceful approach using database matching to bring together specific pieces of information in distinct databases to answer longstanding, industry questions regarding the value of different types of magazine subscribers. The findings from this work are positive in that they validate the value of different segments of subscribers – the data show that subscribers who obtain their subscriptions through non-direct means have upscale profiles and are often engaged at similar levels as direct, paid subscribers.

Given that in recent years Partnership subscriptions have been on the rise, a more recent initiative has been launched by GroupM in the US that will encompass a broader range of publishers and titles. The objective of this research will be to understand the relative engagement of subscribers receiving issues through the Partnership channel versus all other paid subscribers. A survey based approach will be employed for this study.

Enhancing data for insights by bringing together different databases is growing in popularity and importance around the world. More sophisticated computing capabilities and big databases have combined to make database matching a viable option for insights generation. Whether through fusion or database matching or other similar approaches, these techniques expand our ability to efficiently answer more complex questions that have potentially been around for many years. To name just a couple more examples of this type of work, Time Inc. in the UK has been employing database matching through Viant with some advertisers to enhance their targeting capabilities. GfK has also been working with various companies in the digital space using database matching to explore ad effectiveness within different ad networks. The rise in the importance of Big Data has ushered in a new world where data science and computing are considered even more crucial to facilitate our ability to answer questions. We expect to see and hear about more experiences such as the one which is the focus of this paper.

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The Value of Magazine Readership - Reader Dynamics and Ad Impact on Readers of Paid and Nonpaid Copies: Magazine Publishers of America, 2006