



**MAGAZINE RESEARCH AND AD SALES
PRACTICES AT A CROSSROADS:
IS THE TV MODEL A BETTER WAY?**

A Media Dynamics, Inc. Analysis

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EXECUTIVE SUMMARY

1. Under pressure from their clients, the ad agencies, working with the TV networks, have developed a combination of audience and viewer engagement metrics that advertisers have accepted as a way to improve their return-on-investment (ROI). Magazines are now being asked to follow in the same direction by providing more timely issue-specific audience studies and engagement indicators.
2. Before initiating such a program, publishers should consider the critical differences between TV and magazine ad sales models, and factor them into any new study designs they undertake.
 - a. Specifically, TV buys are based on audience guarantees for the *entire ad schedule*, which the networks insist upon so that they can capitalize on rating overdelivery to counteract any shortfalls, thereby minimizing the need for “make goods.” In contrast, most magazine buys are title- and issue-specific, and publishers are penalized for circulation underdelivery but not credited for overdeliveries.
 - b. TV audience guarantees are only based on the widest demographics (e.g. 18-49, 25-54). When designing new issue-specific magazine audience studies, publishers must consider the consequences if print buyers are allowed to use fine demographic breaks as the basis of future audience guarantees. At the same time, they must realize that making guarantees on unstable audience metrics will increase the likelihood of make-goods. Publishers should think about adopting the TV sales model and guaranteeing total schedule delivery, not issue-by-issue audience. Furthermore, they should be prepared for the significantly higher research costs mandated to create sample sizes large enough for excessive demographic slicing and dicing...or stand firm, as the TV networks do, and guarantee audiences only on broader, more stable demos, such as adults 25-54 or men 18-49.

- c. TV currently employs a three-tier approach to its research (Nielsen ratings + syndicated multi-media services + engagement/ad impact studies). Even with the development of issue-specific magazine research, there will still be a need for multi-media/marketing studies (e.g. MRI, SMRB, J.D. Power, etc.) to supply the additional detail that issue-specific research can't realistically obtain. New engagement metrics that parallel those for TV will also be required. Following TV's three-tier approach would allow publishers to accommodate advertisers' ROI-driven research needs without attempting to obtain unrealistic amounts of detail from the new issue-specific research studies.
3. If publishers make hard decisions when developing the new magazine research metrics, they could boost their profile relative to TV, without inducing additional sales penalties or un-recoupable expenses. For the first time advertiser brand and marketing managers would routinely see timely and ongoing research documenting the excellent branding performance of magazines. The availability of timely data would also produce much-needed buzz in the trade press, vastly improving magazine's collective "share of mind" (relative to TV) among media decision makers.

I. BACKGROUND

Ad agency media executives have long criticized magazines because of the slow pace of their audience research, which, as a rule, is issued annually and is designed to produce generalized average-issue data. The agencies also question the underlying assumption that most issues of a magazine reach approximately the same audiences, both in size and demographics. How can this be, when single copy sales for many publications fluctuate so sharply?

Over the years, several publishers have tried to substitute total audience guarantees for circulation rate base guarantees; however, the agencies have resisted such attempts. Now they are pressuring magazines to be more like TV by providing timelier audience studies with separate findings for every issue, rather than the outmoded average issue compilations.

In May 2006, Mediamark Research & Intelligence (MRI) responded to these demands by beginning an ongoing program of online issue-specific studies with weekly samples of 2,500 respondents. These studies utilize a cover recognition methodology to obtain their issue-by-issue findings and, since MRI prefers to avoid contrasts with its standard recent reading projections, they apply an index that so that the online results and the recent reading results conform. If MRI's recent reading average issue readership estimate for a magazine is 4.7 million adults, and its online finding for a particular issue of said magazine shows 10% more readers than its online study average issue norm, this issue would be credited with 5.2 million readers (the recent reading finding of $4.7 \times 110\%$).

Other researchers have also become involved. Backed by a consortium of major publishers, McPheters & Company's readership.com conducted a beta test between February and May 2006, using a sample of 8,605 adults who responded via a combination of online and mail questionnaires. The study employed a cover recognition technique to obtain issue-by-issue audience claims for 200 magazines, as well as demographic and engagement indicators.

The readership.com study made it clear that average issue measurements mask significant variations in audience size, demographics and responsiveness from one issue to another for many magazines. We have reviewed readership.com's findings for almost 600 issues of 119 magazines and found that, overall, a specific issue's variance from the average issue adult reader "norm" was about $\pm 10\%$ per magazine, roughly 20% of the cases saw variations of 20% or greater, and 25-30% of the cases saw variations of only 0-4%. Similar patterns were noted in a large number of editorial genres. Moreover, there were intriguing demographic, location (in- or out-of-home reading) and engagement level differences, all of which could be attributed to the cover treatment, highlighted subject matter and, one presumes, to the inherent appeal of each issue's editorial content. Not surprisingly, MRI has also reported similar degrees of differentiation in reviews of its issue-specific findings relative to its average issue estimates.

The magazine industry seems committed to moving in the direction of timelier issue-specific reporting, and the Magazine Publishers of America (MPA) has initiated an Advertising Research Foundation (ARF) investigation about how this can best be accomplished. The real question, however, is not whether issue-specific audience surveys can be conducted—of course they are feasible, given the requisite financial support. And doubts about methodological issues can also be resolved. Of a far greater significance, is *how* such data would be utilized, since this could have a major impact on the survey's design. Equally important, publishers must also consider how their ad sales practices will be affected, or whether they should be modified if issue-specific research becomes the industry standard.

II. THE MARRIAGE OF NECESSITY BETWEEN RESEARCH & AD SALES: HOW TV'S APPROACH COMPARES TO MAGAZINES

Designing a new issue-specific magazine audience study cannot be viewed as an abstract theoretical research exercise. Since the primary function of issue-specific readership estimates will be to execute and police media buys—à la network television—it is important for publishers and ad agencies to consider critical differences in ad sales practices between magazines and network TV, and how these can affect the new study design.

A. The Television Ad Sales Process

Over 80% of network TV ad time is sold each year in annual upfront auctions, and the remainder is disposed of in quarterly “scatter market” transactions. Most upfront negotiations are multi-brand “corporate” buys with a single agency-of-record (AOR) handling the assignment, in order to optimize the cumulative buying clout of the brands’ pooled budgets. Contrary to a long-held myth, this does not assure a corporation of obtaining the best (lowest) CPMs. Rather, it allows the brands to appear in the *kinds* of shows they want, *when* they need the media weight, instead of taking pot luck in the scatter market, where desirable program availability is uncertain and CPMs fluctuate wildly.

The process is well organized. Before the spring upfront negotiations commence, each advertiser’s media executives poll their marketing divisions and/or brands about their gross rating point (GRP) needs for the upcoming 12-month season, which begins in the fourth quarter. Guidelines are provided as to what these rating points will probably cost for every relevant daypart and network type for the key corporate buying “demo,” which, invariably, is broadly age-/sex-based (e.g. adults aged 18-49, men aged 25-54).

Many brands have narrower targets or may prefer to give different segments of the population varying sales potential weights, but such inputs are not part of the formal negotiating process, since the networks refuse to make guarantees on them. Because the buyers feel they must protect themselves against unexpected rating “surprises,” and

guarantees are the only way to accomplish this goal, they accept the networks' dictates; consequently, all-inclusive "demos" like those mentioned above are the norm, on the grounds that smaller, more selective demographics could not be measured as reliably by Nielsen.

Digesting all of the client's brand inputs, the AOR's buying group collapses the individual requirements into a giant tally of GRP needs, sometimes in week-by-week detail, for all dayparts and network types. Then, after evaluating the networks' program schedules in light of recent rating trends and with more subjective appraisals of new program introductions, the agency and networks begin the buying/selling process.

Let's look at an example. In the case of broadcast network primetime for a given client, the AOR may need 10,000 adult 18-49 GRPs for the 4th quarter, 7,500 for the 1st quarter, 7,000 for the 2nd quarter and 8,500 for the 3rd quarter. Within these parameters there may be monthly or weekly goals as well. The various networks are invited to submit packages of programs with specific telecast dates, as they bid for various portions of the total primetime buy. The agency may suggest particular shows or showtypes it would like to include or exclude, but the networks have the final say, as they submit one proposal after another for consideration. Finally, when a network receives an approved order, it is for a specific schedule of shows and air dates, with a quarterly GRP guarantee for the entire package, agreed to by both parties. It is understood that there will be program cancellations and timeslot changes, and the buyer has the option to retain his spots on the particular dates and times originally specified, no matter what shows ultimately air. Alternately, the buyer can negotiate new locations for his spots when a program on the original schedule is cancelled or moved to another timeslot.

Once the season begins in late September or October, buyers and sellers monitor the performance of every show and telecast using average commercial minute (plus 3-day DVR delay) viewing estimates that are available from Nielsen within a week of air dates. The buyers and sellers, however, approach such reviews with different agendas. The buyer's goals are to ensure that his total GRPs are attained or exceeded. If not, the buyer wants

compensation—usually make-goods—as quickly as possible so that, from a marketing perspective, the client’s audience is attained *when* it is needed. In contrast, the network sales executive wants to capitalize on any GRP overdeliveries that may occur; therefore, the longer she waits before granting make-goods, the better her chances are of minimizing make-good concessions. In the meantime, spots that might be granted as make-goods can be sold to other advertisers for cash sometimes at higher CPMs.

The key point is that even if a buyer feels that the ratings for a given show his spots appear in are lower than expected, this carries little weight with the network. Though the anticipated performance of each program was part of the calculations made by both parties, *show-by-show ratings are not guaranteed*. The *collective GRPs of all the shows* in the package the buyer purchased are all that the network promised to deliver.

With the exception of certain sports/sponsorship franchises, high profile “specials” and the like, the same rules apply to most broadcast dayparts, as well as to syndicated or cable buys. In recent years, however, other aspects have been factored in, including a new audience metric, “commercial ratings,” and the application of various engagement indicators. The latter address advertiser concerns about commercial avoidance, or zapping, by enabling their time buyers to place higher value on attentive or involved viewers who are deemed more likely to watch commercials. In such pacts, a network, syndicator or cable channel guarantees not only GRPs based on some broad demographic, but also the proportions of said viewer impressions that are “engaged” with the program content.

Engagement can be defined by the network and agency in many ways. In some cases, viewers are characterized as engaged by virtue of their degree of attentiveness to the programs they watch. In others, consideration is given for some form of loyalty factor (how many of the last four episodes were seen, time spent watching, etc.) or subjective evaluations such as the extent to which a viewer “likes” the shows. Indicators of advertising impact may also be factored into the equation, either individually or in combination with engagement metrics.

Once an agency and its client have agreed upon an engagement definition they feel is a meaningful indicator of audience involvement and, hopefully, advertising exposure or awareness, the networks are briefed on these specs and discussions are held regarding how they will be applied to future buys. Assuming that the network(s) agree, historical data using the same indicators are studied by both buyers and sellers and eventually a modified form of guaranteed delivery is negotiated for the upcoming TV ad schedule.

The application of engagement metrics is a fairly straightforward operation, relying on ongoing qualitative surveys in combination with Nielsen ratings to generate its “currency.” For example, a network may guarantee a buyer 7,000 adult 18-49 rating points; if 80% of this network’s viewers are defined as “engaged,” the guarantee translates to *5,600 engaged viewer rating points* (7,000 x 80%). A rival network competing for the same buy, but with an engagement factor of only 70%, would have to offer 8,000 audience-based adult 18-49 rating points at the same price to be competitive on the engagement scale.

B. Television’s Three-tiered Research Model & Its Relationship To Ad Sales

Three tiers of research have been developed to facilitate the media planning and buying process, as well as enhance ad sales for the TV networks. First and foremost are the Nielsen ratings, which are available shortly after each telecast for all broadcast network, syndicated and national cable programs. These provide average commercial minute audience plus three-day delayed DVR viewing estimates by key demographics (primarily sex and age) for the total TV population aged two and older. If needed, ratings can be analyzed for specific commercials or adjacent portions of the programs, but this is a relatively rare occurrence.

Since it is impractical and potentially foolhardy to burden Nielsen’s peplemeter panelists with requests for detailed mindset, product use and related data, the second tier in television’s research hierarchy addresses this area with syndicated multimedia/marketing services. For example, MRI obtains less timely (compared to Nielsen) but nevertheless useful estimates of viewing on a show-by-show basis for a large number of broadcast network, syndicated and cable programs, along with information from the same respondents about marketing behavior, lifestyles, attitudes, the use of other media, etc.

While MRI's TV program viewing estimates tend to vary from Nielsen's quantitatively, due to the vagaries of its respondent recall methodology, the two services generally parallel each other on viewer demographics. As a result, when making media recommendations to their clients, media planners can use MRI data to evaluate TV program genres, dayparts and network types in marketing terms, as a refinement over Nielsen's demographics. In other words, if a particular cable channel or program genre is, per MRI, consistently above the norm in targeting heavy users of a client's product or service, the planners may request that the buyers consider this in making their purchases. In some cases, the channel may even be allocated a pre-set portion of the ad budget due to its targeting capabilities or image-enhancing attributes.

The third tier in TV research concerns the quest for more engaged audiences—the assumption being that viewers who are deeply involved with a show are more likely to watch its commercials. Obviously Nielsen can't ask its panelists how much they liked each show they watched, let alone query them on each ad that ran in the show. And, although MRI and others obtain an attentiveness indicator in their studies, they are not telecast-specific, are not reported in a timely manner, and are subject to varying interpretations, causing many agencies to seek other sources for tighter, more ad-relevant measurements.

To fill this need, agencies have been turning to the Intermedia Advertising Group (IAG), which, interestingly, has just been acquired by Nielsen. IAG conducts online studies in which respondents who claim to have seen specific telecasts of broadcast TV or cable shows are quizzed about program content and the ads that appeared during the show. Using IAG's findings, an advertiser can establish how "involved" viewers are with a given TV show (or, in aggregate form, with genres of shows, types of cable channels, etc.) and determine whether the ensuing "engagement" quotients translate into better advertising recall or intent-to-buy metrics for the ads themselves.

An increasing number of upfront TV buys are using IAG-style or similar engagement factors as part of the formal guarantee process. As noted earlier, a network relies on timely Nielsen ratings with broad demos to account for audience-based GRP guarantees. In addition, it

obtains program liking, content recall and/or ad recall scores—all with the agency's agreement—from IAG. The resulting engagement factors are melded together with the audience counts to create modified GRP guarantees. Once the season unfolds and new measurements take place, the results are monitored by buyers and sellers to determine whether the network delivered the engaged GRPs it promised.

C. How The Magazine Ad Sales Process Differs From Television Regarding Guarantees

The magazine ad sales model differs from that of television in several critical aspects. Since a significant proportion of magazine titles are editorially focused on key consumer interests (e.g. parenting, business, fashion, travel, etc.), media planners and their clients have traditionally selected many publications specifically on the grounds of “editorial compatibility,” in addition to demographics, CPMs and other variables. As a result, magazine negotiations are conducted on a book-by-book basis, as dictated by the planners in conjunction with their client's brand and media management. In contrast, most TV buys are based on audience and/or engagement tonnage, and the ultimate decision about which shows are included is based on negotiations between the buyers and sellers. Media planners and brand managers rarely have a say in such matters until corporate buys are finalized and the spoils are allocated to individual brands.

Agency buyers have also imposed an “accountability” system on publishers that is quite different from television. Traditionally, average issue audience studies are utilized to define demographic/product use correlations and how one book's CPMs compare to another's, along with intangibles like reader involvement, value-added deals, etc. However, once a buy is made, the buyers switch to another “currency,” using ABC's circulation reports to track each publication's circulation levels relative to the “rate base” guaranteed by the publisher. Invariably, when the paid circulation levels for issues carrying the client's ads drop below the rate base, the buyer demands compensation for the “shortfall.” As a result, magazines, much to their disadvantage, grant compensation for issue-specific circulation deficits, based on generalized rate bases without insisting on credit for overdeliveries, if they occur.

In contrast, the TV networks use a single currency: telecast specific audience plus engagement metrics. Moreover, they make guarantees only on those demographics *they* feel comfortable with, while magazines often accede to agency demands for finer and finer slicing and dicing in this regard. Furthermore, the networks guarantee total audience tonnage for entire program schedules, within particular time frames (usually quarterly). Few TV networks could turn a profit if they adopted the magazine approach and allowed give-backs for rating underdelivery on a show-by-show and telecast-by-telecast basis without offsetting them against higher than expected viewership when it occurs. Considering the volatility of TV ratings, most TV networks would be obliged to allocate 10% or more of their GRP inventory for unpaid make-goods if they operated like magazines, but by making audience guarantees only on *total schedule delivery*, make-goods constitute about 1-3% of their commercial placements.

D. Is Magazine Research Evolving Towards A Television Model?

While it has always been accepted that TV program audience levels are constantly changing due to surges or losses in appeal, competing channel schedules, lead-in changes, etc., magazines have traditionally been assumed to reach more or less the same audience from one issue to the next. Magazine readership studies have always reflected this assumption, and were based on “average issue” audiences since the early-1960s. And because readership was considered to be relatively stable, it was acceptable to produce these studies on an infrequent basis, rather than almost instantly, as with television. As a result, the only available indicator of issue-by-issue specificity was and still is the Audit Bureau of Circulation (ABC) reports.

Times change, however, and as the agencies attempt to demonstrate their concerns about “accountability” and “return-on-investment” to their clients, they, quite reasonably, are looking to upgrade their approach to magazine buying. Since the evolving TV model has been well thought out and seems acceptable to most advertisers, it is only natural for the agencies to impose TV-style audience and engagement metrics on magazines. If they are successful, this will result in a three-tiered research structure, substituting timely, issue-

specific readership data for the current slow-paced, average issue reports. Once this is accomplished, there should be no need for a second currency, such as paid circulation.

For the purpose of clarity, let's review the three tiers we envision for magazine research.

The first tier would consist of an ongoing and timely audience measurement covering each issue of each magazine, exactly like Nielsen's TV ratings. It would also provide broad demographics and perhaps some ancillary data, but not overwhelm respondents with demands for too much information, thereby risking reduced cooperation levels and other problems.

The second tier, used primarily but not exclusively by media planners, would include some or all of the current syndicated services (MRI, SMRB, J.D. Power, etc.). These would continue to produce average issue audience measurements, along with large amounts of data on product usage, mindsets, multi-media usage, etc. They could also form the basis for reach and frequency projections by marrying their findings with those obtained by the first tier's issue-specific audience counts.

Finally, a magazine equivalent of IAG would constitute the third tier, and would ask readers of specific issues about their reactions to and/or recall of editorial content and ads. Affinity Research or IAG (or both) might fill this need, and the findings would be applied to issue-specific audience data in much the same manner as the Nielsen-IAG interface for TV.

Careful consideration must be given to how these changes would impact magazine sales practices. A joint restructuring of magazine research and sales practices in a more TV-like direction could resolve some of the issues that have long irked publishers, and will be discussed in the final two sections of this report.

III. DESIGNING THE “IDEAL” ISSUE-SPECIFIC READERSHIP STUDY

To begin with, publishers must consider how any issue-specific design will affect their sales practices and vice versa.

First, there is the question of sample size, which is closely related to cost. As many publishers are painfully aware, even with samples of 25,000-30,000 respondents, current average issue audience surveys produce unexplained and disquieting dips and bounces in readership from one report to the next, and this is especially the case when data is limited to narrow demographics such as adults 18-34 with household incomes of \$100,000+. In order to measure *each* issue of most magazines with the same effective sample base as is now used for average issue surveys, a huge increase in respondents is probably required. Obviously, this would be a very large added expenditure for many magazines.

Next are the issues concerning the study design and execution. What are the standards for timely data delivery? Are four, six or eight week reporting time frames mandated for magazines, instead of the current, once-a-year cycle? If so, online surveys are the most likely option for quick turn-around, due to their faster response and tallying capabilities. But this raises more questions. Can high cooperation rates be expected via online surveys? And what about that segment of the population that rarely or never goes online (about 25-30% of all adults). How representative will an online-only survey actually be?

Obviously the answer to the last two questions is the inclusion of some other information gathering method, such as a mail study to reach the non-Internet population, but the trade-offs are slower data collection, high sample acquisition costs and the possibility of a response bias due to the way people answer mail questionnaires relative to online responses. As this example indicates, there are tradeoffs to be considered at almost every stage of the survey design, but each “solution” creates its own set of problems.

The nature and length of the proposed online questionnaire is a prime example. It is generally accepted that respondents will not tolerate online surveys that take longer than

15-20 minutes to complete. If this is indeed the case, critical decisions must be made about the most effective use of the respondent's time, as well as insuring the accuracy of the findings.

In order to cram as many titles into the survey as possible, a researcher may be tempted to use nothing more than a screen-in question ("Did you read or look at any copy of this magazine in the past six months?"), followed by covers of 3-6 of the most recent issues of the publication as means of establishing issue-specific readership claims. But is this the best way to define issue-specific audiences? How do we know whether some respondents are over- or underclaiming based solely on their reaction to the covers shown them, particularly where "hot" celebrities or eye-catching headlines are featured? In other words, are differences in audience size and composition from one issue to another real? Or are they at least partly a function of the decision to use covers as the only memory prompts? Also, if too many books are included in the online questionnaire, will respondents become stressed or even annoyed? If so, will this affect their replies?

Traditionally, the answers to such questions are found by conducting carefully controlled tests, including validation measures. For example, if it's suspected that the use of covers alone may introduce response bias, tests can be conducted using different approaches and the results can be compared. One sample could be shown only the covers of magazine issues while another is shown covers, a table of contents and 4-5 articles/features that appeared in the issue (mimicking the original through-the-book designs used by Politz, Simmons and others in the 1950s and 1960s). In this example, respondents who are asked to look at more than a cover may be queried about their interest in each editorial item and finally asked whether they had read or looked into that issue before. In addition, the question might be posed with a degree of certainty (i.e. "Are you *sure* you have read this issue before?"). Another method of validation is to obtain information from respondents that can be compared with known data from an independent source; determining how the reader got his/her copy (subscriber, single copy buyer or other) is the most likely option. Such results can be correlated with actual single copy sales variations from one issue to the next.

In the early days of magazine audience research, pioneers like Politz understood the need to convince agencies and publishers that their findings were increasingly accurate. Asking claimed readers of **Life** magazine how they got their copy often produced paid circulation U.S. home coverage projections that were within a few percentage points of the publication's actual circulation tallies. In like manner, when Politz initiated his reading day studies, a glue spot technique was used to compare page opening claims to actual behavior patterns. Such validation efforts dealt effectively with ad agency reservations about "total audience" surveys, as they supplanted the old primary reader surveys. Similar forms of validation should be considered mandatory for the new issue-specific studies the magazine industry is now contemplating.

Taking into account all of the variables, we believe that the magazine industry, in conjunction with the ad agencies and research companies, should evaluate the key issues and resulting trade-offs in a systematic manner.

The first question to be resolved is obvious. If a three-tiered system is evolving, exactly what information should be gathered at each level? Clearly, the primary function of the issue-specific phase, which will become the linchpin of the new magazine buying/selling currency, should be the determination of audience size and demographics, just like Nielsen's TV ratings. And the integrity of such findings should be a paramount concern. Other sources can supply audience duplication, reach & frequency projections, detailed mindset and product use, multi-media usage and generalized qualitative indicators such as reader action claims or time spent estimates, if such estimates are still deemed of value.

Survey accuracy is linked to the amount of information demanded of a respondent, as well as the way the questions are posed. If a 15-20 minute online interview is found to mark the limit of a respondent's endurance, while a more extensive visual reminder coupled with certainty of readership claims is proven superior, it is obvious that 300-400 magazines can't be measured in a single "interview" session. In addition, it is unlikely that large

numbers of respondents will submit to a second or third online interview, just to provide data on all of the publications desired.

So the obvious alternative is to limit each session to 40-60 magazines (the exact number can be determined by testing). In order to make the questioning interesting for the respondent and thereby improve cooperation, it is probably better to select 20-25 widely known base publications (**Time**, **Newsweek**, **Reader's Digest**, **People**, **Better Homes & Gardens**, etc.) and include them in all questionnaires, even if these large audience books have the least need for this, with regard to sample size. The remaining titles would be selected as random cross-sections of the 300-odd additional magazine to be covered.

Such a design would have the advantage of obtaining better audience estimates via a more elaborate reminder sequence for each title. In addition, it would provide a constant set of popular titles in all questionnaires to stimulate respondent interest. Finally, by including the same base of titles in all questionnaires, the researchers could more readily spot any aberration or response glitches that develop, since it could be expected that all samples exposed to the same 20-25 titles should respond in more or less the same manner, at least where they are concerned. If one group of respondents suddenly departed from the norm in this respect, this might signal a problem that required addressing.

Aside from audience claims and demographics, what else should the ideal issue-specific questionnaire contain? Our answer is as little as possible. Audience duplication and related applications can be obtained by melding information across issues from the issue-specific study with audience duplication data from an MRI-survey to produce adequate reach and frequency projections for any combination of publications. It's not necessary to obtain data on all publications from the same respondent in the issue-specific phase. As for qualitative indicators, more definitive results, including ad recall/impact, will be provided by the third tier "engagement" study. So there is no need to pursue that direction in the issue-specific research; and in any event, such an effort would probably not be feasible due to interview length concerns.

One thing that might be included in the issue-specific phase, once a respondent claimed with certainty that he/she had read a magazine issue, might be some indicator of editorial interest. Also, for validation purposes, it would be worthwhile to include a question about how the reader obtained his/her copy.

Additional technical issues about the issue-specific approach also need to be resolved, specifically:

1. How many issues of the same publications should be measured in each questionnaire? How should this vary by issue cycle?
2. How much visual reminder is needed to aid the respondent in identifying him-/herself as a certain issue reader? Are a cover and table of contents adequate or should several editorial items be included?
3. How do national newspapers fit into such a study design? Should their screen-in time frames be shortened to a few weeks? Should more of the paper's content be displayed for possible readers to review?
4. Should magazines be grouped by issue cycle or genre? Or should they be listed randomly in rotated sequences?
5. Can the designers merge an online study with data obtained from mailed-back questionnaires if this is the only way to get the required cooperation levels and handle the non-Internet population? Or are adjustments needed to account for different respondent response mechanisms due to the use of different modes of execution?

Finally, there is the question of sample size and cost. A minimum adult reader sample size should be set up for reporting individual issues and certain broad TV-like demos (adults 18-49 for example). And reasonable minimums should be established for individual demo cells, whatever they may be. Say that it is determined that an issue must have at least 200 respondents to be reported separately and no demographic will be reported unless it has 50 or 75 respondents. Given these ground rules, it is likely that reasonably full demographic detail on an issue-by-issue basis would be reportable for 100-150 magazines. However, many issues of smaller circulation titles, as well as many demographic cell tallies,

would *not* be reportable. In such cases, the agencies would have to be content with averages of recent issues, rather than issue-specific findings.

Sensible rules such as those described must be agreed to in advance, in order to determine how large a sample base is required to measure all of the publications one might want to include. Certainly the larger books, which don't need the extra samples, can't be expected to pay the added costs for the smaller books. And just as obviously, the latter can't afford to pay the lion's share of the price for such a study, simply to provide more "reliable" data about each of their issues.

Hopefully, should an issue-specific study materialize, the designers will balance the requirements for accuracy with cost in coming up with their final determination. This may require shortcuts and compromises, the most likely one being an attempt to include all of the publications in each questionnaire. Since this will necessitate a simpler reminder mechanism (covers only) and less stringent reader claiming (certainty of reading omitted), the trade-off for any cost saving is more erratic and potentially more questionable audience data. Another solution may be to limit issue-specific reporting only to mid-sized and larger circulation books, while the smaller ones are reported on an average issue basis as before.

One thing is clear. Since a costlier issue-specific design will become the buying and selling currency for the magazine medium, it is incumbent for publishers to be active participants in the developmental process, rather than delegating this responsibility to independent research experts. In this regard, the agencies and magazines should work together to develop specifications that both can live with, since the objective of the new research is to improve the way magazines are utilized by advertisers and, in the process, make them more competitive with television. Ultimately, each publisher must evaluate the impact such a study will have on ad sales practices and consider how to gain maximum benefits so as to justify the added costs.

IV. IS EMULATING TV'S RESEARCH & SALES TECHNIQUES THE BEST APPROACH?

After considering all of the ramifications, we believe that the answer is unequivocally yes.

In order for magazine publishers to reap the full benefits that a TV-style research system could bestow, they must integrate the new research with their sales operations and study the way television operates in this regard. Key to this is the necessity to chart their own course, rather than allowing the buyers or the researchers to dictate the specs for the study or how its findings are to be used. And again, the TV model becomes relevant. The TV networks are extremely involved with Nielsen in determining what data is to be provided, how it will be processed, whether new venues such as college dorms will be added, how to handle commercial ratings, VCR or DVR replay, etc. While the agencies have their say, and often are in the right, the networks are the major players, as befits their role as the primary funders of Nielsen's service. The networks have fully integrated Nielsen into their sales operations and are now doing the same with suppliers like IAG on the engagement front. Magazine publishers should be equally proactive with *their research*, in consultation with the agencies certainly. but not to the point where it damages their interests.

Publishers should also consider the impact of newer, more timely and specific audience and engagement research upon the medium as a whole. It's no coincidence that, to date, the emphasis at ad agencies has been on television; despite its problems, TV is still the advertiser's medium of choice, and one that is constantly reinventing itself and adapting to the changing needs of both viewers and advertisers. By emulating TV's audience counting methods, magazines will be able to generate the type of excitement that hot news—whether good or bad—invariably creates.

One has only to look at the advertising and media trade press to appreciate the impact that timely and variable readership counts would have. Issue after issue of publications like **Advertising Age** and **MediaWeek** is full of the latest Nielsen developments for TV networks and individual shows. Currently, there's nothing like this scope or intensity of

coverage for magazines. Yet what would happen if magazine audience and engagement data were available on an ongoing basis—wouldn't the media report and comment on subjects like which covers drew best, how a new editor scored with his or her first issue, what is the most liked fashion or newsmagazine, etc.? The ensuing "buzz" will dramatically increase magazines' share of mind in advertiser-agency circles.

This brings us to our final and most crucial point. If advertisers began to make guaranteed audience and engagement deals with publishers, as they are now doing the with the TV networks, they will be exposed to a constant flow of data showing the power of magazine ads relative to TV commercials. To be sure, some magazines will outperform others, just as certain TV shows or networks have an edge over others; but overall, advertisers will see that ad impact results for magazines are every bit as good as for television, and sometimes even superior to it. And they will see this on an *ongoing basis* in terms they already understand and accept for television. This has got to be a huge plus for the magazine industry as a whole, and its positive effects are certain to rub off on individual publishers as well.