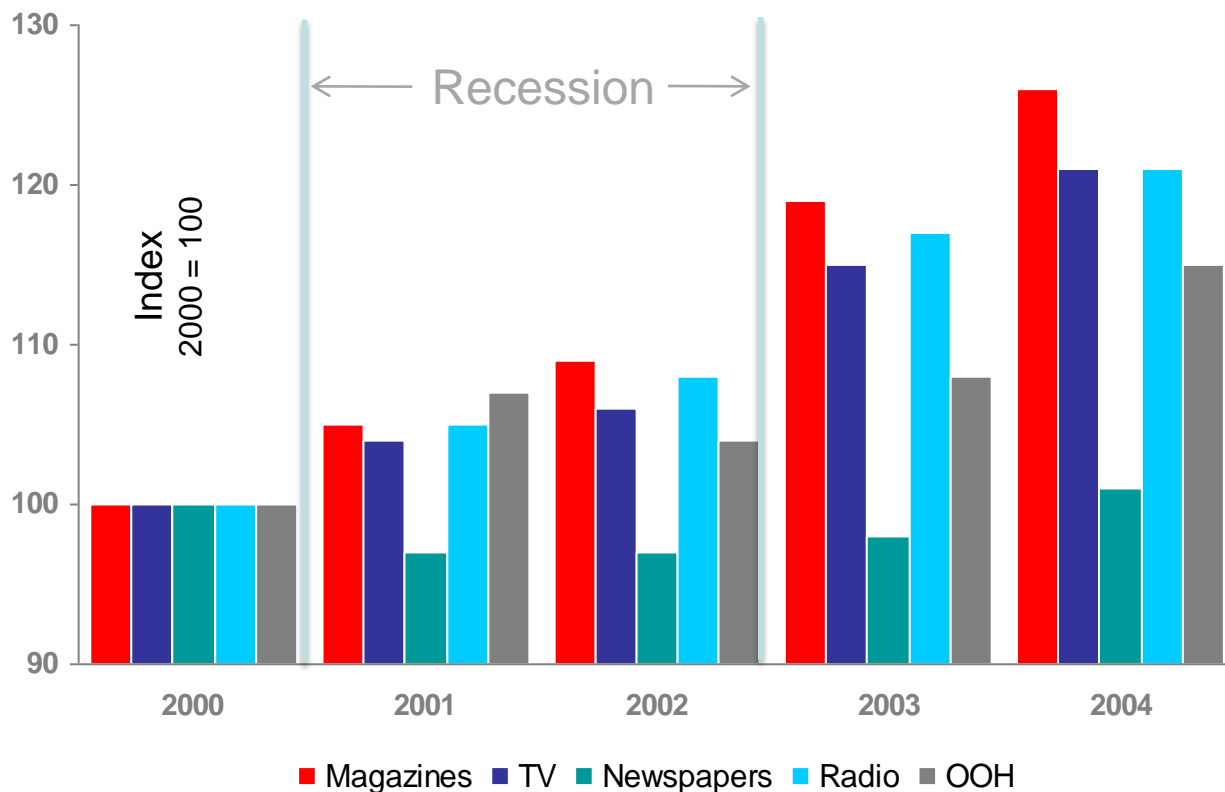


# Magazines Work Hard in a Recession



# Magazines Performed Better During the Last 2001-02 Recession

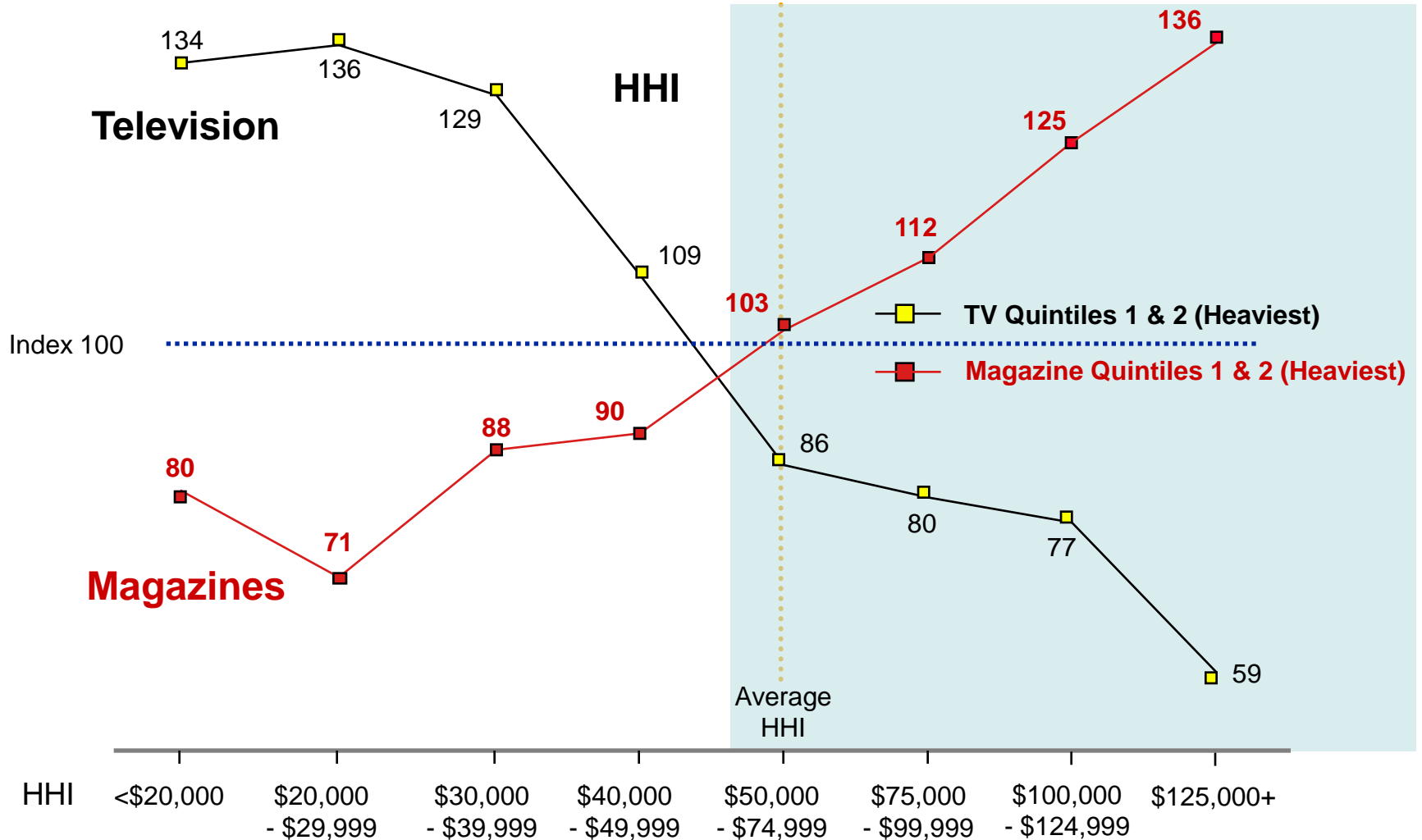
Advertising Revenue: 2000-2004



# Magazines are Solid in a Recession

- Magazines are an inexpensive way for consumers to treat themselves in a recession, beating out beverages, food, candy, cosmetics, music and videos.
- Magazine readers are more upscale and better equipped to weather an economic storm
- Magazine readers shop magazines for what to buy, enjoy browsing more than the average shopper and shop in more channels than the typical shopper
- Magazine readers are less price sensitive – more willing to pay a premium for brands

# Magazines Deliver Desirable Consumers



# Magazine Readers are an Advertiser's Best Customer

## Who Spends More

	HEAVY MAGAZINE READERS	HEAVY TV VIEWERS	% DIFF Magazines vs. TV
Average Home Value	\$263,779	\$206,347	+28%
Value of Securities	\$74,951	62,994	+19%
Men's Clothing*	\$493	\$393	+25%
Women's Clothing*	\$755	\$536	+41%
Furniture*	\$1,205	\$1,098	+10%
Personal Computers*	\$1,488	\$1,388	+7%
Fine Jewellery*	\$628	\$549	+14%
Travel in Canada*	\$1,044	\$933	+16%
Face & Body Skincare*	\$528	\$420	+26%
Hair Salon*	\$342	\$275	+24%

\* Past 12 months

**Magazines →**

**← in a soft  
economy**



# Realities

1. Marketplace momentum is no longer a given
2. Marketers now have to create their own momentum
3. More than ever, marketers are all about purchase intent and results
4. Advertisers who manage their media mix to drive purchase intent will create market advantage
5. Magazines help create that advantage

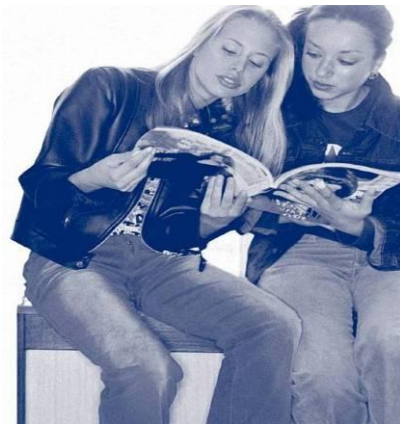
A large, thick white arrow is painted on a grey asphalt surface, pointing from the left towards the right. The arrow is the central focus of the image, with the text overlaid on its path.

**Advertisers are  
Rethinking  
how they go to  
market**

# What Advertisers Want

## Engage the Consumer

Get noticed by  
leveraging consumer  
needs and passions



## Generate Action

Throw to web/search  
Word-of-mouth



## Drive Results

Purchase Intent  
Sales lift  
ROI



# Where Magazines Win!

## Engage the Consumer

Get noticed by  
leveraging consumer  
needs and passions



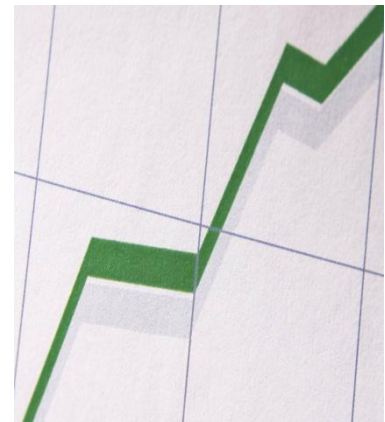
## Generate Action

Throw to web/search  
Word-of-mouth



## Drive Results

Purchase Intent  
Sales lift  
ROI



# Magazines Efficiently Deliver

- Continuity of message across purchase cycles
- Competitive CPMs
- National coverage, not just major markets
- Significantly lower production costs than TV
- A lasting message (shelf-life)
- Mass and tight targeting (demos; interests; lifestyles; regions)



# Advertising engagement and receptivity



# Magazines Win All Engagement Dimensions

## Engagement Dimensions Measured Across Media Channels

	<b>Magazines</b>	Television	Internet
Inspirational	<b>270</b>	250	230
Trustworthy	<b>318</b>	268	309
Life-Enhancing	<b>302</b>	214	283
Social Interaction	<b>302</b>	268	284
Personal Timeout	<b>305</b>	296	257
Ad Receptivity	<b>287</b>	210	239

# Magazines are All About the Reader

Magazine Editors  
spend their lives  
studying,  
understanding  
and feeding  
**reader needs  
& passions**



# There's a Magazine for Every Passion and a Passion for Every Magazine

Passions lead to personal engagement & receptivity

Art / Antiques

Automobiles

Boating

Family / Children

Bridal

Business / Finance

Outdoors / Recreation

Home

Entertainment

Youth / Seniors

Fashion

Food

Gardening

Health / Wellness

General Interest

Women's / Men's

Music

News

Travel

Sports, *and more*

# Receptivity

is a marriage of  
need and timing  
driven by mood

Magazine readers opt in, on their own time, when the mood is right and they are most receptive:

- the issue is read in an appropriate frame of mind
- advertisers are provided the opportunity to make maximum impact



# Magazine Ads are Seen as Essential

Among adult readers  
of all Magazine types,  
**65%** agree with the statement

**The ads are an essential  
part of this magazine**

Source: Media Values, Research Services Ltd.

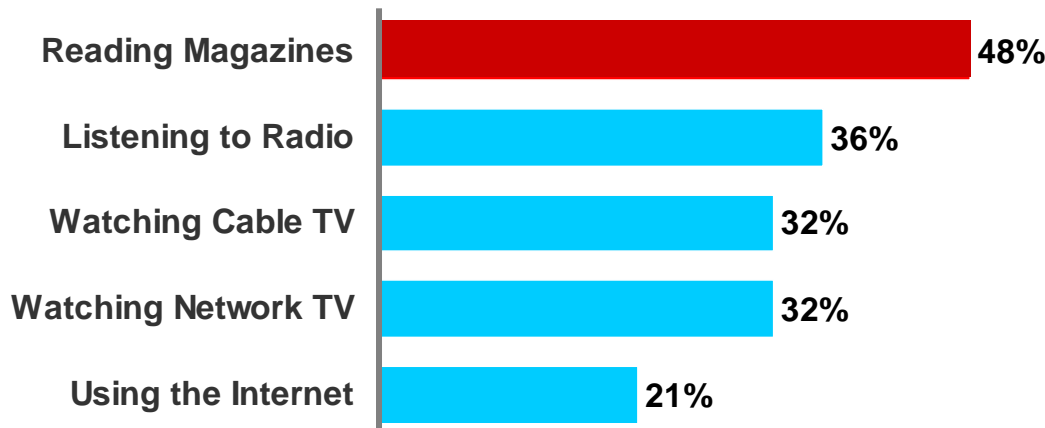
Readers were asked to pull  
**10** pages that best exhibit the  
essence of their Magazine

**3 of 10** were  
advertisements

Source: Starcom, In-home Consumer Interviews, 2004

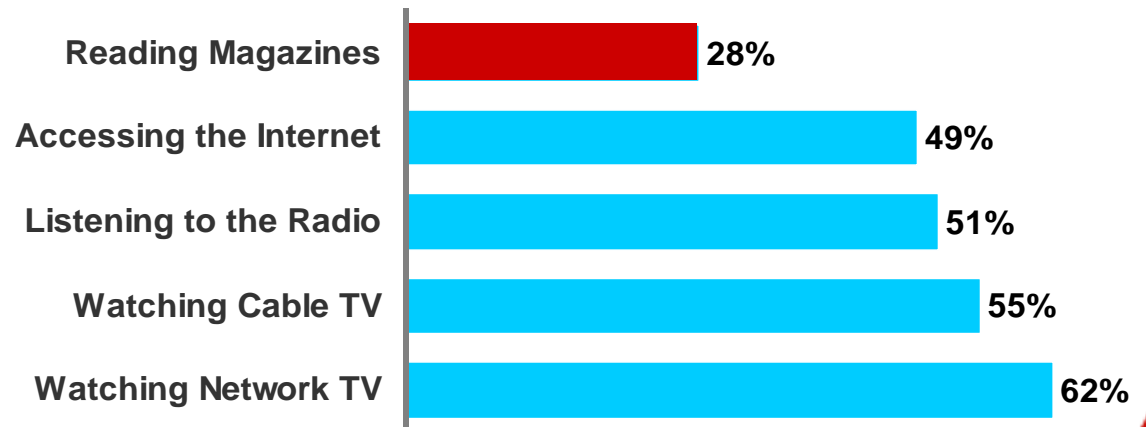


# Advertising Adds to the Enjoyment of Magazine Reading

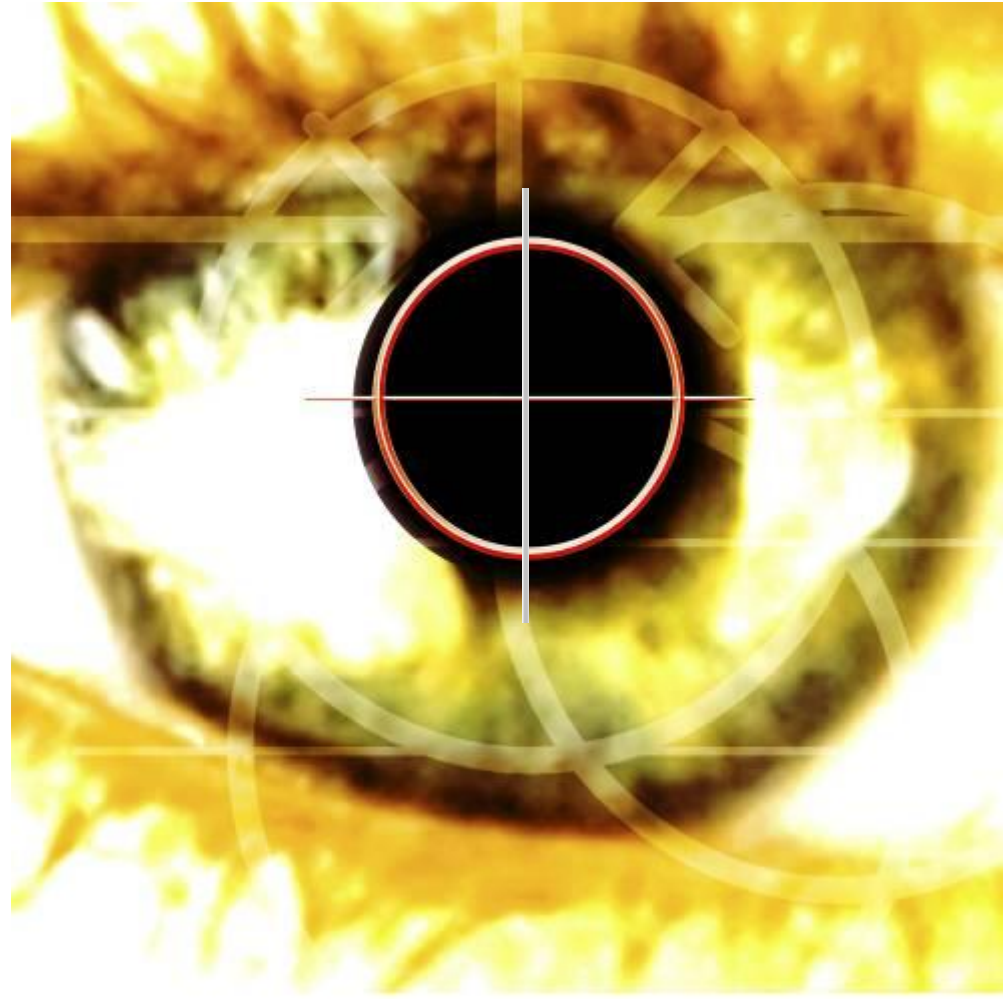


Advertising adds to the enjoyment of the following:

For which of the following would you say advertising gets in the way of your enjoying...?



# Undivided reader attention



# All Ads Have a Challenging Mandate

**To lock brand associations into long-term memory so that consumers can draw upon them when ready-to-buy**



The reading process  
is all about  
**undivided  
reader  
attention**

Left  
Hand

Magazine

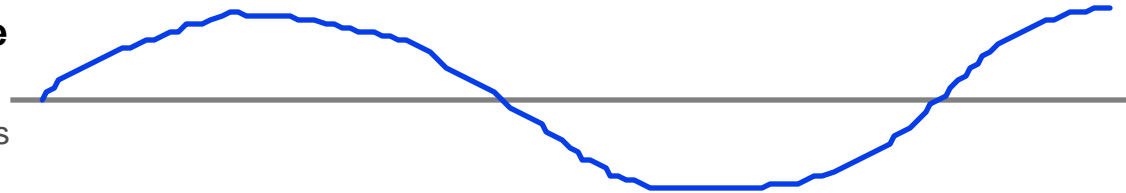
Right  
Hand



# The Magazine Reading Process Drives Attention & Understanding

## The Brain's Response To Watching TV

Passive, Slow Brain Waves



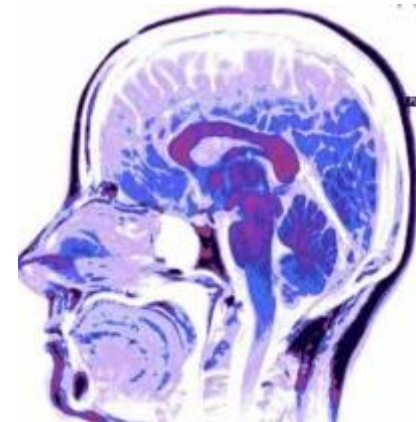
## The Brain's Response To Reading Magazines

Active, Fast Brain Waves



The brain works at a fully engaged, higher level to process the printed word

**“When you read it, you get it!”**



# The fully engaged reading process

allows readers to

**quickly absorb**

detailed messages

at their own pace

increasing understanding of

brand benefits



# Magazines Communicate Quickly... The 5-Second Solution

**Branding**

**Consumer Benefit**

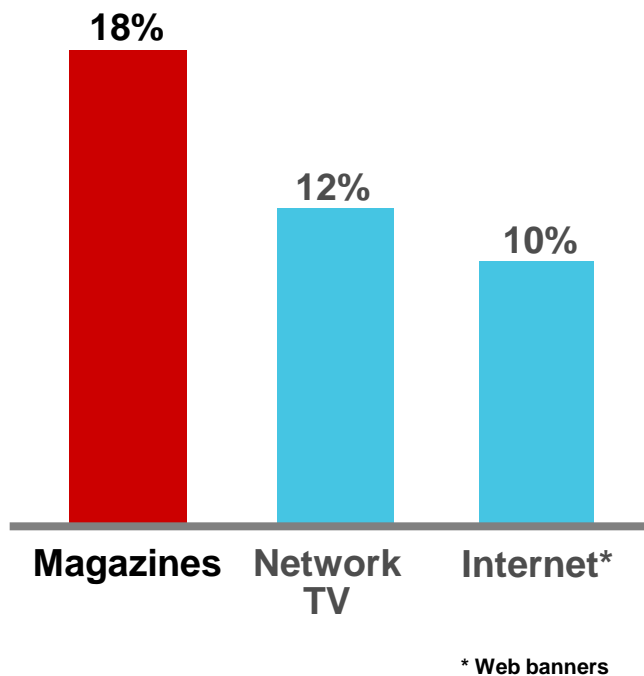
**Product**

**Branding**

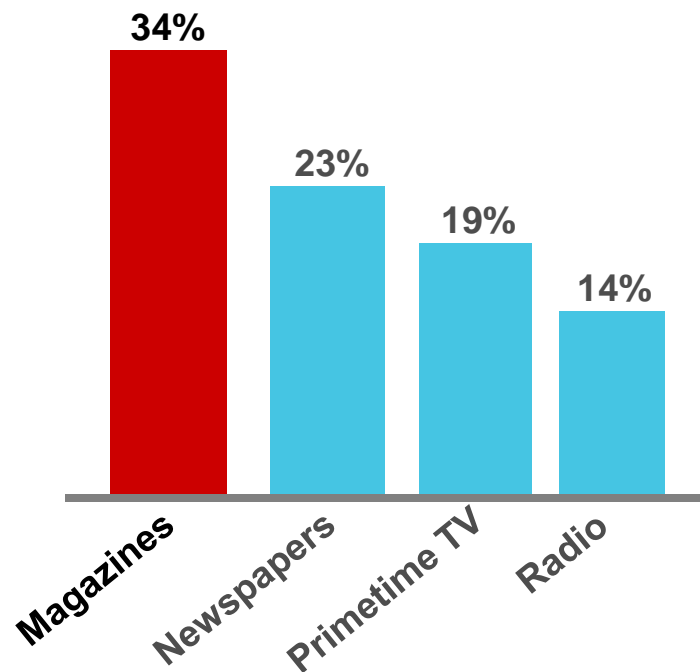
**In just 5-seconds, readers capture the consumer benefit, brand name and logo**  
*(Research tracks reader's mouse clicks to reveal what they have noticed—1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup>— in 5-seconds)*

# Consumers Are More Likely to Remember Magazine Ads

Percent able to recall an ad and its advertiser after first exposure



Percent correctly naming last advertiser seen/heard



**Ads  
generate  
action  
including  
throw  
to web  
& search**



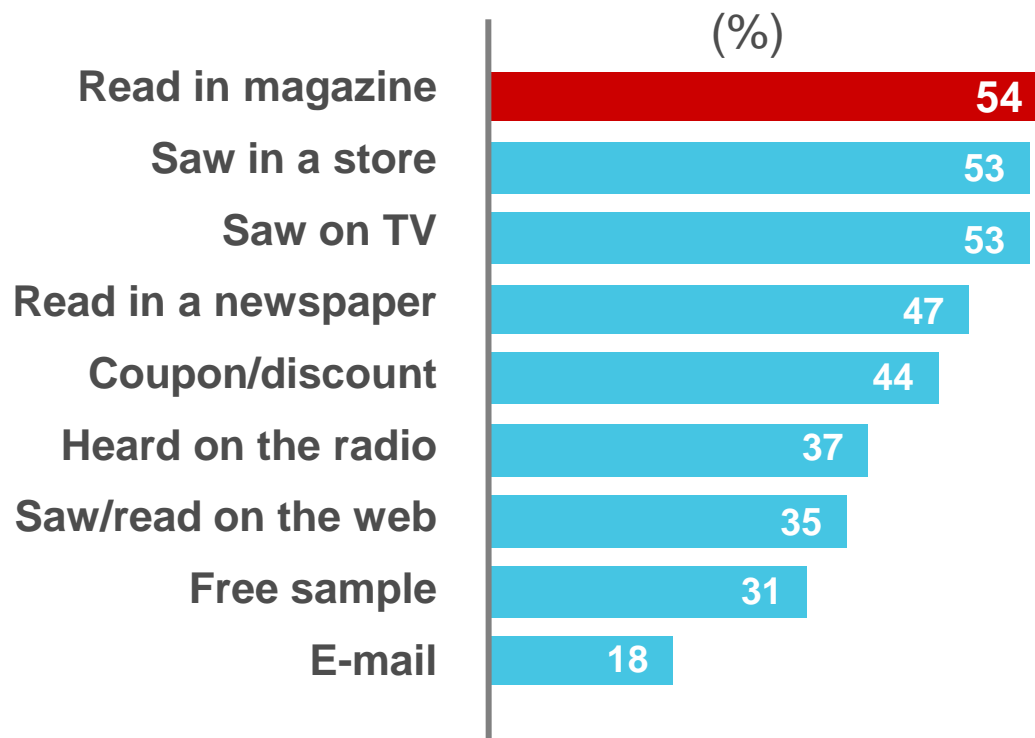
# An Action-Oriented

## Actions readers took or plan to take as a result of exposure to specific magazine ads

	%
• Consider purchasing the advertised product or service	19
• Have a more favorable opinion about the advertiser	11
• Gather more information about advertised product or service	11
• Visit the advertiser's website	10
• Purchase the advertised product or service	8
• Visit a store, dealer or other location	7
• Save the ad for future reference	6
• Recommended the product or service to a friend, colleague or family member	5
<b>Took any action (net)</b>	<b>54%</b>

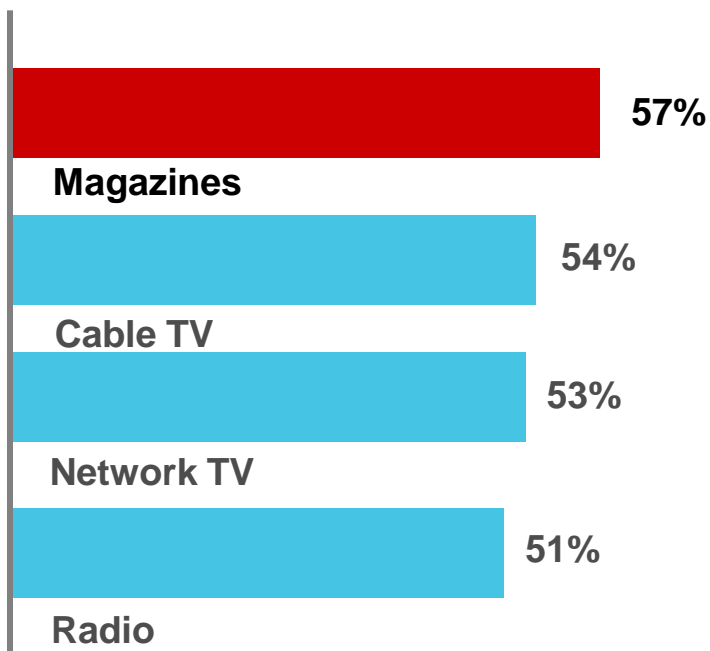
# Magazines Influence Word-of-Mouth Recommendation

54% of consumers agree that  
magazines are a leading contributor to  
word-of-mouth product recommendation



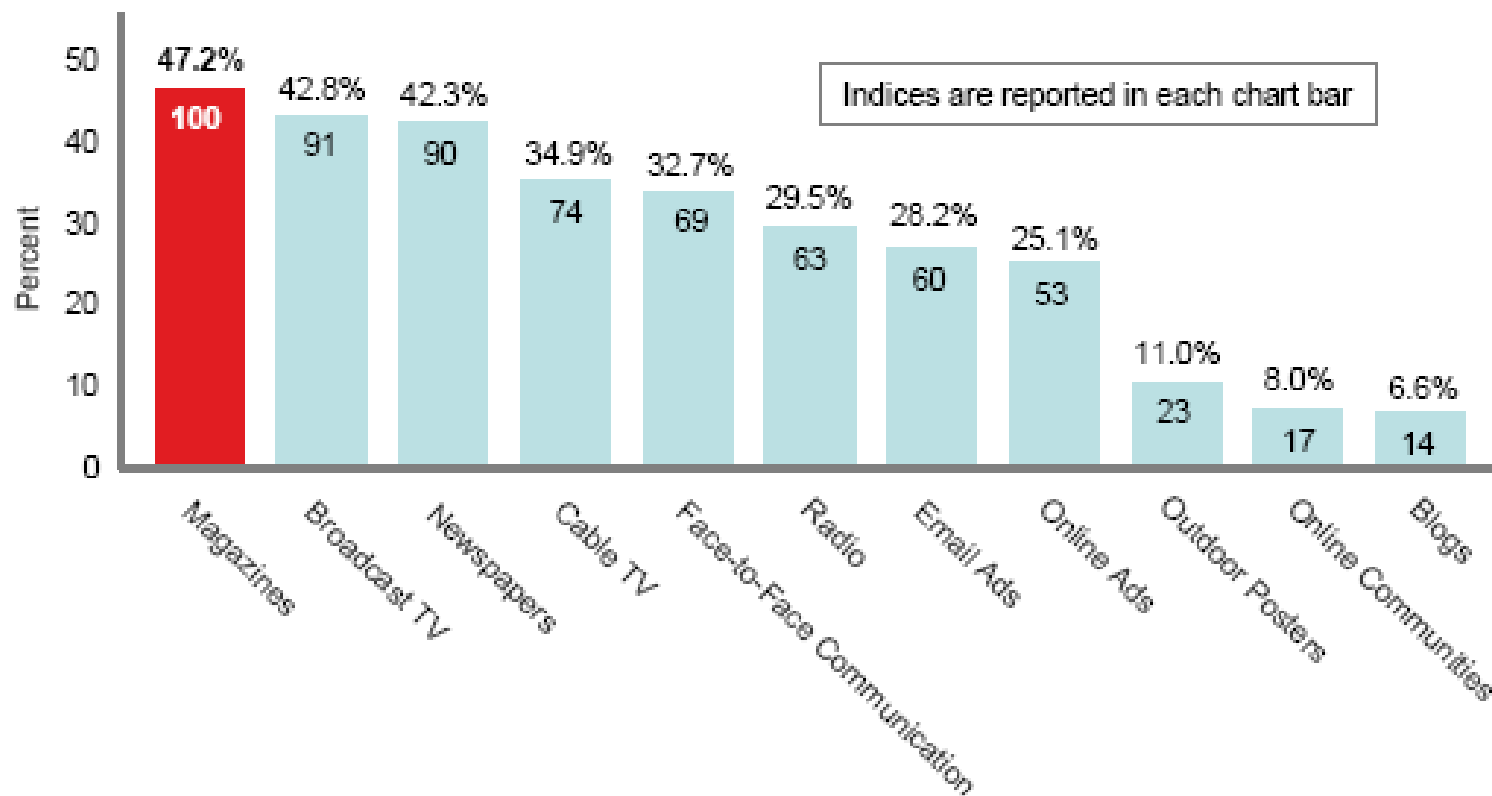
# Magazines Effectively Drive Consumers to the Web

Which media provides you with ideas that influence how to get information about products and services on the internet?



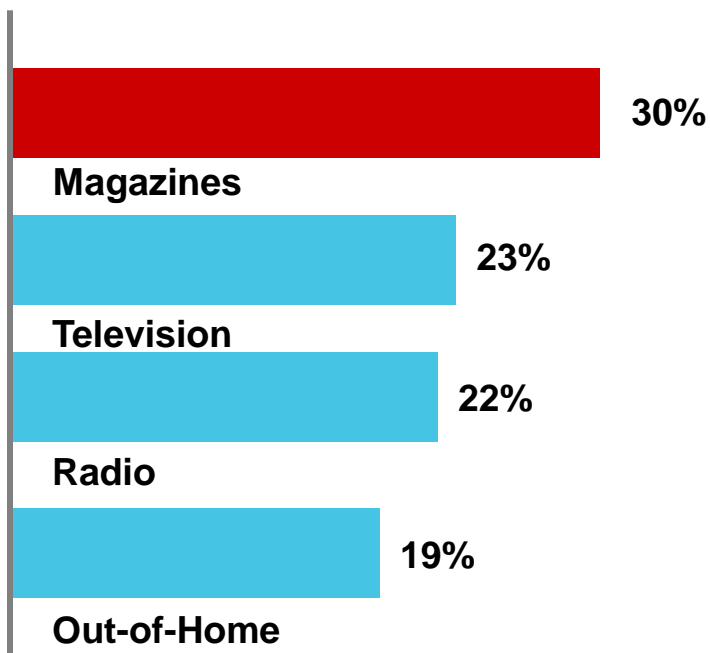
# Magazines Prompt Web Search

Media that most influence consumers to start a search for merchandise online



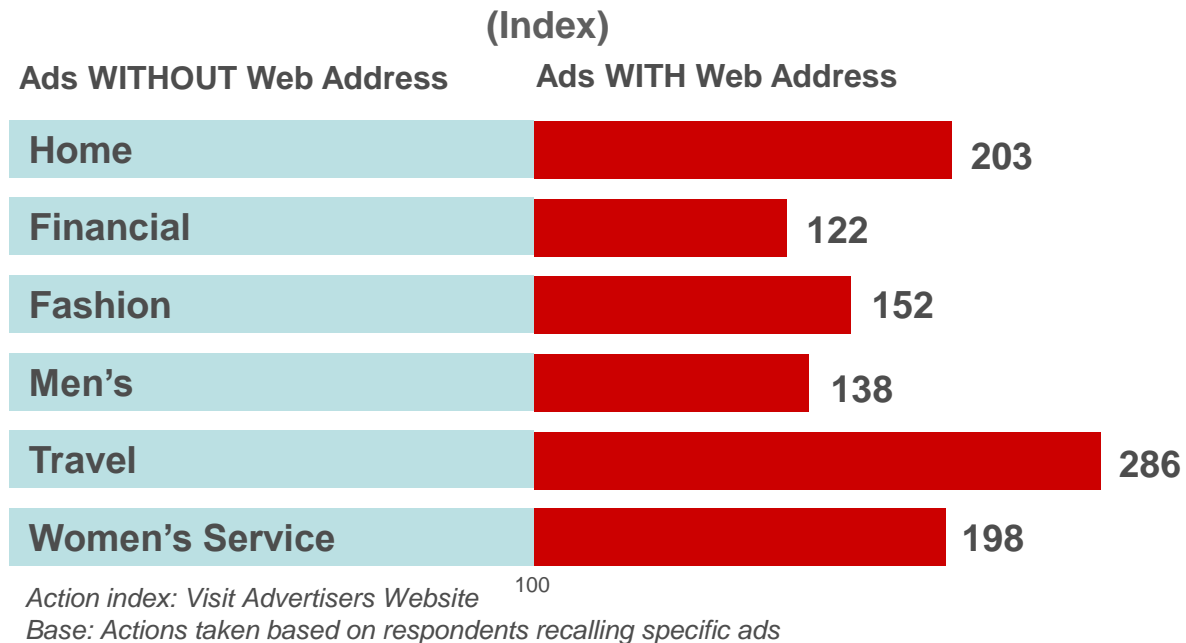
# Magazines Initiate Purchase after Search

% who made a purchase after seeing an ad and conducting search



# Magazine Ads with URLs Drive Website Visitations

## Ads With URLs Compared to Ads Without URLs Drive Readers to Advertiser Websites





**Saving a Magazine  
ad page**  
proves a high level of  
engagement & advertising  
receptivity

**73% of readers**  
regularly/sometimes save  
a Magazine ad page for future reference

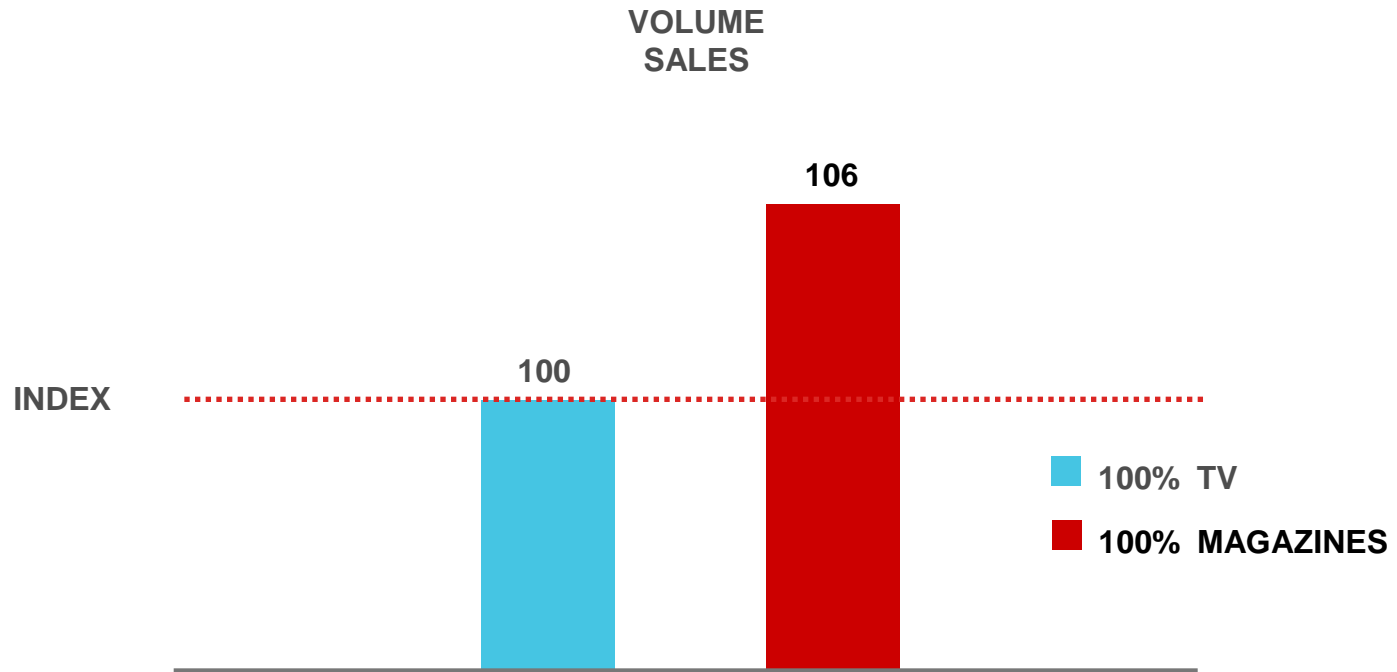
**Magazine ads  
generate**

**sales**

**results &**

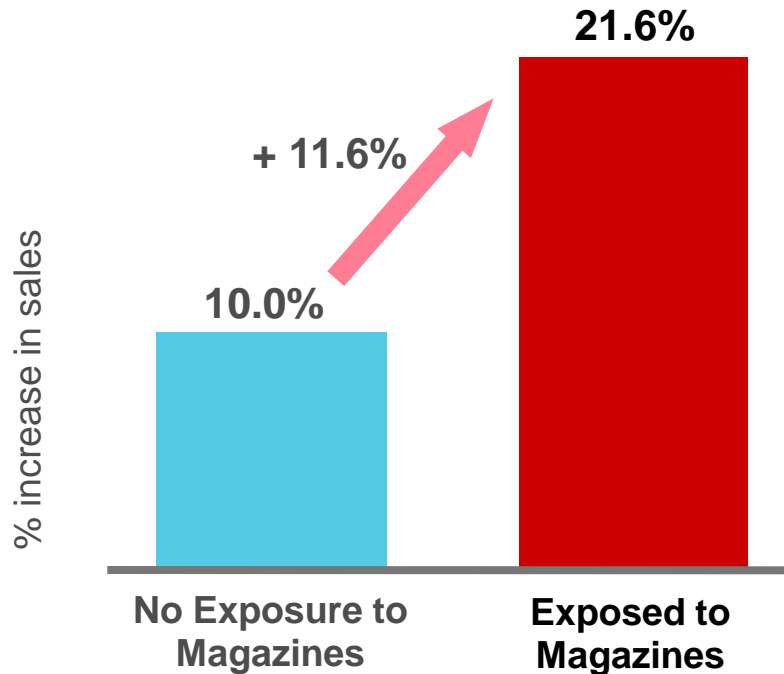
**improved ROI**

# Procter & Gamble Canada



# Magazine Advertising Increases Sales & ROI

Chosen by *Media Week* magazine  
as one of the best global media studies of 2005



Sales \$  
ROI result



\$1 spend in  
magazine  
advertising



# Multiplier Effect

**Two media are better than one**

Communication Effect and Targeting Effect

360° Marketing!



Multiply Sales

# Magazines are Recommended more often to Optimize Media Performance

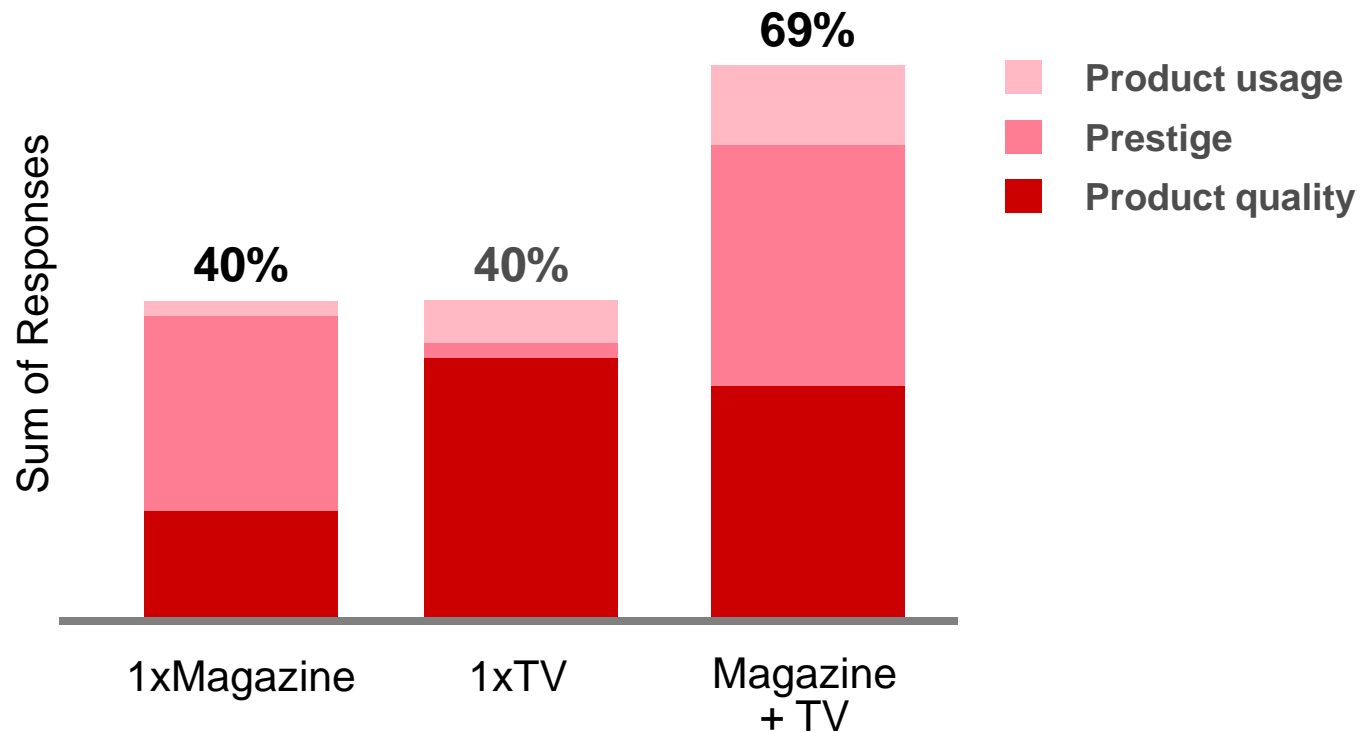
**Magazines = Added Performance**



- Share of spending for television increased 19% of the time
- Share of spending for online increased 44% of the time
- Share of spending for magazines increased 69% of the time

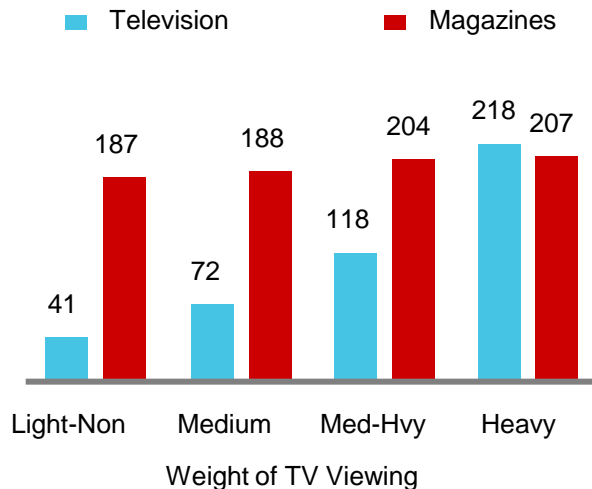
# The Multiplier Effect Enhances Brand Engagement

Spontaneous Message Recall  
Acquavit Bottled Water

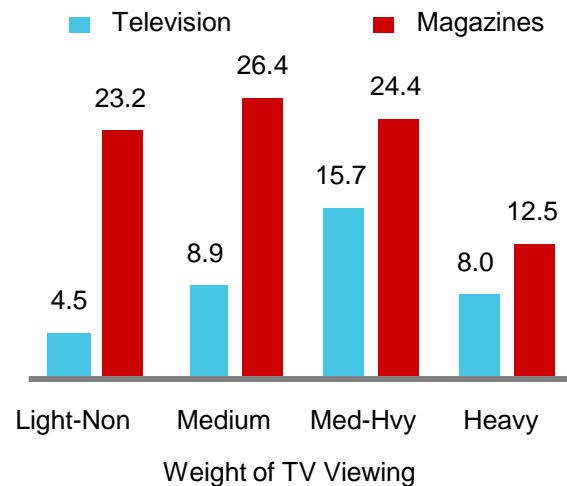


# The Addition of Magazines Helps To Improve Distribution of Ad Exposures

The Final 25% of Budget: Use TV or Magazines  
Gross Ratings Added



The Final 25% of Budget: Use TV or Magazines  
4+ Coverage (Reach) Added



# Persuasion matters

more  
than  
ever

I'll  
try it

# Many Consumers are Now Forced to Make Choices



**“What I want ”**

**“What I need”**

**In a soft economy,  
“persuasion” is necessary to  
create brand momentum.**

**Advertisers need to  
maximize brand impact in the  
Persuasion Zone**

**PERSUASION**

# The Purchase Funnel

Brand awareness .....

Ad awareness .....

Message association .....

**Brand favourability** .....

**Purchase intent** .....



The  
**Persuasion  
Zone**

# The Relationship Between Drive to Web & Purchase Intent

## Planting the Seed



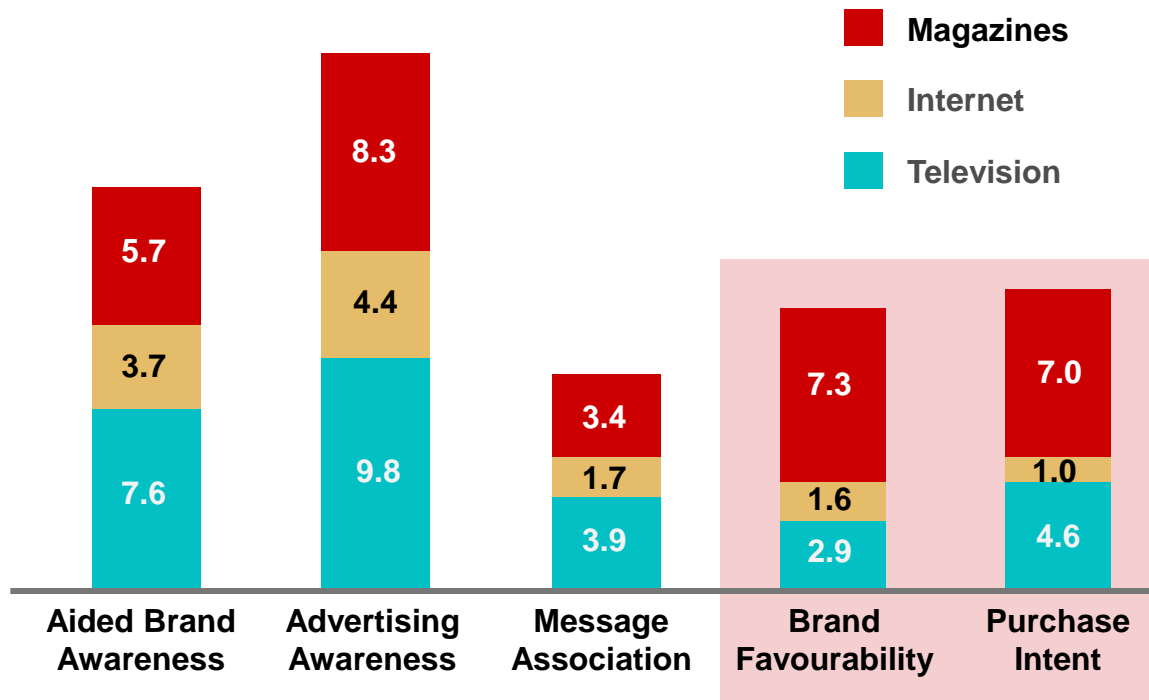
## Harvesting the Crop



# The Addition of Magazines Drives Brand Favourability & Purchase Intent

Aggregate of 32 Cross-Media Accountability Studies

Average % Increase vs. Unexposed Control

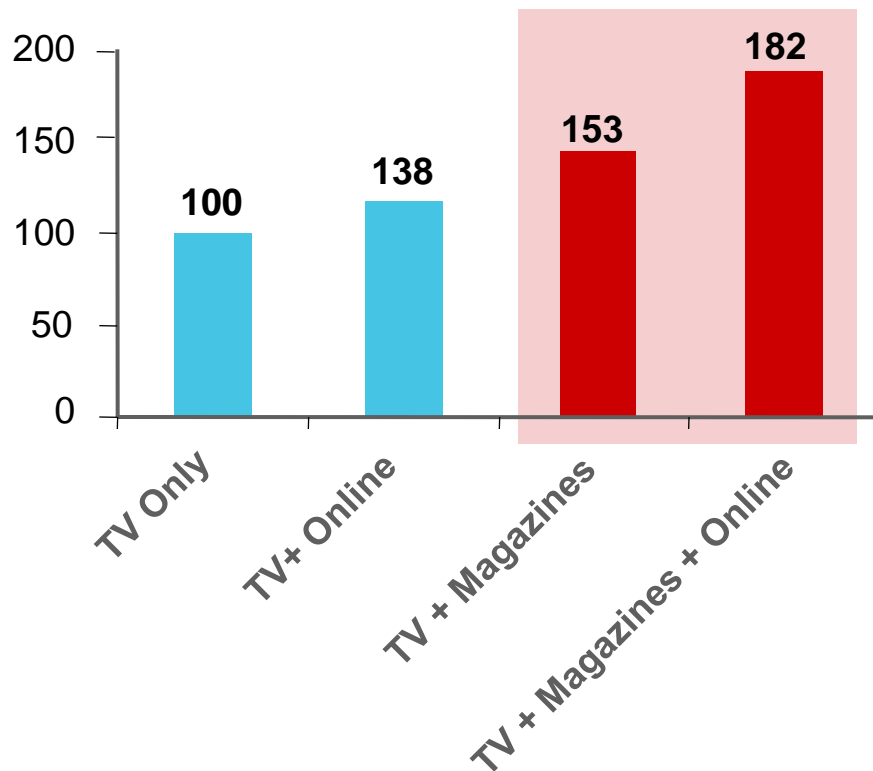


# Magazines Help Optimize Media Mix ROI by Driving Purchase Intent

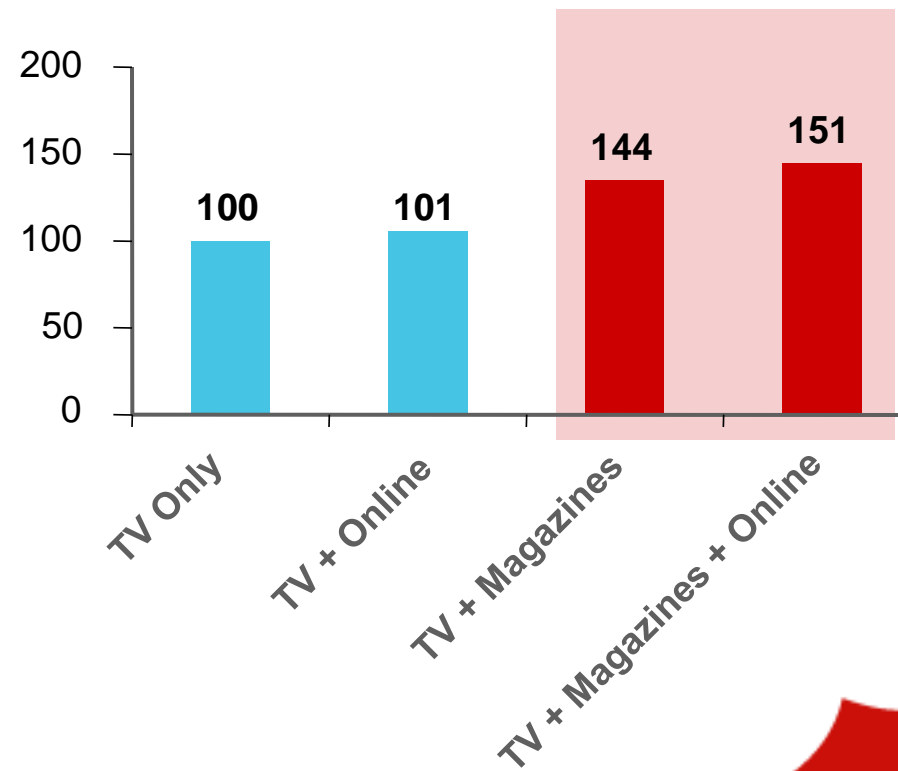
Aggregate of 20 Cross-Media Accountability Studies

Pre/Post Point Change

Total Brand Awareness



Purchase Intent

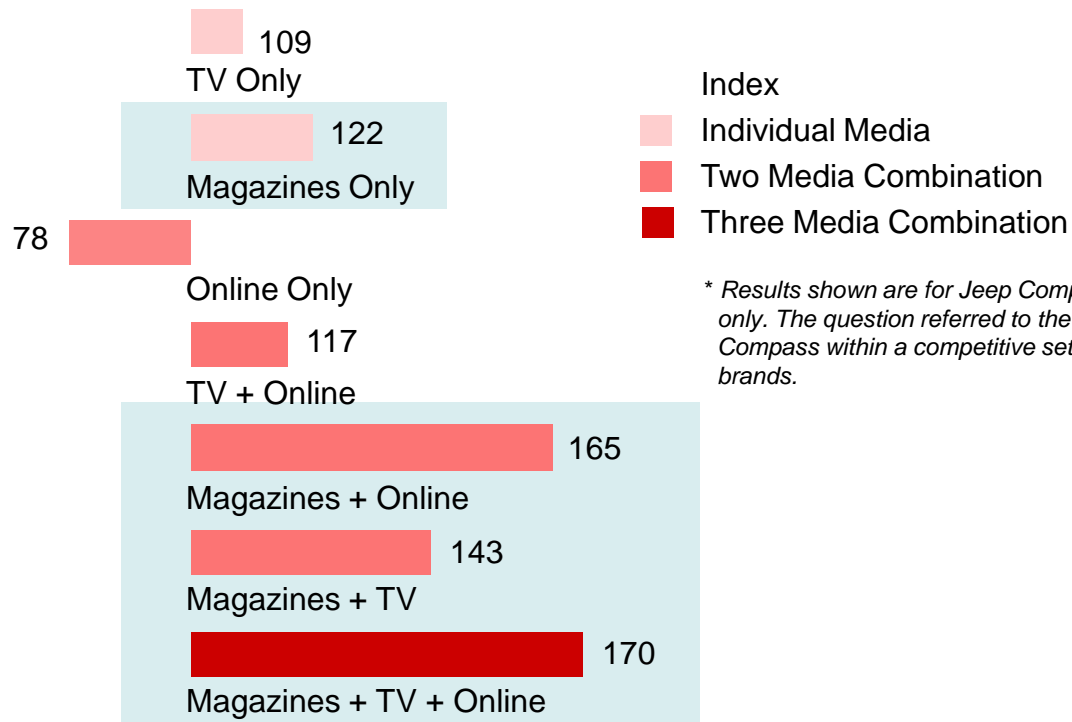


# Magazines Optimize Purchase Intent

## Purchase Consideration



Based on the question: The next time you are looking to buy or lease a new vehicle, how likely are you to consider the following small/compact SUVs?\*



# Summary

- 1. In a soft economy, marketers must create their own brand momentum**
- 2. Magazine readers are an advertiser's most desirable consumer, best equipped to weather an economic storm**
- 3. Magazines win on all engagement metrics, driven by personal needs and passions**
- 4. Ads are an accepted and integral part of the magazine package driving advertising receptivity, not avoidance**
- 5. Magazine readers have an action orientation that drives word-of-mouth, web search, web visits and web purchase**
- 6. Magazines win in the "Persuasion Zone", those metrics hardest to impact: brand favourability and purchase intent!**
- 7. Magazines are proven business builders – sales lift and ROI – when used alone or in a mix**
- 8. Advertisers who manage media mix to reflect economic realities will create market advantage**

# Recessions Reward Aggressive Advertisers

## 2008 Headlines Tell The Story

### **Kohl's Displaces Penney as Investors' Next Target** – *Bloomberg, 5/28/2008*

Even after earnings declined 27 percent in the first quarter—about half as much as JCPenney's—Kohl's is boosting its spending on marketing to win a disproportionate share of the money 130 million U.S. households will receive in tax rebate checks between April and July.

### **Heinz Sales Rise After 15% Marketing Boost** – *BrandWeek, 5/29/2008*

Heinz increased its marketing spend by 15% and watched its sales jump 12% in its latest fiscal year, the company reported today.

### **Hershey to meet Mars challenge with marketing** – *BusinessWeek, 6/17/2008*

Faced with competing against a combined Mars-Wrigley, Hershey Co. said Tuesday it will pour money into marketing its biggest brands to invigorate stagnant sales in the slow-growing U.S. market.

### **Red Hat revenue jumps 32 percent in Q1"** – *c/net, 6/26/2008*

Red Hat continues to impress with strong financial performance, delivering an impressive Q1 2009. ... sales and marketing expenses jumped to \$59.3 million, an increase of 28 percent.

### **No cut in marketing budgets, say Unilever and P&G** – *Food Business Review, 6/23/2008*

Overall we are sustaining levels of total support. It's marketing wisdom that the advertisers that sustain advertising at the optimum level in a downturn are the ones who emerge with a much more sprightly step when they come out of that recession.

# History Shows...

## **2008 Professor John A. Quelch, Harvard Business School**

"It is well documented that brands that increase advertising during a recession, when competitors are cutting back, can improve return on investment and market share at lower cost than during good economic times."

## **2002 McKinsey & Company**

"... one of the most significant differences between winners and losers was with respect to their spending on marketing and advertising during the recession period. Far from battering down the hatches when the economy turned down, the best performers [measured by market to book value ratios] actually increased spending in these areas, not just relative to their competitors but also compared to their own spending in better times."

## **1998 Profit Impact of Marketing Strategy (PIMS)**

"... companies that increased marketing spend during the last recession achieved an average return of capital employed of 4.3%, compared to 0.6% for those that maintained marketing spend and -0.8% for those that cut."

"This study proves conclusively that increasing communication during recession will yield long-term dividend in terms of profitability and market shares — the two key indicators of brand building."

## **1990 Center for Research & Development**

"... aggressive recessionary advertisers nabbed fully 4.5 times the market share gain of their more timid competitors."

# History Shows...

## **1987 McGraw-Hill Research**

Its study of 600 industrial companies "found that business-to-business firms that maintained or increased their advertising expenditures during the recession grew their sales 275% from 1980-1985. Sales of those that cut their ad spending averaged only 19% growth during the same period."

## **1982 Strategic Planning Institute**

"... businesses that are aggressive media spenders can increase their shares of market more than the average business during market downturns."

## **1979 ABP/Meldrum & Fewsmith**

"Companies which did not cut advertising expenditures during the 1974-75 recession, experienced higher sales and net incomes (during those two years and the two years following) than those companies which cut in either or both recession years."

## **1947 Buchen Advertising**

"... correlating spending to sales trends before, during or after the recessions of 1949 and 1954 ... it found that sales and profits dropped off almost without exception at companies that cut back on advertising, and these lags continued even after the recession ended."

## **1927 Professor Roland S. Vaile in Harvard Business Review**

"Vaile tracked some 200 companies through the recession of 1923. In his article in HBR, he concluded that companies with the biggest sales increases during this period were those that advertised the most."

## Conclusion

When times are good,  
you should advertise

When times are bad,  
you *must* advertise

MAKE THE CONNECTION WITH MAGAZINES



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[adinfo@magazinescanada.ca](mailto:adinfo@magazinescanada.ca)  
416-596-5382

*We're Here to Help...*

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