How Media Measure Up

Financial Services, Personal Care Products, OTC/Healthcare Products

Magazine Publishers of America and Hudson River Group
Release Noteworthy Media Mix Measurement Study

Numerous studies have shown magazines' effectiveness in the marketing mix across a variety of categories and brands. In response to ever-increasing demand for advertising accountability, Magazine Publishers of America commissioned Hudson River Group to look at media mix dynamics for three specific categories: financial services, personal care products and OTC/healthcare products. The media mix modeling study provides compelling proof that magazines positively impact sales in these three categories, which is consistent with results from previous accountability studies.

This comprehensive new study, titled "How Media Measure Up: Financial Services, Personal Care Products and OTC/Healthcare Products," measured television, magazines, newspapers, radio and outdoor—the media with sufficient data to be analyzed. (Note: data on the Internet were too limited to allow for inclusion.) The research also took into account a number of baseline drivers that influence business results, which include seasonality, weather, competitive activity, econometric factors, category trends and special events (such as the Olympics and elections). The analysis used an existing database of prior analyses, aggregating disguised individual brand data across multiple years.

New research reinforces prior learning that magazines are an important contributor to increased sales and improved ROI

Two measurements are used to express effectiveness: return on investment and efficiency. Return on investment (ROI) is the incremental profit driven by an activity relative to the cost of that activity, expressed as a percent/index. ROI is based on the investment in each medium individually; therefore, the database includes all cases available for each of the three categories.

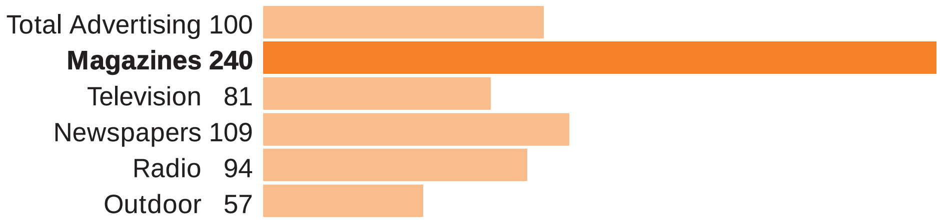
Efficiency is defined the percent of incremental advertising volume in a medium relative to the percent of spending in the medium, expressed as a percent/index. In order to examine the percent of volume contributed by magazines relative to the percent of budget invested in the medium, efficiency is based on only cases with magazines in combination with other media.

Across the board, magazines significantly enhanced ROI
and delivered it efficiently.

Magazine ROI Exceeds Other Media for Financial Services

The financial services category included demand deposits, debit cards, and credit card advertising plans. Magazines' return on investment was more than double that of the total advertising, as well as more than double that of all other media studied.

Financial Services ROI Index



Base: 18 cases

Magazines drove significantly more than their "fair share" of incremental volume for the financial services category. They delivered 30% of the incremental volume driven by advertising with 17% of the total advertising budget. Television did not drive sales as efficiently as magazines did. While 76% of advertising dollars were allocated toward television, television delivered only 51% of the incremental volume.

Financial Services	**Magazines**	Television
Percent of Advertising Budget	**17 %**	76 %
Share of Advertising Incremental Volume*	**30 %**	51 %
Efficiency Index	**176**	67

*Incremental volume from medium as a percent of incremental volume from all advertising
Base: 12 cases

Magazines Work Harder for Personal Care Products

A range of health and beauty aids, including shampoos/conditioners, moisturizers and toothpastes, were included in the personal care category. Magazines' ROI was 45% more than that of the total advertising, outperforming other media.

Personal Care ROI Index

Base: 242 cases

Magazines achieved an efficiency index of 311, by delivering 28% of the incremental volume with 9% of the advertising budget. Television did not drive sales as efficiently as magazines. Ninety percent of the advertising budget was allocated to television, yet television delivered only 71% of the incremental volume.

Personal Care	**Magazines**	Television
Percent of Advertising Budget	**9 %**	90 %
Share of Advertising Incremental Volume*	**28 %**	71 %
Efficiency Index	**311**	79

*Incremental volume from medium as a percent of incremental volume from all advertising
Base: 67 cases

Magazines Deliver ROI for OTC/Healthcare Products

Nonprescription consumer products with nutritional or medicinal benefits, including pain relief, vitamins/nutritional supplements and energy drinks/bars, comprise the OTC/healthcare products category. Magazines' ROI was more than five times that of the total advertising, and more than double the ROI of other media studied.

OTC/Healthcare ROI Index

Base: 42 cases

Magazines drove 40% of the incremental volume with 9% of the advertising budget in OTC/healthcare, achieving an efficiency index of 444. Television did not drive sales as efficiently as magazines. While 83% of advertising dollars were allocated toward television, television delivered only 60% of the incremental income.

OTC/Healthcare	**Magazines**	Television
Percent of Advertising Budget	**9 %**	83 %
Share of Advertising Incremental Volume*	**40 %**	60 %
Efficiency Index	**444**	72

*Incremental volume from medium as a percent of incremental volume from all advertising
Base: 24 cases

Magazines represent an important but underused tool in the media mix.

Summary

Reinforcing previous studies' findings, the topline results of "How Media Measure Up" clearly demonstrate that magazines represent an important but underused tool in the media mix for the three categories studied. In addition, the study found that magazines are the most efficient of the major media measured to promote financial services, personal care products and OTC/healthcare products. These findings, along with previous research, provide a compelling case for increasing magazines in the marketing plan to increase ROI.

For more information or to schedule a presentation of the study's findings, contact Wayne Eadie, Senior Vice President, Research, at 212-872-3722 or weadie@magazine.org.

Appendix

Summary of Previous Studies' Findings

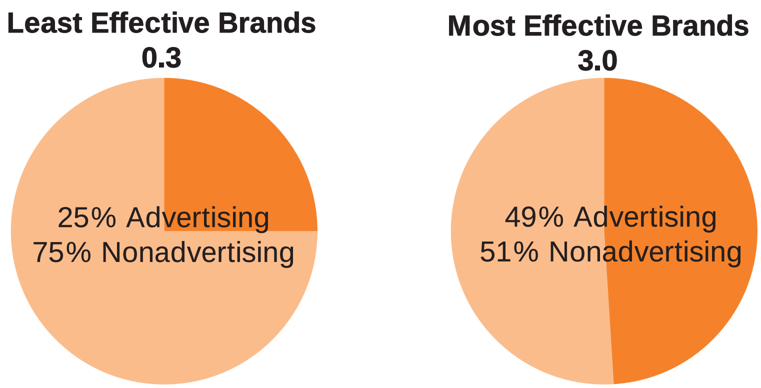
Over the past five years, MPA has conducted five marketing mix studies that looked at more than 300 brands across a number of categories. The research has produced consistent results.

Result No. 1:

Advertising Works

"Measuring the Mix" found that the brands that spent a higher percent of their marketing budgets on advertising, as evidenced by their media spending (vs. promotion), received a higher return on their overall marketing investment.

Marketing Effectiveness by Quintile



Source: Measuring the Mix (Marketing Measurement Analytics, 2002); Base: 59 of 140 brands

"What Drives Automotive Sales" showed that advertising investments for the brands measured returned at least three and a half sales dollars for each dollar spent on advertising. The average was nearly a ten-fold return.

Incremental Sales per Dollar Spent

Total Advertising 1999 – 2001 Average

Brand "A"	Brand "B"	Brand "C"
$19.97	$3.47	$5.97

$9.80 Three-Brand Average

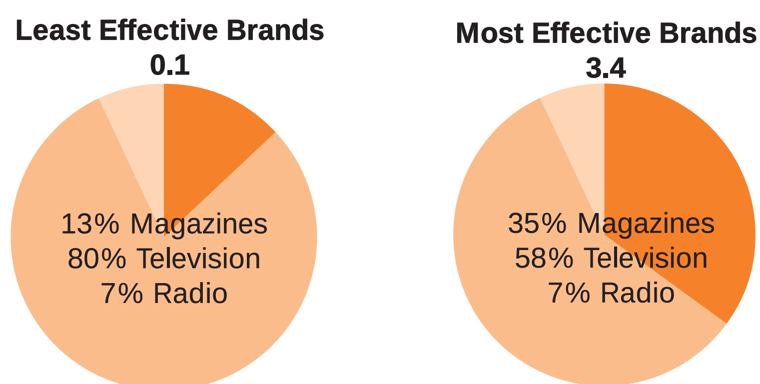
Source: What Drives Automotive Sales (Hudson River Group, 2003)

Result No. 2:

A Balanced Media Mix Yields Higher ROI

"Measuring the Mix" demonstrated that for those brands with a higher percent of magazines in the media mix, total media effectiveness was substantially higher.

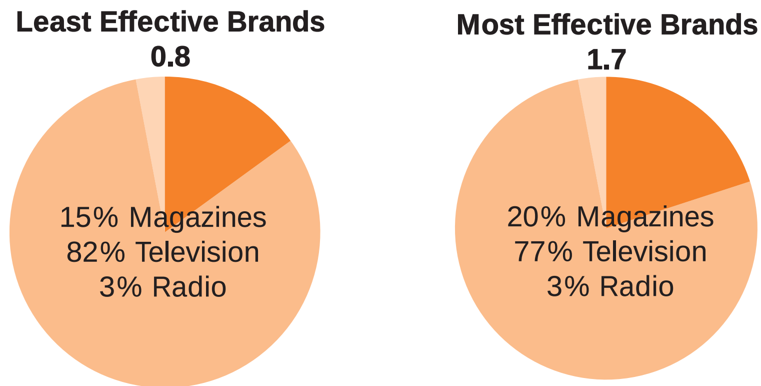
Average Media Effectiveness



Source: Measuring the Mix (Marketing Management Analytics, 2002); Base: 59 brands

"Measuring the Mix" compared media effectiveness for the same brands over time. As a result of an average 5% shift in media mix from television to magazines, average media effectiveness more than doubled for the same brands.

Average Media Effectiveness



Source: Measuring the Mix (Marketing Management Analytics, 2002); Base: 36 brands

---

Result No. 3:
Magazines Drive Sales Volume Efficiently

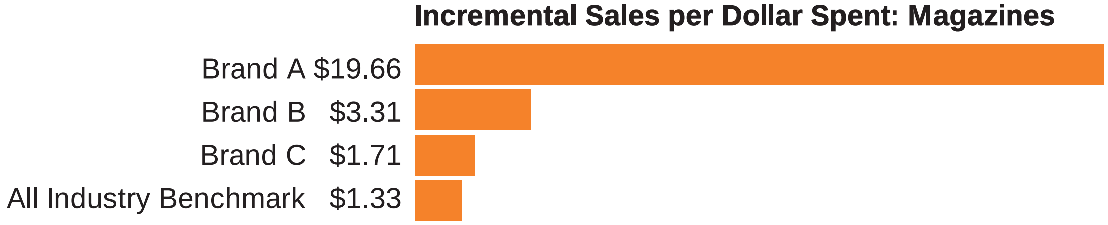
After trade promotion, magazine advertising was the most effective element in the marketing mix.

Index of Sales Effectiveness Relative to Spending

Source: Measuring the Mix (Marketing Management Analytics, 2002); Base: 140 brands

For every incremental dollar spent on magazines, auto brands got a much larger sales return, from $1.71 to $19.66. The average of the three auto brands studied, $8.27, greatly exceeds the all-industry benchmark of $1.33. (Please note that the all-industry benchmark of $1.33 indicates that magazines' average ROI for all brands in the database exceeded each dollar spent.)

Incremental Sales per Dollar Spent: Magazines



Three-Brand Average $8.23

Source: What Drives Automotive Sales (Hudson River Group, 2003)

Result No. 4:

Magazines Rarely Saturate, While TV Often Exceeds the Point of Diminishing Return

“What Drives Automotive Sales” studied three brands over three years. In 48% of the weeks in which advertising ran, the money spent on television was above the saturation point as compared to just 1% of weeks in which the money spent on magazines was above the saturation point.

Percent of Weeks Above Saturation
1999–2001 Average

	Brand “A”	Brand “B”	Brand “C”	**Average**
Television	39%	53%	51%	**48%**
Magazines	0%	2%	0%	**1%**

Source: What Drives Automotive Sales (Hudson River Group, 2003)

Modeling showed that significant gains in total advertising impact for these brands could be achieved by reallocating oversaturated TV dollars to magazines.

Change in Incremental Sales by Switching Excess TV Advertising Dollars to Magazines

Source: What Drives Automotive Sales (Hudson River Group, 2003)

For more information on “Measuring the Mix” or “What Drives Automotive Sales,” please visit http://www.magazine.org/accountability.