

Measuring Magazine Effectiveness

Quantifying Advertising and Magazine Impact on Sales



Magazine Publishers of America and MMA Release Ground-Breaking Study

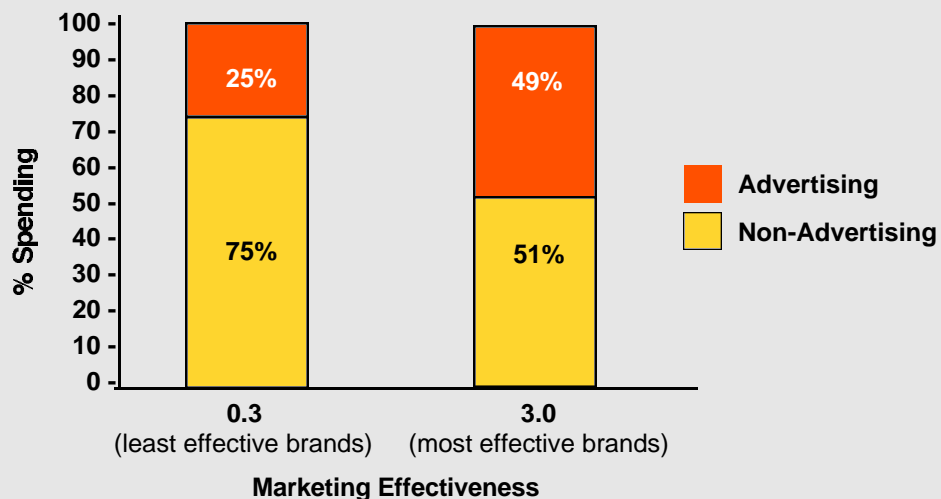
To meet the accountability challenge posed by advertisers and their agencies, *Magazine Publishers of America* teamed with *Marketing Management Analytics* (MMA), a leader in the field of predictive sales modeling, to quantify the incremental sales impact of overall advertising and magazine advertising in relation to other elements in the marketing mix.

This comprehensive study analyzed 186 brands across 13 different product categories over a combined seven-year period, from 1994 through 2000. The brands included in the analysis represent more than \$9 billion in total marketing spending during the period measured, more than \$3 billion in advertising spending, and more than \$500 million specifically allocated to the magazine medium. The topline findings of the study clearly demonstrate the power of advertising, of a balanced marketing mix, and of magazines' ability within that mix to improve return on marketing investment.

Increased Media Spending Increases the Effectiveness of a Brand's Overall Marketing Efforts

MMA conducted a quintile analysis to determine the most effective and least effective brands in its database. It was found that those 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.

Overall Marketing Effectiveness

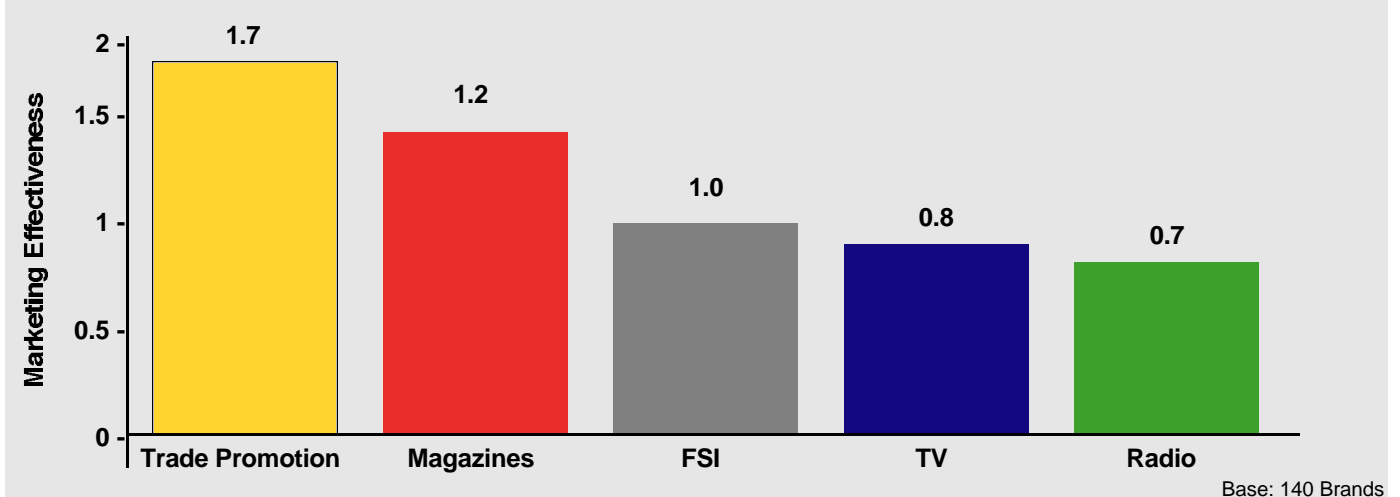


Base: 59 of 140 Brands

Magazines Enhance Return on Marketing Investment

To determine the overall effectiveness of the individual elements of the marketing mix, MMA calculated the percent of incremental sales volume attributable to each element, and then divided by actual spending allocated to marketing and media drivers. Behind trade promotion, magazine advertising was more effective than any other element in the marketing mix. Among media, magazines were approximately 40% more effective than TV, and 60% more effective than radio.

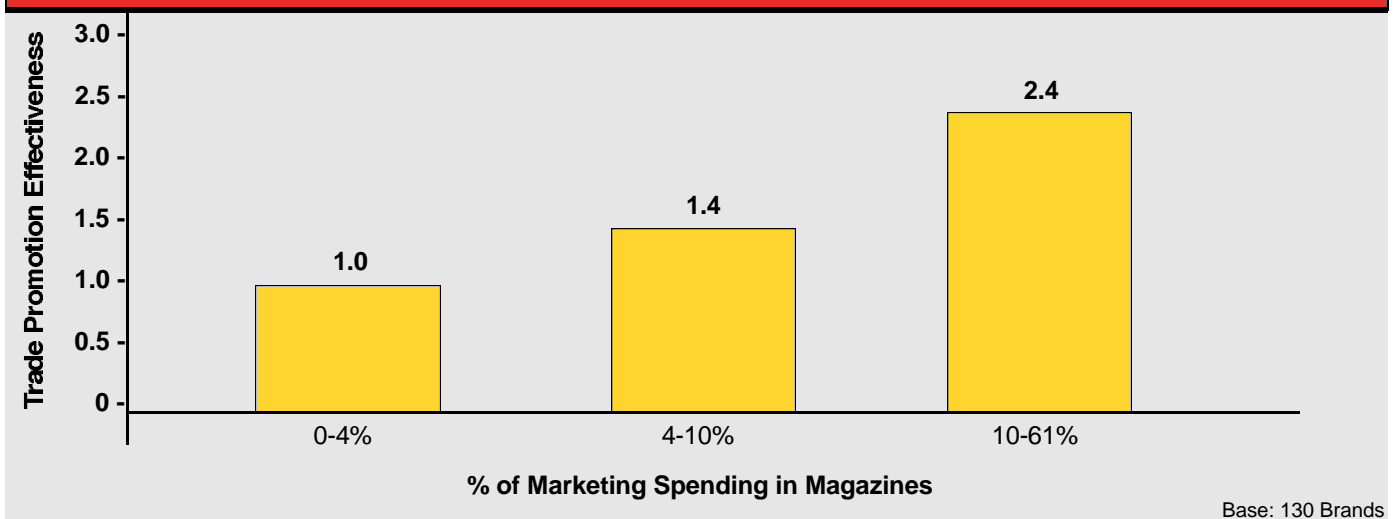
Overall Effectiveness of Marketing Elements



Increased Spending in Magazines Increases Trade Promotion Effectiveness

MMA grouped brands according to the percent of magazines in their overall marketing mix to determine the impact of magazine advertising on trade promotion effectiveness. MMA reports that for those brands with a higher percent of spending allocated to magazines, trade promotion is more effective.

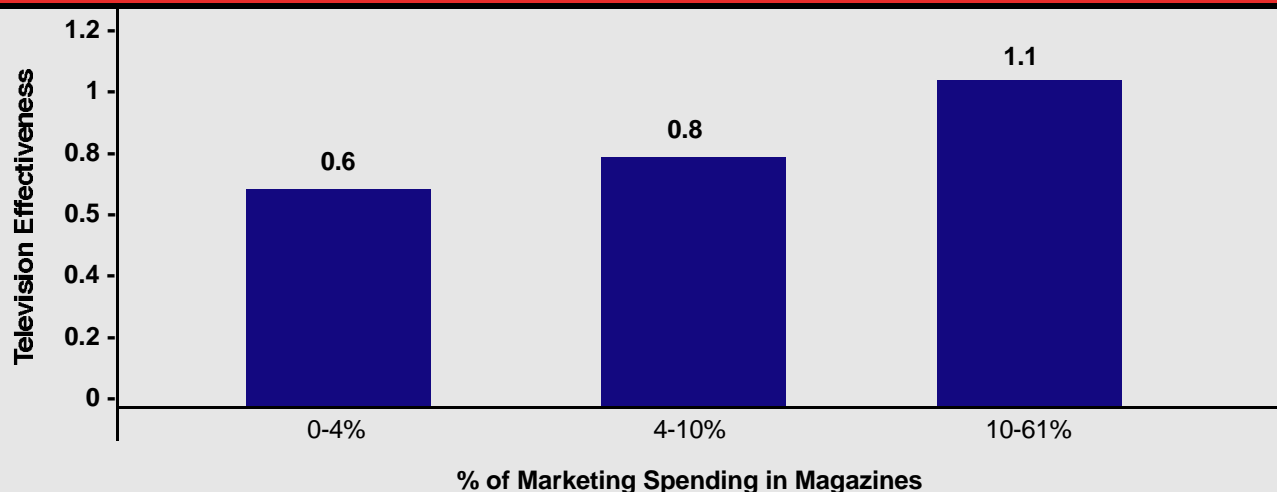
Magazines in the Mix: Trade Promotion



Increased Spending in Magazines Increases TV Advertising Effectiveness

MMA grouped brands according to the percent of magazines in their overall marketing mix to determine the impact of magazine advertising on TV advertising effectiveness. MMA reports that for those brands with a higher percent of spending allocated to magazines, TV advertising is more effective.

Television Advertising Effectiveness

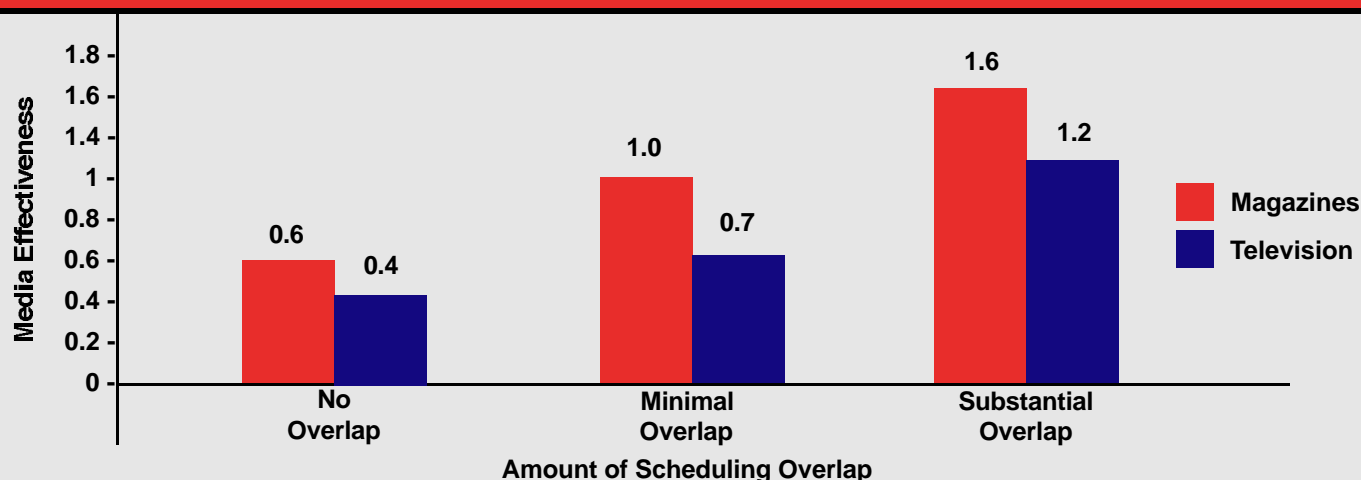


Base: 130 Brands

Magazines and TV Work Harder When Flighted Together

MMA also quantified the synergy of magazine and television advertising working together. By analyzing the weekly flighting of magazines and TV at the brand level, MMA created three brand groupings representing three different approaches to advertising flighting. The overall effectiveness of both magazines and TV - and the individual effectiveness of each medium - was the highest when there was substantial overlap in weekly scheduling.

Impact of Scheduling Overlap

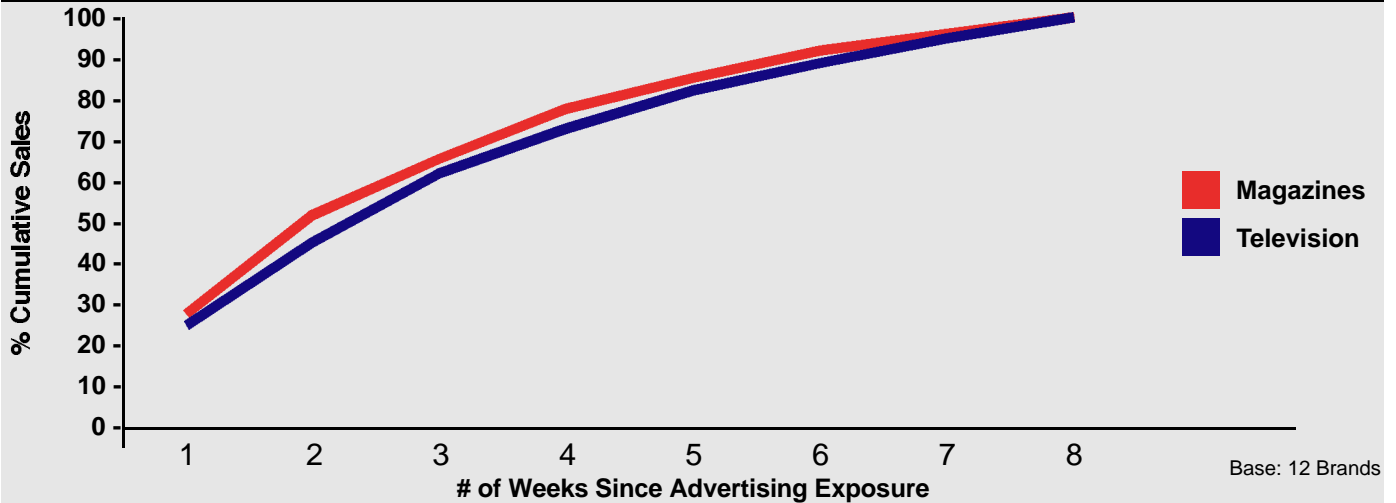


Base: 56 Brands with weekly data available

The Cumulative Sales Impact of Magazine and TV Advertising

To determine how quickly magazine and TV advertising work to generate incremental sales, MMA examined the cumulative sales impact of each medium. The analysis involved examining impact when the audience was exposed to the ad and included only brands which had consistent creative during the measured period. MMA reports that, upon exposure, the immediacy of the sales impact of magazine and television advertising over time is similar.

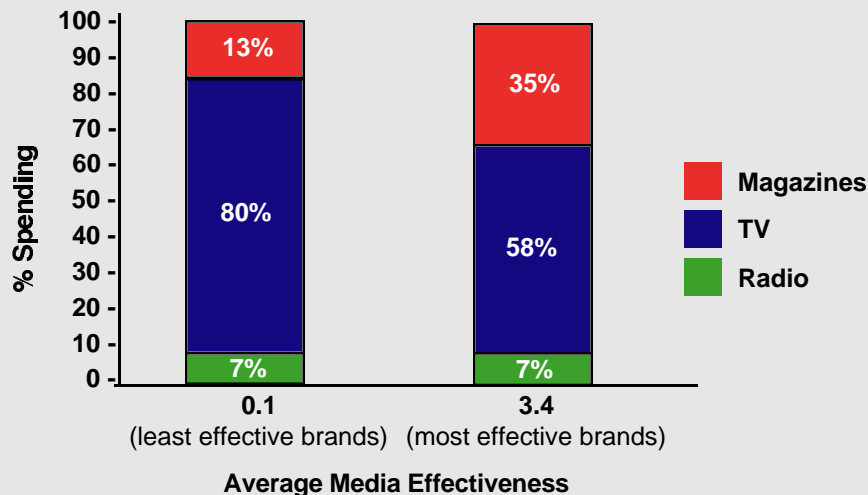
Immediacy of Sales Impact



More Magazines in the Media Mix Increases Advertising ROI

MMA analyzed the media allocation by quintiles to determine brands with the lowest vs. the highest ROI. MMA calculated the average media effectiveness of two different media mix scenarios. The results demonstrate that for those brands with a higher percent of magazines in the media mix, total media effectiveness was substantially higher.

Impact of Media Mix

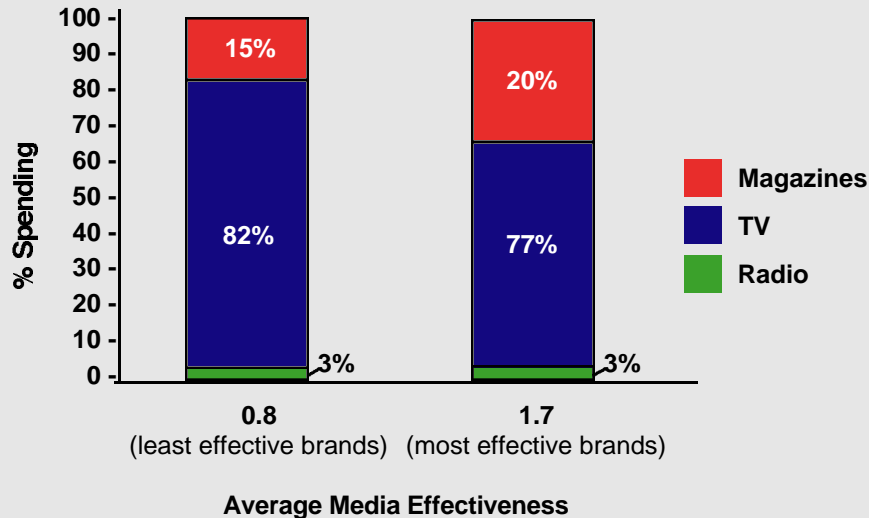


Base: 59 of 140 Brands

A Shift in Media Mix from Television to Print Improved ROI for the Same Brands Over Time.

MMA compared media effectiveness for the same brands at two different points in time. As a result of a five percentage point shift in media mix from television to print, average media effectiveness more than doubled for the same brands. Additional analysis indicated that this pattern was consistent across different budget levels.

Comparing Media Mix of Same Brands Over Time



Base: 36 Brands

Summary

The topline findings of the MMA study clearly demonstrate that magazine advertising is effective at improving marketing ROI, and that magazines play a synergistic role in combination with the other elements of the overall marketing and media mixes. Detailed findings of the MMA analysis are available upon request.

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

Methodology

Marketing management Analytics analyzed 186 brands from its existing database of predictive sales models over a combined 7-year period, from 1994 through 2000. The study's findings are reported in the composite, not at the individual brand level, to protect the proprietary relationship between MMA and its clientele. Newspaper, out of home and Internet advertising were not included in the analysis due to a lack of sufficient observations for those media.

The following calculations were used to determine *effectiveness* and *effectiveness* index:

$$\text{Effectiveness} = \frac{\text{Percent of incremental sales attributed to the marketing element}}{\text{Actual spending on the marketing element}} \times 1,000,000$$

$$\text{Effectiveness Index} = \frac{\text{Individual effectiveness score for the marketing element}}{\text{Average effectiveness score for the attribute measured}} \times 100$$

