

Media Neutral Analysis of Key Advertising Media

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Dr Claude Robinson (Co-Founder Gallup & Robinson) said of advertising...

"In no other area of corporate expenditure is so much spent with so little idea of what is being purchased."

That was in the Fifties.

We are today at the convergence or crossroads of two revolutions:

- the technological revolution, epitomised by Google – borderless, without boundaries or barriers;
- the cultural revolution – barriers and boundaries everywhere – fortress-like in their ability to lock out those who don't belong.

Media, communications and therefore telecommunications are intrinsically intertwined with these two revolutions, powering them and, at the same time, being driven by them.

We are seeing competing or counteracting trends in a number of areas:

- Open systems Vs Bundling ;
- Complexity Vs Choice;
- Globalisation Vs Community;
- On-line choices providing global access to goods Vs increasing fraud on line and increasing divergence between sub segments in society;

The telecommunications industry is at the very vortex of all of this – and can choose to operate in almost any “space” it can define.

The trick of course is to spot the space. For instance the 100 million extra grocery shopping trips per annum have created the convenience store “space”.

The ability and desire by many to communicate with like minded people online created the “chat room”, and the desire by some to share their views has created the “blog”.

For the last sixty years we at Roy Morgan Research have been researching consumers and the choices they make as well as monitoring, commenting upon, and participating in the new information era.

With operating businesses in Australia, New Zealand, UK, US and Indonesia (a very important market which has largely been ignored until recently) we are observing five trends:

- **The new media landscape** – We are seeing Media Fragmentation, and at the same time convergence of media, technology, telecommunication, and entertainment.
- **Increased reliance on Metrics** – “*going by the numbers*”- in a world of KPIs and performance based bonuses every task seems to require a number a thresh hold (meaningful or not, relevant to the bigger goal or not). Against this “numerical confusion” (my personal prejudice) we have to re-think how we measure some fundamentals like audiences and ROI.
- **Frameworks for understanding and action** – There is a real need emerging to create mechanisms, methodologies, or frameworks to cope with the increasing complexity of consumer behavior yet deliver that complexity in a simple manner. This is particularly important given the fourth trend.
- **Data Integration** – With more data, more computer power, more ‘open’ software platforms, the economics of information have changed – but our ability to make sense of the volumes of information has not kept pace.

Interestingly sophisticated market researchers have much to contribute here and ASTEROID, data analysis and integration software developed for market research data is now being used in many sites around the world for integrating disparate (non market research) data sets, and reporting in simple actionable but flexible ways.

- **Global Calibration** – How do our markets measure up against what’s happened elsewhere? And **Global Perspectives** – How do we understand the differences that make a difference around the world; and the similarities that enable us to transfer learnings?

These each have relevance for the telecommunications industry.


Particularly when we recognise the telecommunications industry is at the same time a major advertiser and a growing medium or channel, and if we include “search” potentially a media buying/planning agency.

If we just focus on one area – the emerging 3G technology has the potential to operate in each of these three arenas.

With this in mind we see advertising through mobile phones (Wall Street Journal on-line, August 22, 2005).

Roy Morgan Research

Discover your *edge*



This billboard in a London train station sends related material to Bluetooth cell phones.

The Wall Street Journal online
Aug 22, 2005


© Roy Morgan Research

And advertisers being turned into content producers (AdAge.com online August 23, 2005).

Roy Morgan Research

Discover your *edge*

TURNING ADVERTISERS INTO CONTENT PRODUCERS



NEW YORK -- Two niche cable networks are finding marketing bucks in one of advertising's hottest trends: turning the advertiser into content producer.

Source: **AdAge.com ONLINE EDITION**
Aug 23, 2005

© Roy Morgan Research


And we see television coming to us through computer screens (New York Times August 1, 2005).

Roy Morgan Research

Discover your *edge*

Logging On to Tune In TV

More People Are Watching Their Programs on the Web



The New York Times
Monday August 1, 2005

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At the recent Annual Conference of the ARF (Advertising Research Foundation) in New York, Giovanni Fabris, Global Marketing Director of Macdonald's, said of mobile phones:

“Portable phones are no good as media, portable computers which can make phone calls are good for communication.”

There is no doubt convergence is upon us.

Today the dollars spent on advertising are still heavily focussed on traditional media channels. But how will this look on the future?

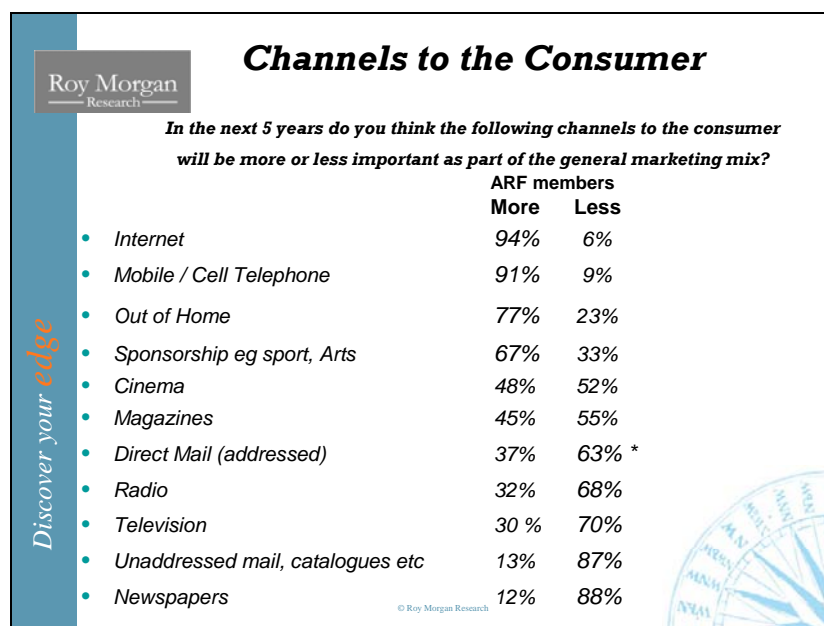
In a recent multi-country survey Roy Morgan Research, in conjunction with the ARF and AdNews, asked 493 professionals in the advertising industry just that question.

Respondents included professionals from advertisers, agencies, media, academic institutions and external consultants (in occupations ranging from Creative Director, Chairman, and Marketing Director to Media Planner and more).

They were asked among other things their views on which media or channels to the consumer will be more or less important as part of the general marketing mix in the next five years.

There were few surprises. Those things that will be more important in the next five years are Internet and Cell phones. Perhaps the expected growth in importance of out-of-home and sponsorship were a little unexpected. But with a moment's thought it is obvious why they are there.

Of less importance according to ARF members will be newspapers, direct mail, TV, radio.



It is interesting that in Australia where we have launched mail metrics – a consistent measure of addressed mail based on “read or looked into” measure, which all advertising agencies have in their Single Source media imperatives database (ASTEROID of course) 50% of advertisers say addressed mail will be more important.

In our survey of advertising professionals, media fragmentation and the new media landscape was identified as one of the major issues for the advertising industry along with increased focus on ROI and the changing consumer and increasing difficulty of engaging with him or her.

So many communication channels, so many experts;
 So many breakthrough ideas in marketing, brand building;
 So many innovative creative approaches;
 So much business fragmentation;
 So many new metrics – to measure ROI; and
 So little time...

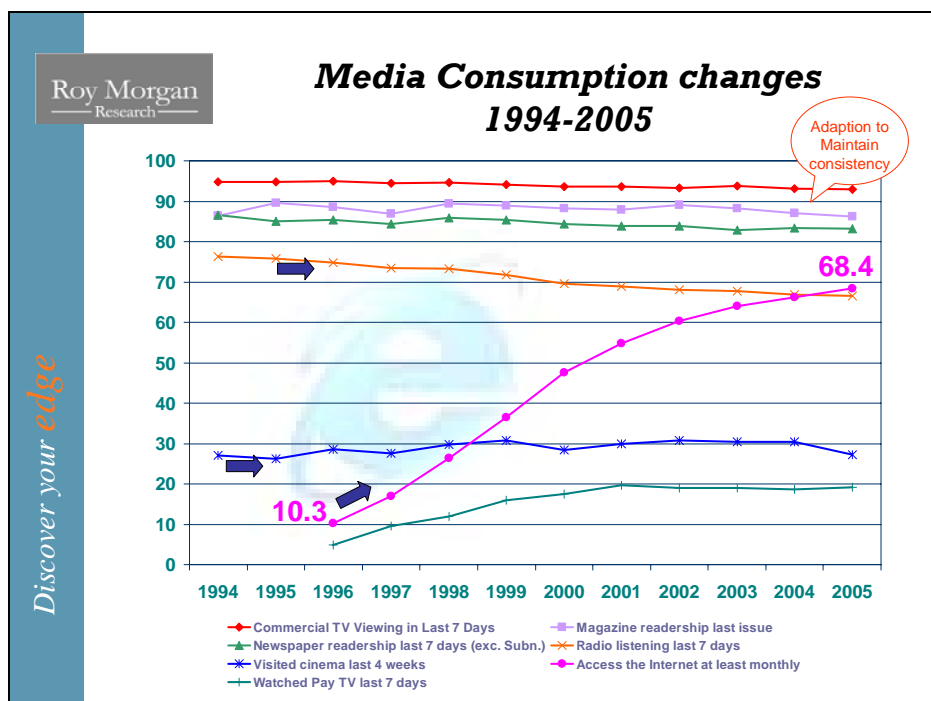
Today, I want to try to make sense of it all. To clear away the clutter, and to focus and segment. I want to focus on the two important pieces:

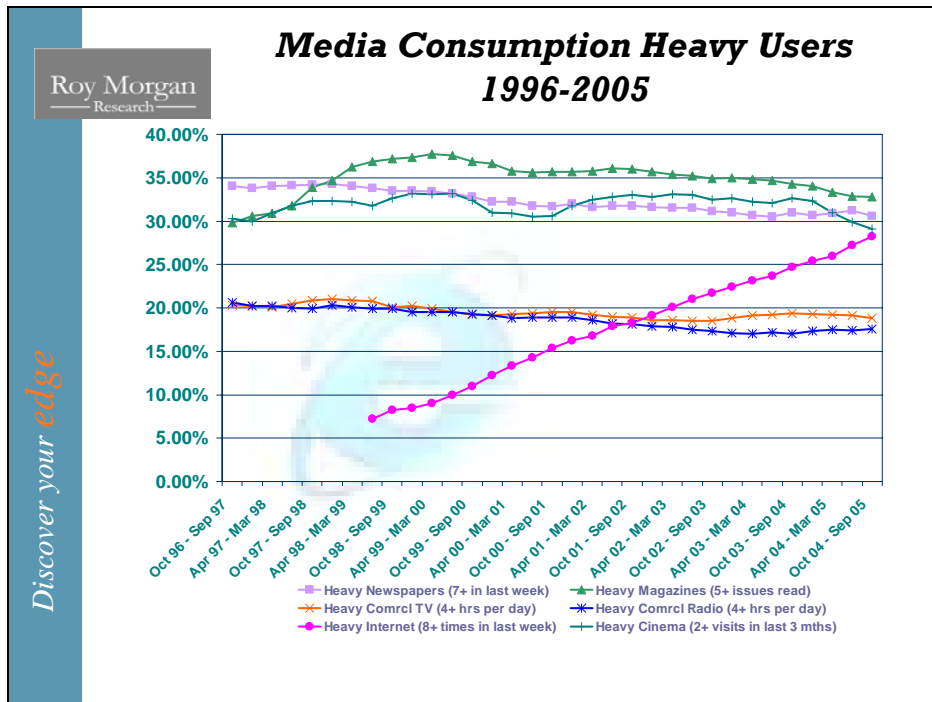
- the media or communication channel; and
- the creative or the way the communication works

Not so long ago, if you wanted to introduce a new product or brand into the marketplace, you could almost guarantee to reach 90% of Australia’s population by doing a Sunday Night “Road block” – that is, advertise at the same time on Channel 7, 9 and 10 during the Sunday night movie.

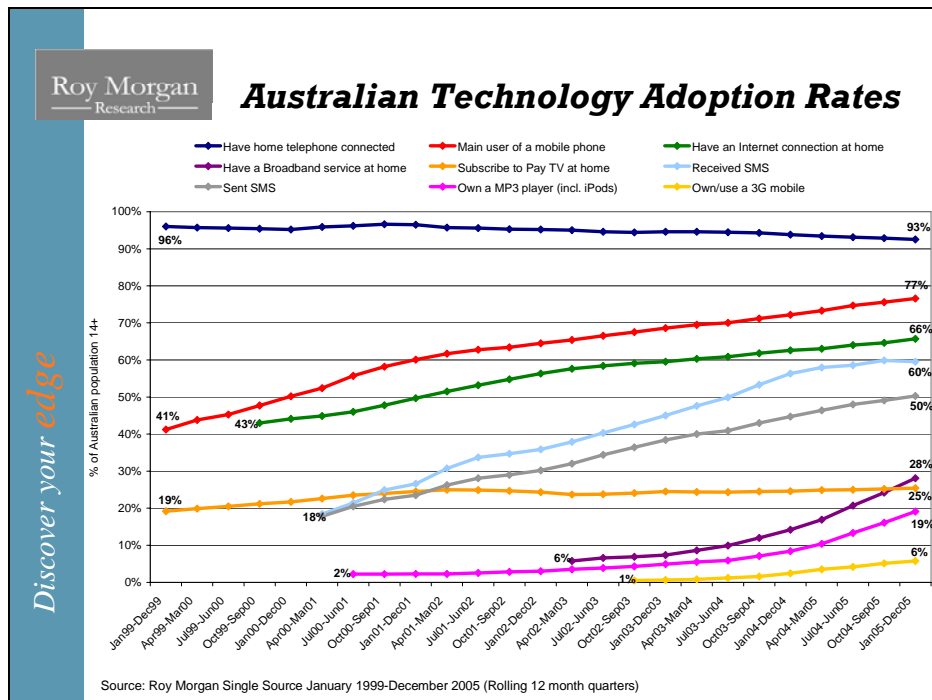
Then came the Internet, Pay-TV, DVDs, PlayStations, Palm Pilots, I-pods, etc.

The last 10 years have seen dramatic change in media – predominantly focused on Internet take-up.



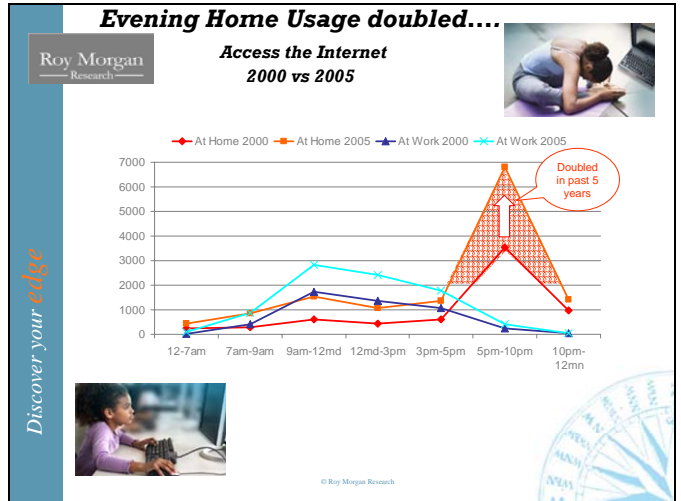
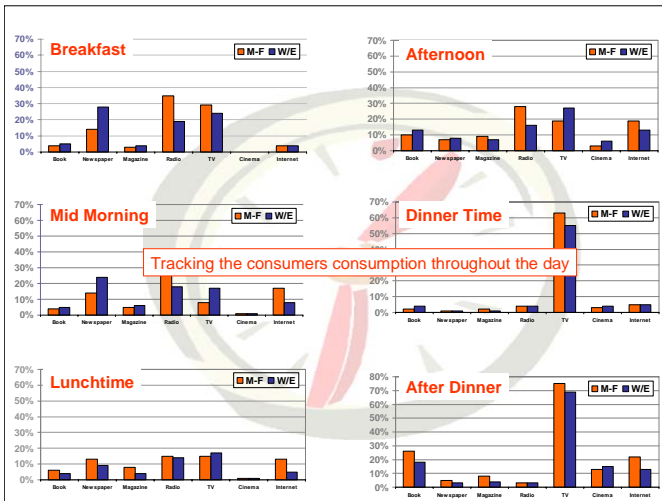


Essentially, in one generation technology has rapidly flooded our shores, we move beyond the traditional media channels of Print, Radio, Cinema, Outdoor and Free To Air TV to Internet, Pay TV, Digital and hand-held technology. How has the Australian consumer adapted...



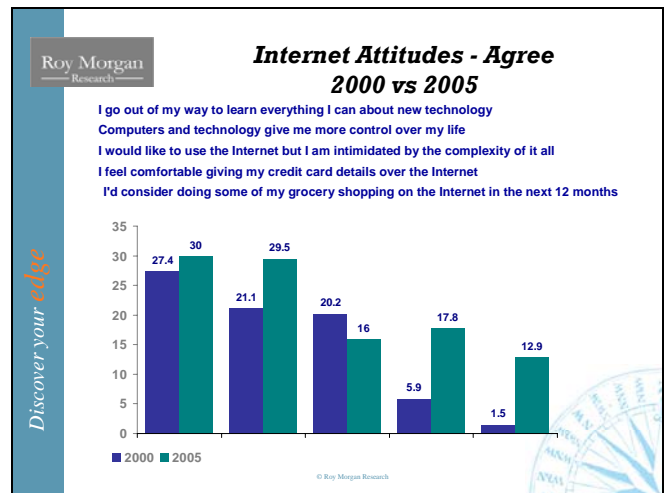
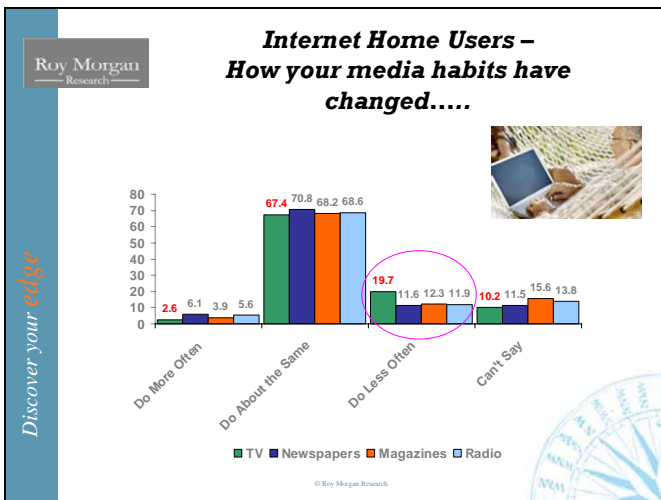
We are doing different things at different times of the day. TV viewing is high at dinner time and after dinner.

But, over the last five years, Net Usage at home doubled in evening taking away from conventional media channels. What will 3G do to this picture?



And consumers are telling us that they are doing some things less – TV mostly. They are also doing some things more, but on balance Internet is eating into time.

Users have become more comfortable with technology, the dramatic changes over the last five years being the comfort with financial transactions over the Internet. Now 13% say they are comfortable giving their credit details over the Internet – up from 1.5% in 2000.

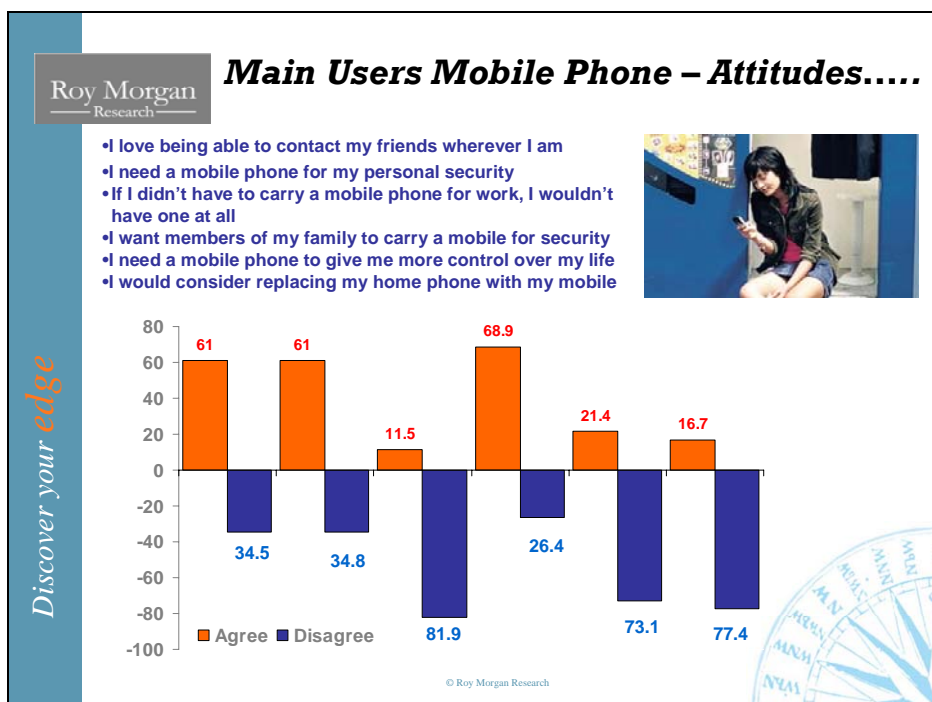
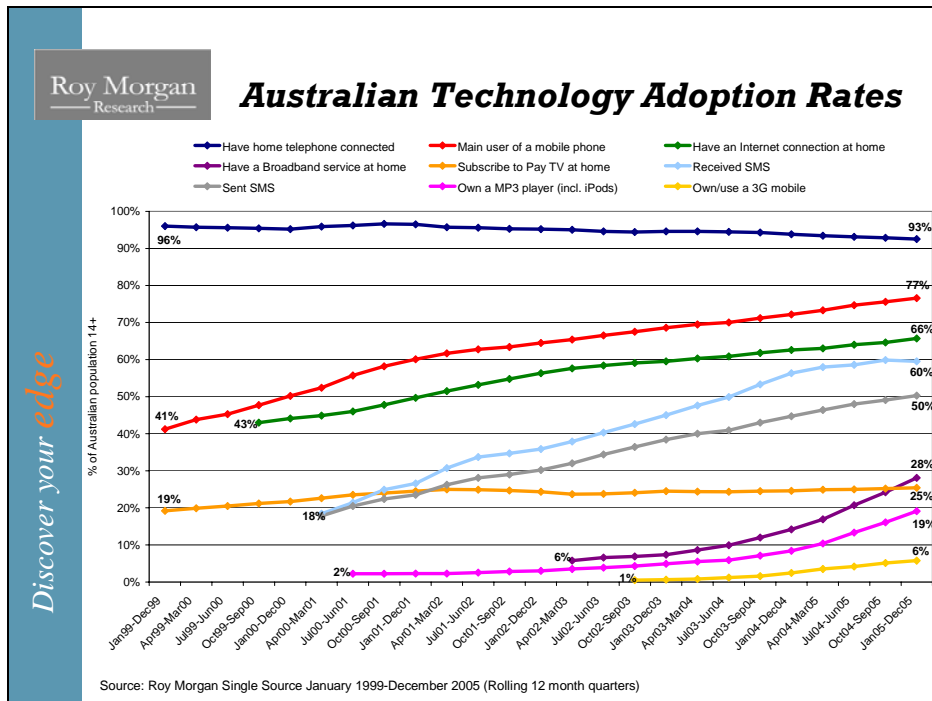


And the Internet is being used by a larger base of people for more things. The number of people using email has almost doubled in five years, shopping and paying bills has more than trebled, to around four million, and there is a substantial increase in the number of people using the Internet for publishing and promotions – their own.

The mobile phone is the next wave.

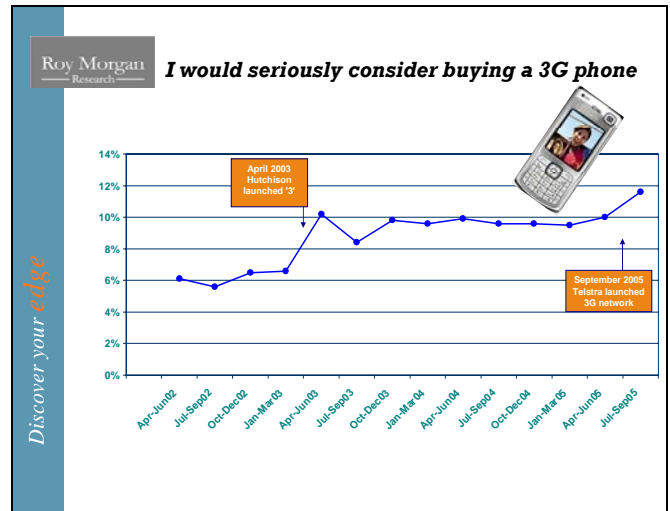
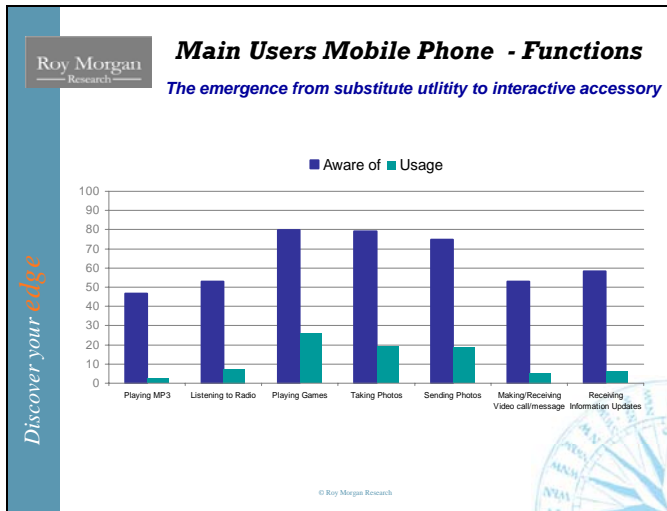
In Australia mobile phone penetration has doubled in the past five years with 77% of the population now owning a mobile phone, 60% having received an SMS, 50% having sent one, and some 6% now having 3G technology.

Attitudes toward the mobile phone are also enlightening. No longer is consumption restricted to business use, consumers have embraced the technology allowing them the security of communication when and where they choose to use it.

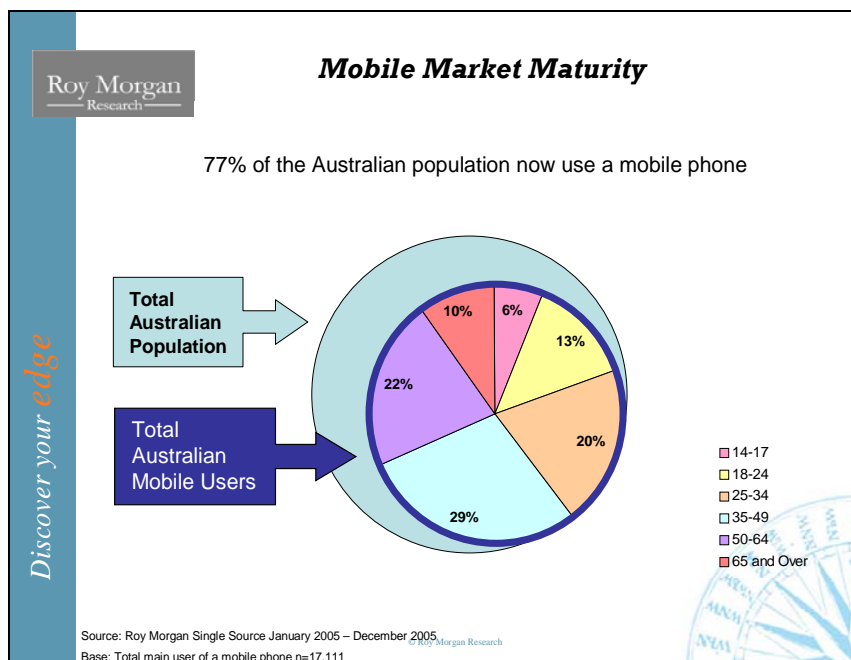


Today the mobile phone is not considered as a substitute utility but an interactive accessory. Clearly it is NOT just for phone calls. It's about playing games (by the way penetration of game consoles appears to have stabilised at about 40% of households). The mobile phone is also about taking photos, and sending photos, listening to the radio, etc.

And some 12% of phone owners are seriously considering 3G. So over two million people in Australia either have 3G or would seriously consider getting a 3G phone.



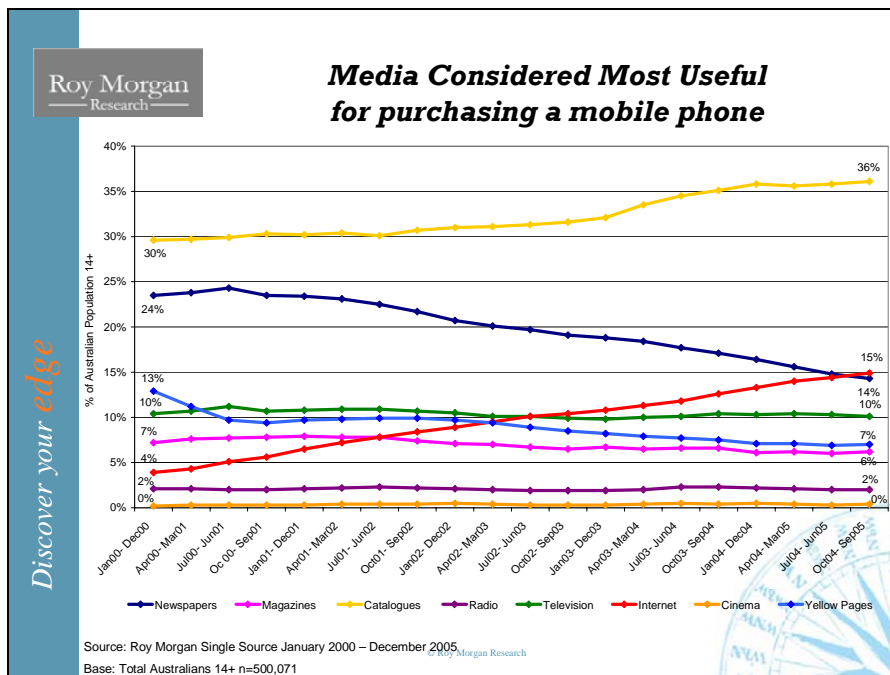
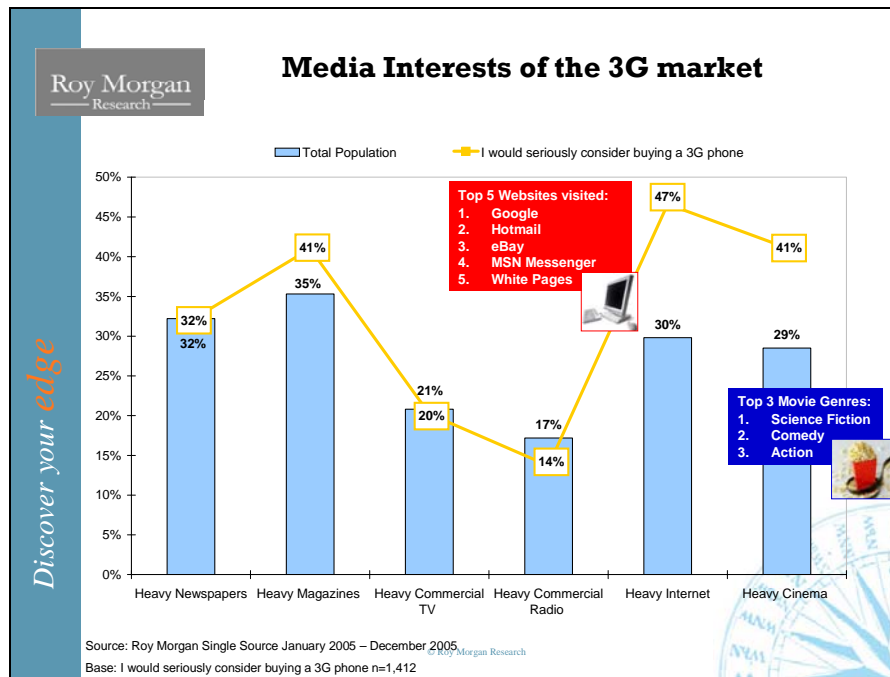
Current Roy Morgan Single Source has shown that as the service providers continue to enhance and promote the technology, the intention of purchase is emerging within the 14-49 year old, skewing higher with males.



Those intending to buy 3G phones are more likely than the average mobile phone owner to engage in a number of activities – some computer-based, some just about engaging with life.

While they share many attitudes with the general population, they are different in terms of their desire to be connected with friends, use of their phone and the internet and in considering themselves as leaders rather than followers.

And they have distinct media preferences heavy internet, heavy cinema, and relatively heavy magazines. And particular views about media that are useful for purchasing mobile phones.



I mentioned earlier Frameworks. The Roy Morgan Values Segmentation¹ is one such framework. A Values analysis of 3G intenders shows the focus on youth (“*Young optimism*” and “*Look at me*”) and the focus on technology, information and innovation (“*Socially aware*”), but it illuminates another key segment: ‘*A fairer deal*’.

If we look more closely at those interested in 3G with “*A fairer deal*” mindset we see these people predominantly blue collar, over-represented in the ranks of the unemployed, and typified by the attitude “*I get a raw deal in life*” have taken to mobile phone technology like a duck to water.

¹ Developed in conjunction with Colin Benjamin of The Horizons Network.

Whereas they have never gained the comfort with computers and the Internet that is becoming so widespread in our Society, they have taken to the mobile phone, using SMS, entering competitions, information services, GPS, sending faxes, etc. Interestingly the same phenomenon is observed in their use of games – high take up of video games but low for computer games.

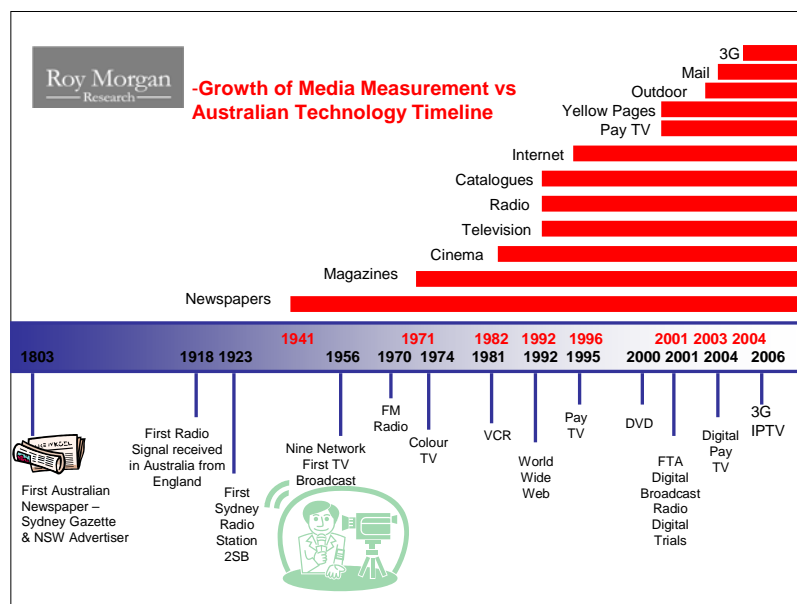
The mobile phone powered by 3G will open a new space for this group – creating opportunities for them, but also for advertisers and telecommunications marketers.

The channels to the consumer are now greater than ever before and increasing faster than ever.

This presents real challenges for those measuring media in the new landscape.

These are all channels to the consumer's mind. Interestingly, when it comes to the concept of 'Channel to Consumer' there are, today, different measures for the different media:

Broadly speaking, radio and print are measured in terms of OTS (Opportunities-To-See), Internet by measures of hits or visits, or some combination, and until recently direct mail - or addressed mail was measured either in '000s of letters or in '000s of responses.



Despite much discussion about media neutrality the real problem, everywhere in the world, is that the 'metrics' do not migrate easily across the different views – UNTIL NOW. Of course now we are confronted with an exponential growth in channels to the consumer – many as yet unmeasured.

Jim Kite of Media Vest in the USA says: "There are so many different sources of information and we have to get them talking to one another."

He is right. Of course in Australia they do through Roy Morgan Single Source.

I want to come back to this, but first I want to make an important point.

There are challenges for those of us measuring the media. However equally there are challenges for any medium that can't be measured.

The obvious questions are:

- Why do we need measures?
- Why are the methodologies different?
- Why are the measures different?

These are the questions we articulated and answered in the mid '90s and they have shaped the direction of Roy Morgan Research's media measurement ever since.

Why do we need measures? The need for measures is all about currency:

- currency for buying 'space';
- currency for planning;
- currency for evaluating performance; and
- currency for advertisers to know that the \$'s spent in advertising have some financial logic.

Why are the methodologies and measures different? The reason for the different methodologies has to do with:

- technology;
- the way the media is distributed;
- costs;
- end-user needs and willingness to pay, and
- history!

The real question was and still is: "*How do we move forward?*"

Despite all the change the one constant is the consumer. At Roy Morgan Research we have come to the conclusion three things are still the same.

The end consumer - is still a person - watching, reading, listening and making choices.

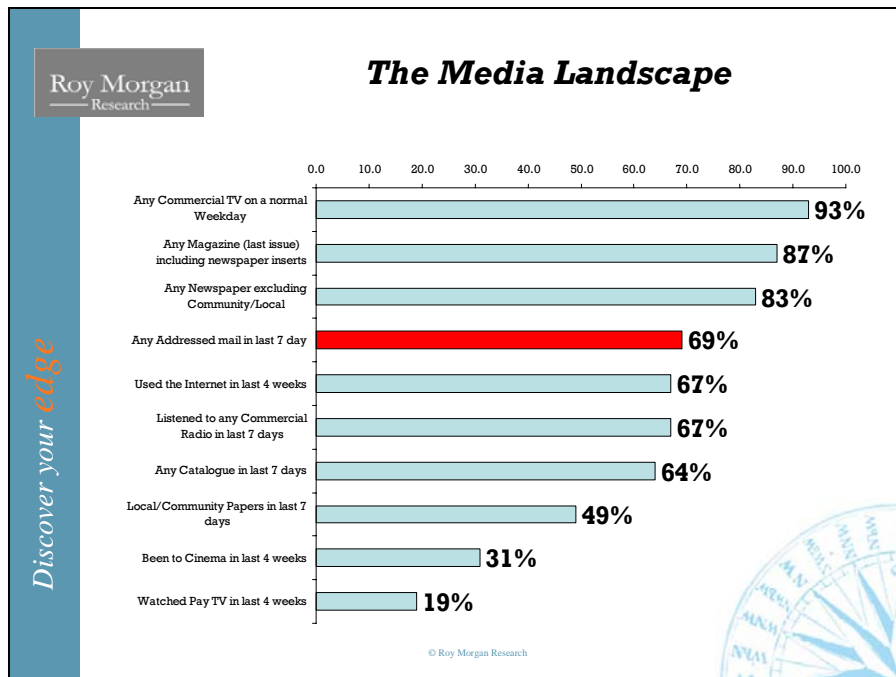
Second, there is still a need for some kind of currency between key negotiators - although the arena for these negotiations is changing.

Third, the overall aim of the advertiser is still the same: to achieve increased advertising productivity by enabling more powerful impact at lower cost.

We believe the means to achieve this for the advertiser, to recognise the consumer in the equation and the changing shape of media buying is a single focus from strategic planning through marketing, media planning into media buying.

A single source of authoritative information for all media, agencies, and advertisers in all categories. Essentially we believe that the best way to find out what consumers do, think, read, watch is to ask them and that's what we do. We ask large numbers (55,000 each year) of people lots of questions.

This chart illustrates how we have taken up the various new media to build a fully integrated Media Neutral consumer focussed media planning tool.



Today, with the fully integrated Media Neutral single source data base, we have the measures for all these. For instance, we have shown that a combination of television and print often outperforms a straight television schedule - higher reach and lower cost

We have shown that the live TV audience for the Melbourne Cup is over 10 million – much greater than the TV ratings would have us believe – the difference being the massive out of home viewing of the Melbourne Cup, and for that matter many major sporting events.

I mentioned the problems of a media that is not measured. Take the medium of mail as an example. Until mail was included in the Roy Morgan Single Source system, it could not demonstrate or be judged in the complete media context.

So the value has not been fully realised.

Two years ago, when we talked to some of the most influential marketers in the country about mail one message came back loud and clear:

"There is simply not enough reliable metrics to get Direct Mail 'on the radar'."

Today, based on nearly two years of work, we can now claim to have a significant understanding of consumers' consumption and interaction with direct mail, and for the first time the metrics are truly integrated – included in Roy Morgan Single Source.

At the simplest level it is now possible to see where addressed mail fits in the media equation. Almost 70% of Australians aged 14 and over read an addressed letter during the week.

Also, we can answer not only how many, but who. So who does read mail? One perception was that mail is really best for time rich – income poor people who sit around all day with nothing better than to read the fine print. The evidence suggests otherwise.

Heavy mail readers (29% of population) are distinctly skewed to: Big Spenders; Wealthy; and ABs.

Now mail can take its rightful place in the media landscape. Mail can be recognised for its true value as a **channel to the consumer**, which can be **integrated** with the other forms of communication to enable provision of an integrated media neutral solution, and a reliable currency with which to negotiate.

I use mail as an example of a medium that couldn't be mainstream until it joined the Roy Morgan Single Source system.

Until the Internet had measures of people it could not be mainstream. The fact is Clicks don't translate to consumers.

Today ninemsn, Yahoo!7, Fairfax Digital, News Interactive and Sensis all subscribe to the Single Source measure of site visited. Eric Beecher presented some of that data this morning.

Only when we can measure and integrate a medium into the media landscape can it become truly mainstream, and truly measurable.

This will be crucial for advertising through mobile phones.

"But what about the unique benefits of mail?" I hear all the mail marketers muttering. What about the deeply involving relationship that exists between a magazine and its reader?

These are very much like the cry from proponents of television when we first introduced Media Neutral Audience Measures and Multi Media Schedules. *"But TV has more impact!!!"* they cried.

How do we know? That of course leads up to the next, and vitally important, consideration – the way the communication works to move the consumer.

There is no dearth of ideas about “the creative” – good and bad, old and new. Benjamin Franklin said:

"Tell me and I'll forget,
Show me and I might remember,
Involve me and I'll understand."

Kevin Roberts argues the most powerful brands embrace and reward the senses to make a connection beyond mere advertising.

But sensuality or what Martin Lindstrom, in his book, calls BRANDsense is just the latest in a number of themes in marketing advertising and communications.

It is a compelling idea, but finally, how do we know?

In a recent Business Week we see that in the TiVO age Madison Avenue is turning to services that explain which ads work.

Scott McDonald of Conde Nast in the USA presented a paper at Prague at the Worldwide Readership Research Symposium and reported “For magazine readers, advertising is part of the pleasure of the experience, but for television, the more involved the viewer is the more likely they are to be annoyed by the interruptions”.

A sobering thought – but it resonates.

Weinblatt, CEO of MEDIACHECK, points out that “TV ads are not ineffective. Bad TV ads are ineffective”.

The focus is now increasingly on ROI, effectiveness of the “creative” element of advertising or more broadly communications, and the relationship between the channel or channels and the creative.

At the recent Annual ARF Convention & Expo in New York, March 2006, I presented a paper entitled, “Advertising Rules! – Like them or not”:

- What we always knew – the blindingly obvious things that are still true but we sometimes forget;
- What we have learned – some trends and fads in advertising and advertising research;
- The new challenges and what we know and have yet to know about advertising in the new world.

From the research there was general agreement that there is an emotional element to advertising, the medium is important, relevance and brand linkage is important and consumers are making choices.

Today with the acquisition of communications and advertising research firm, Mapes and Ross, Roy Morgan Research is able to bring the same rigour to the measurement of the "creative" communications impact as we have done for the measurement of channels.

Mapes and Ross, operating for over 30 years, has developed a normative database and library of over 34,000 advertisements and their performance in persuading consumers to the brand.

We are calling it Ad ROI. It is about the consumer's change in brand preference. The data also includes the more traditional, but less predictive measure of ‘recall’.

At Roy Morgan Research we love data, and I was pleased to see that Ogilvy did too.

*“Much can and has been learned from individual copy tests...
Even greater insights can be obtained by analysing hundreds of ads (TV and print) to determine general patterns of performance associated with specific approaches and techniques”*

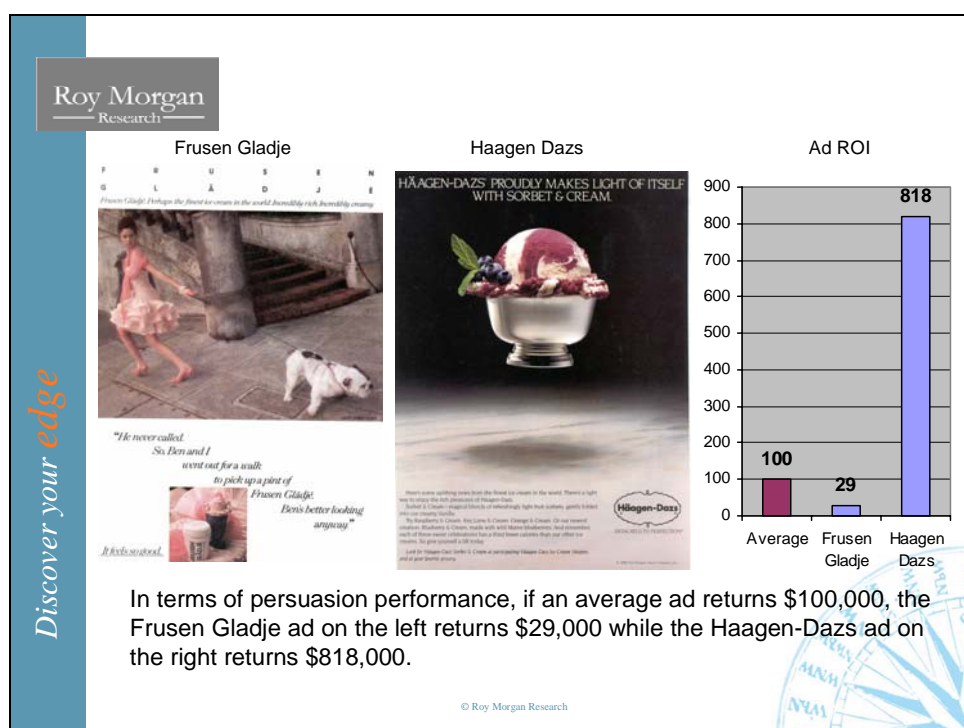
David Ogilvy

“My most valuable source of information is the factor analyses I commission from Mapes & Ross. They measure changes in brand preference. People who register a change in brand preference after seeing a commercial subsequently buy the product three times more than people who don’t.”

David Ogilvy

When we review the 34,000 ads, the experience and data demonstrates, not surprisingly, that not all advertisements perform equally. Weinblatt is of course right. Not all ads are equal.

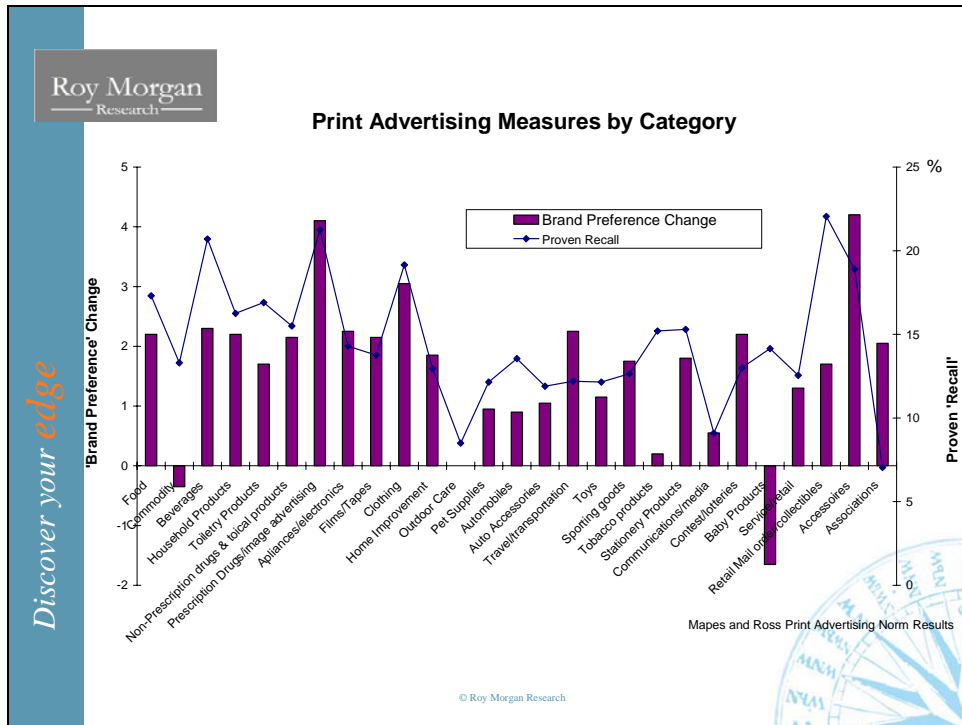
For example, below are two magazine ads for brands of ice cream. By looking at the illustration of each ad separately, how well could you answer what product is being advertised in each case, and what the advertiser is trying to tell customers about the product?



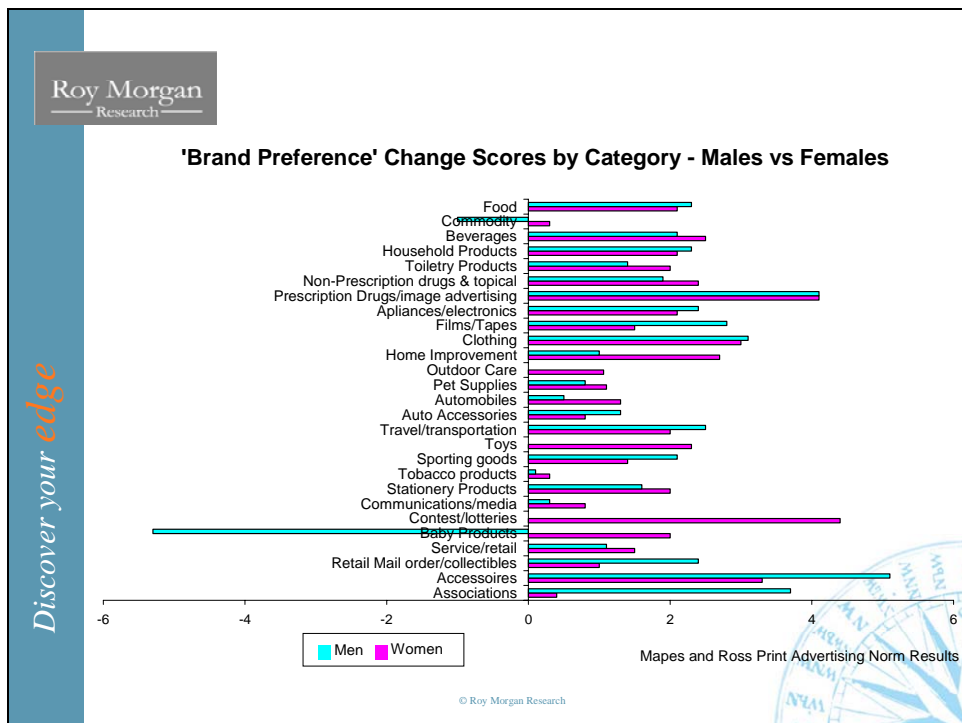
In terms of persuasion performance, if an average ad returns \$100,000, the Frusen Gladje ad on the left returns \$29,000 while the Haagen-Dazs ad on the right returns \$818,000.

The point is you pay the same amount for the space regardless of whether the ad works – persuades the consumer to your brand – or not.

An examination of some trends from the Mapes and Ross normative database is revealing. First, there is little difference in average ‘recall’ scores between print and television. The proven recall norm for over 8,000 print tests on 1.2 million people is 20.1%, the norm for 25,000 television tests is 22.1%.



On the other hand, there is a large difference in the scores for ‘brand preference’ change or Ad ROI between television and print. The average ‘brand preference’ change score for television is 8.1% and for print it is 2.0%. That is only 2% of those that were exposed to an advertisement in print were likely to have changed their preference to the brand that was advertised.



This of course refers only to print advertising as measured. It does not reflect the potential of print as a medium to deliver very strong results. Good print ads can deliver higher Ad ROI than television.

The evidence on Internet advertising persuasion is very scant as of today, as is the evidence about mobile phone advertising. But the tools to measure it are exactly the same as those used to measure any other form of communication.

The product category makes a difference to performance.

The target audience makes a difference to performance.

For example, the norm on brand preference change for baby products amongst men is -5.3% whereas it is 2.0% for women. Sporting goods has a brand preference change norm of 2.3% for men but only 1.4% for women.

And the future?

Roy Morgan Single Source will continue to allow evaluation of incremental reach. For instance we would anticipate schedules like the following for major events like the Commonwealth Game.

There will always be a role for a detailed single media currencies like the TV meters, and the various portable people meters that are currently in trial stages. But there will increasingly be a need to integrate – Roy Morgan Single Source is the framework within which each detailed single measurement can sit, and be evaluated within the full context of multi media interactions

And there will be an even greater focus on ROI and more science around the three Rs of ROI – sales response, customer response, and brand response.

So today whether you are considering advertising through a mobile phone, in a newspaper or with a scented message through the mail, fundamentals are the same – it's about the consumer:

- How many will you reach, and who are they?
- How many of the right ones will you persuade?

The unique combination of totally integrated media neutral audience data and Ad ROI allows you to answer those questions, and provides guidance for getting it right.

It's not so hard after all.

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