



U.S. Magazine Measurement

Moving Forward to Accountability

Kathi Love
President & CEO, GfK Mediamark Research & Intelligence



2008 brings the beginning of the biggest economic downturn since the Great Depression.

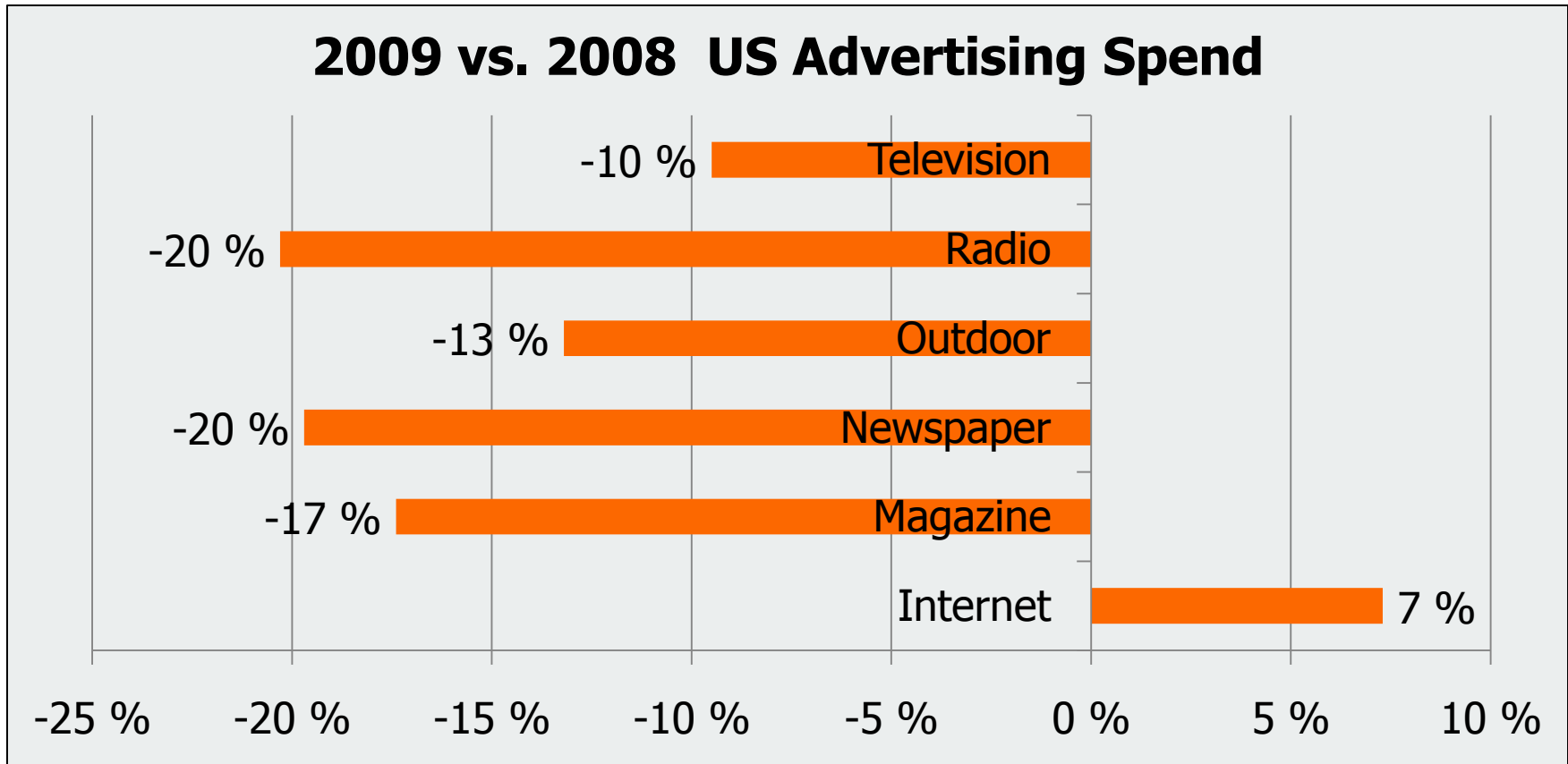
2



- US DOW Jones Industrial Average drops from 14,066 to 7,500
- Lehman Brothers, Merrill Lynch, Bear Stearns and cease to exist
- US Consumer confidence hits a record low
- US government “bails out” Goldman Sachs, J.P. Morgan Chase, Bank of America, Citibank and AIG

With the Great Recession comes a dramatic drop in US advertising spend.

3



Source: Kantar Media

GfK

US magazine Ad Pages drop a dramatic 26% on average in 2009 compared to 2008.

4

Allure down 30%	Fast Company down 31%	Pop Science down 26%
Arch Digest down 50%	Flying down 28%	Real Simple down 18%
Autoweek down 32%	Golf Digest down 28%	Road & Track down 26%
Barrons down 28%	Gourmet down 49%	Self down 23%
Bicycling down 24%	Islands down 22%	Ski down 27%
Boating down 53%	JET down 36%	Spin down 30%
Bon Appetit down 28%	Latina down 30%	Sports Illus down 16%
Business Week down 34%	Maxim down 23%	Teen Vogue down 33%
CN Traveler down 41%	Men's Health down 22%	Time down 17%
Cosmopolitan down 15%	Money down 29%	TV Guide down 24%
Details down 39%	Nat Geo down 14%	Vanity Fair down 33%
Dwell down 45%	NY Magazine down 26%	Vogue down 31%
Economist down 20%	Newsweek down 30%	W down 46%
Elle down 20%	Outside Mag down 19%	
Esquire down 24%	Playboy down 33%	

Source: Magazine Publishers of America



However, every measurement of the US print marketplace supported print's effectiveness as an advertising vehicle.

5



“The value proposition between consumers and magazine brands has never been stronger.”

Let's see how GfK MRI data supports this Betsy Frank's position.

***--Betsy Frank Chief Research &
Insights Officer Time Inc.
ARF Measurement 3.0
June 25, 2008***

Audience

According to the most recent GfK MRI data, 93% of US adults have read a magazine in the past 6 months.



Source: GfK MRI Spring 2010

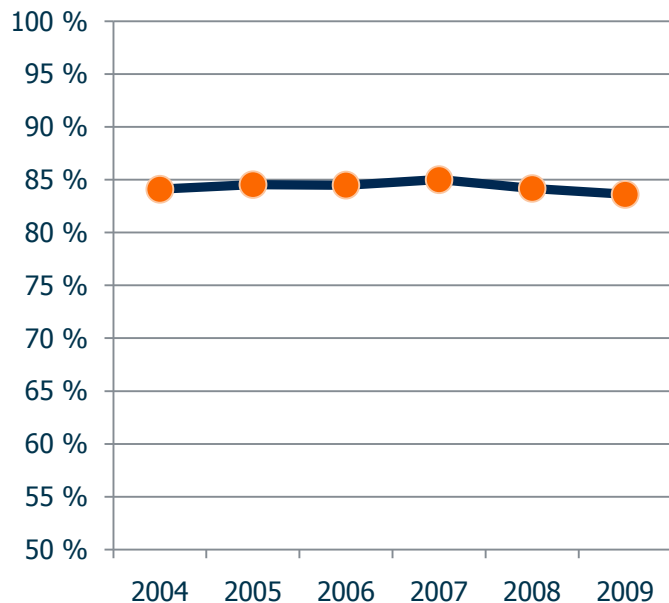
Audience

GfK

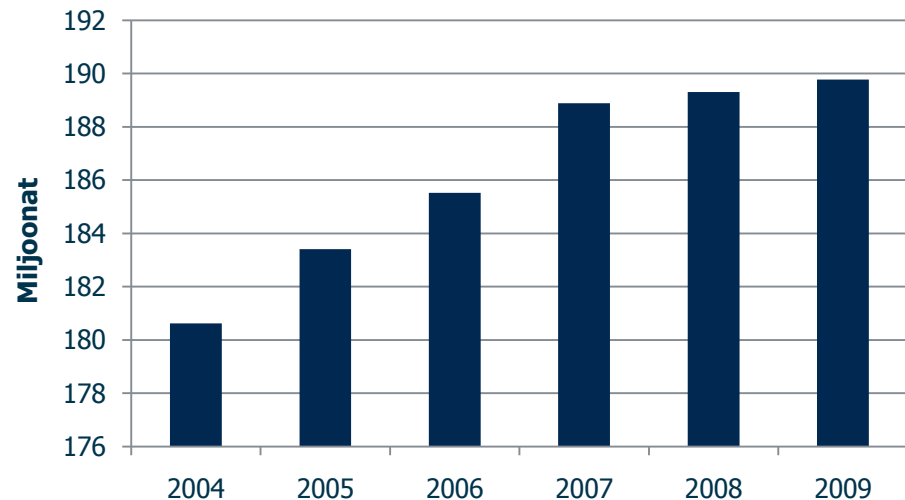
US adult magazine readership has remained steady while magazine audience has grown from 180 to 190 million in 6 years.

8

Regular US Magazine Readership



US Readers of Magazines



Source: GfK MRI Spring Releases

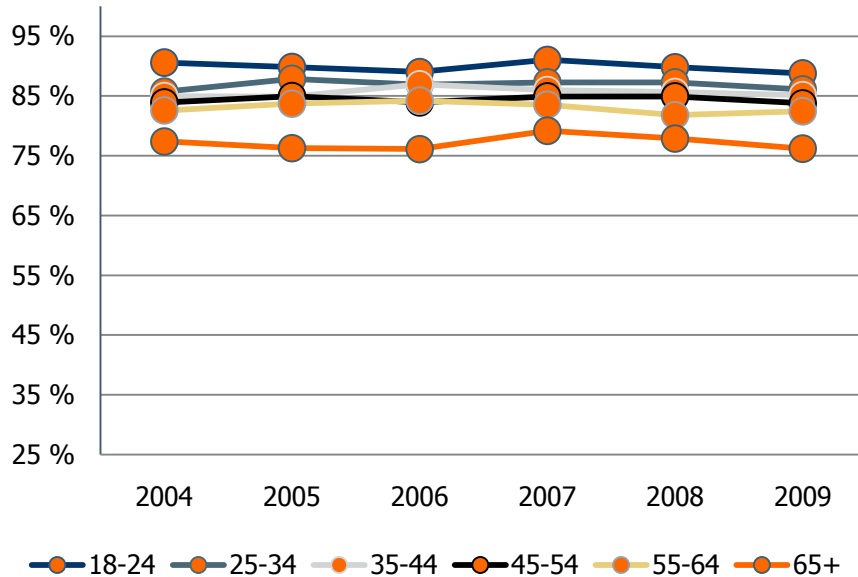
Audience

GfK

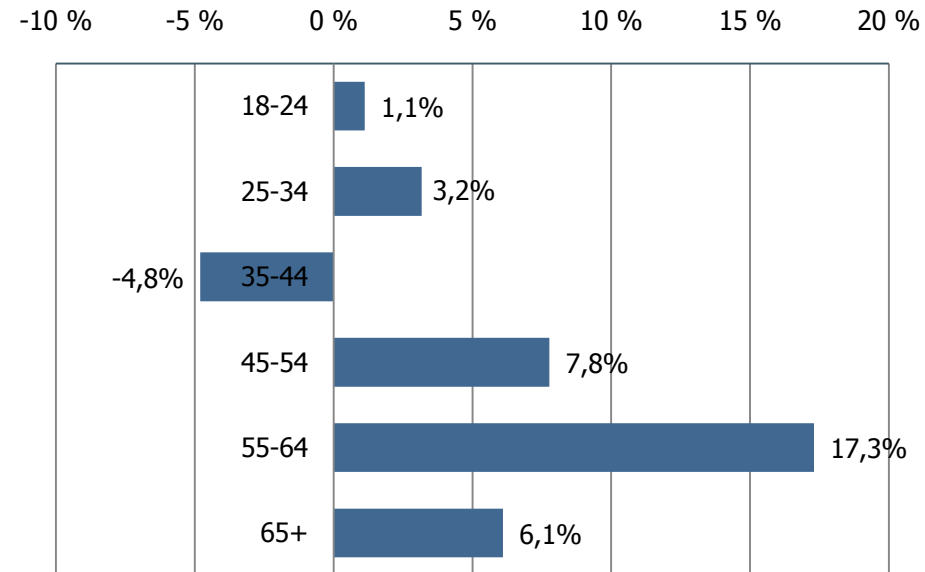
Magazine readership has remained steady within most age groups, with significant audience growth in the 25-34 and 45+ age cohorts.

9

Regular US Magazine Readership by Age



5 Year Growth in US Magazine Audience by Age



Source: GfK MRI Spring Releases

Audience

GfK

Engagement

Magazine readers are less likely to perform other tasks or interact with other media while reading, leading to an engaged reader.

11

In an Age of Multitasking, Magazines Engage

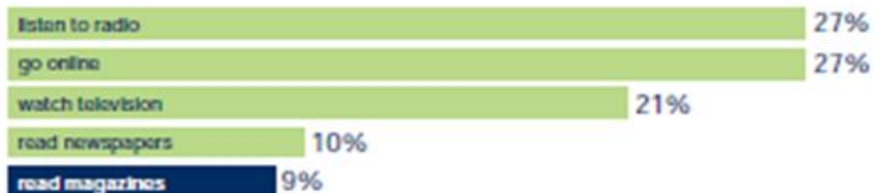
Consumers Pay More Attention to Magazines Than Other Media

BIGresearch found that **magazine readers are the least likely of all media users to engage in other (non-media) activities while reading.**

In addition, their data show that **when consumers read magazines, they are much less likely to engage in other media.** Only 9% of magazine readers will simultaneously go online, only 13% will listen to the radio, and only one in four (22%) will watch TV.

Consumers Pay Attention to Magazines by percent

Percent of consumers who regularly engage in non-media activities while using media. Lower percentage = better performance.



Source: BIGresearch Simultaneous Media Usage Study, 2009

Source: BIGResearch and Magazine Publishers Association

Engagement

GfK

Magazines rank at the top in keeping consumers informed about styles, trends, ideas of interest, and products & services.

12

Keeps me up to date with the latest styles and trends.

Age	Magazines	TV	Radio	Internet	Newspapers
18+	63%	57%	11%	36%	20%
18 – 34	60%	58%	13%	51%	14%

Gives me good ideas.

Age	Magazines	TV	Radio	Internet	Newspapers
18+	57%	51%	22%	56%	27%
18 – 34	50%	49%	24%	67%	23%

Keeps me up-to-date on products or services that I need or would like.

Age	Magazines	TV	Radio	Internet	Newspapers
18+	48%	57%	38%	35%	49%
18 – 34	44%	58%	38%	39%	41%

Source: GfK MRI Spring 2010 Release

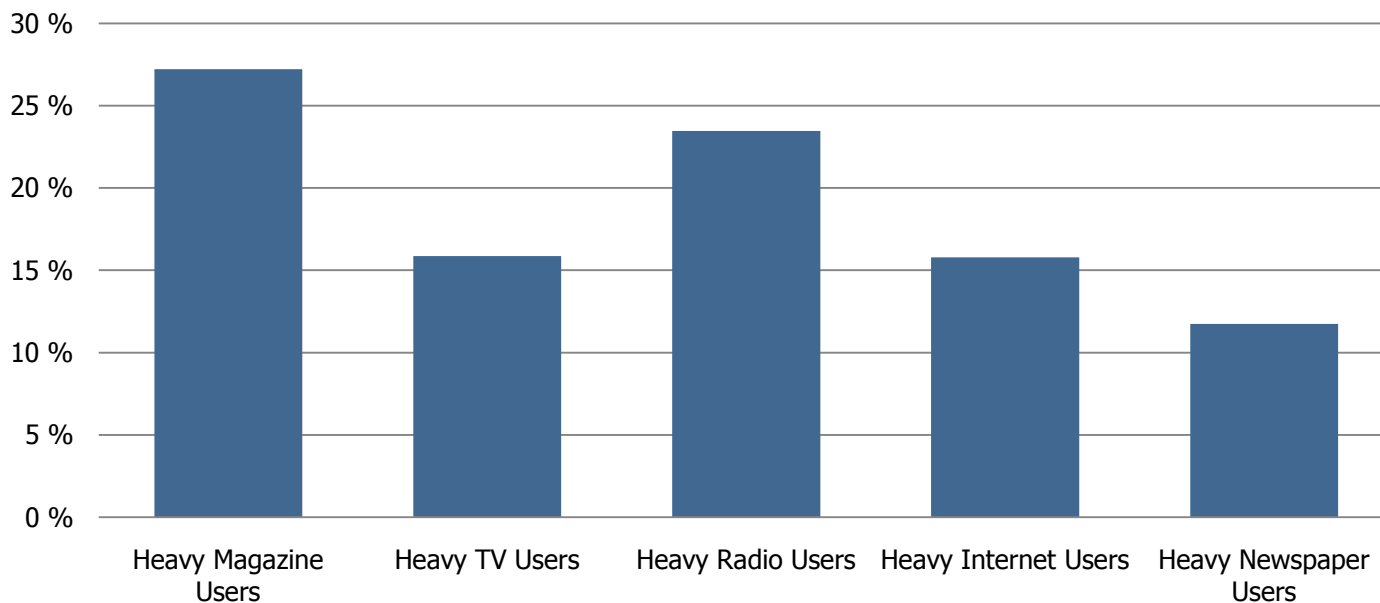
Engagement

GfK

And of those who use advertising to stay up-to-date, more are heavy users of magazines than of any other medium.

13

Percent of those who agree: "Advertising helps keep me up-to-date about products or services that I need or would like to have."



Source: GfK MRI Spring 2010 Release

Engagement

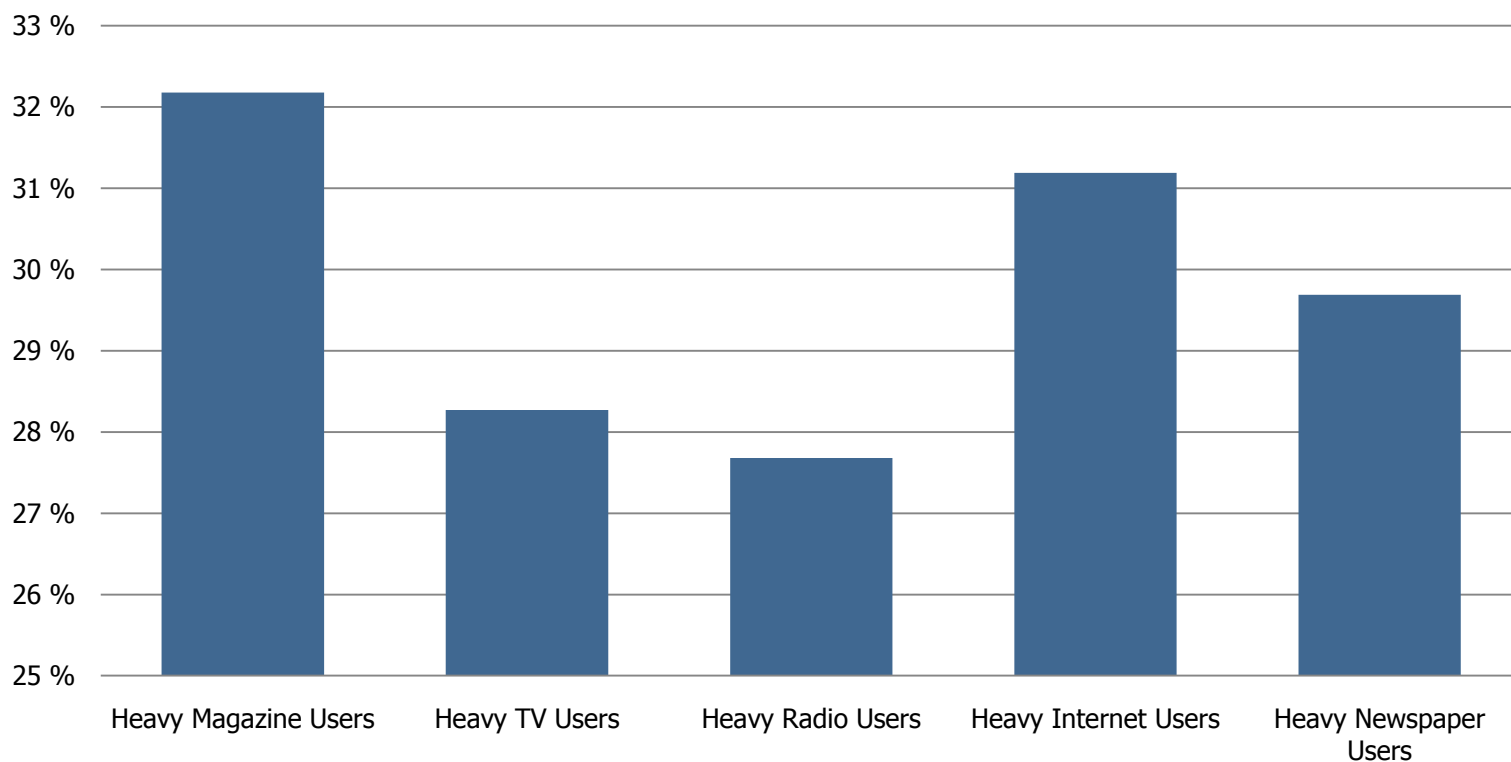
GfK

Purchase Intent

Heavy users of magazines are currently the most optimistic about their economic prospects.

15

Consumer Confidence by Medium



"Thinking of the next 12 months, do you think you and your household will be better off or worse off financially one year from now?" - Better

Source: GfK MRI Spring 2010 Release

Purchase Intent

GfK

Heavy users of magazines are also more likely to be passing through important life stages, prompting purchasing behavior.

16

Heavy users of magazines are:

- ▶ 10% more likely to plan a kitchen renovation
- ▶ 17% more likely to plan to a bathroom renovation
- ▶ 18% more likely to plan to purchase life insurance
- ▶ 18% more likely to have a child go to college
- ▶ 19% more likely to plan to purchase a second home
- ▶ 21% more likely to retire
- ▶ 22% more likely to become a parent
- ▶ 23% more likely to purchase a first home
- ▶ 24% more likely to start a new business

Source: GfK MRI Spring 2010 Release

Purchase Intent

GfK

Heavy users of magazines are also more likely to be planning to travel, and to purchase or lease a vehicle.

17

Planning a:	More Likely
Trip to Europe	+15%
Trip to Hawaii or Florida	+24%
Cruise	+24%
Trip to theme park	+29%
Trip to Mexico	+33%
Trip to South America	+40%
Trip to Caribbean	+43%

Plan to:	More Likely
Buy a motorcycle	+15%
Lease a vehicle	+23%
Buy a minivan	+23%
Buy a Truck	+24%
Buy a new vehicle	+27%
Buy a sport utility vehicle	+34%
Buy a hybrid	+36%

Source: GfK MRI Spring 2010 Release

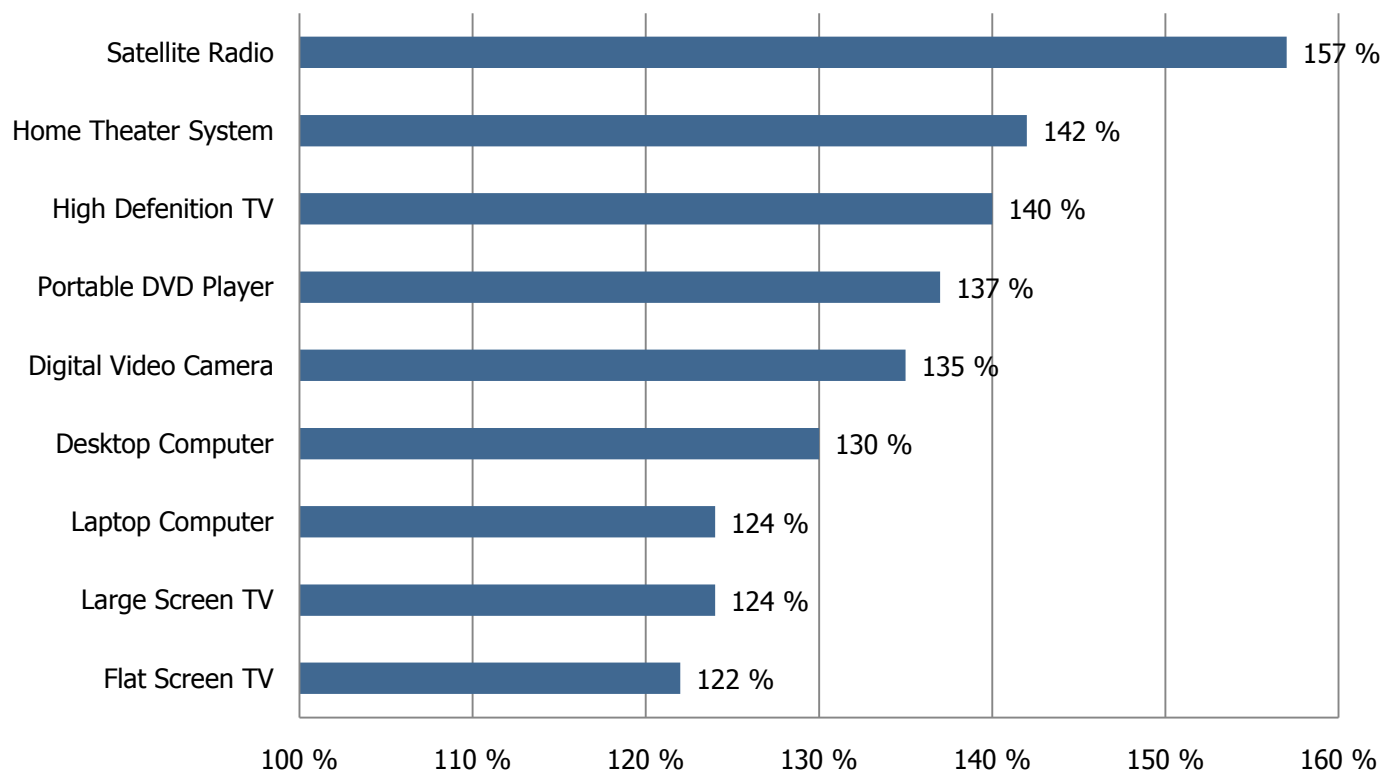
Purchase Intent

GfK

And heavy users of magazines are also much more likely to be in the market for home electronics.

18

Magazine Heavy User Index for Future Electronics Purchase



Source: GfK MRI Spring 2010 Release

Purchase Intent

GfK

So the problem facing the US print industry in 2009 was not with the medium, the problem facing print was a business problem.

19



“The value proposition between consumers and magazine brands has never been stronger.”

*--Betsy Frank Chief Research & Insights Officer Time Inc.
ARF Measurement 3.0
June 25, 2008*

“But without a system of measurement that is timely, accountable, and most of all comparable to other media, we simply will not be able to communicate that good news.”

The GfK logo, consisting of the letters 'GfK' in white on an orange square background.



“Unless we find a way to communicate that value to advertisers, magazines will not survive as a viable and valued advertising medium.”

***--Betsy Frank Chief Research & Insights Officer Time Inc.
ARF Measurement 3.0
June 25, 2008***

GfK MRI answers the US print industry's call for more timely, accountable, and comparable print measurement.

Starch Print Ad Readership Study

Starch Print Ad Readership Study

Setting the standard for print advertising effectiveness

22



- Online print advertising readership study
- Measures readership of every national print advertisement
- Fielded continuously throughout the year
- New data delivered weekly, through Starch SmartSystem data delivery system
- Data may be appended to National Magazine Readership data to provide audiences for individual print advertisements

Starch Print Ad Readership

Starch delivers key Return on Investment metrics...

23



- ▶ Ad readership
- ▶ Ad traits (50+)
- ▶ Actions taken (17)
- ▶ Brand disposition (8)

...for nearly every aspect of print advertising

Starch Print Ad Readership

GfK

Starch measures most configurations....

24



- ▶ Gatefolds
- ▶ Scent strips
- ▶ Inserts
- ▶ Multi-page ads

...for nearly every aspect of print advertising of ads one-third page or larger.

And now for several case studies...

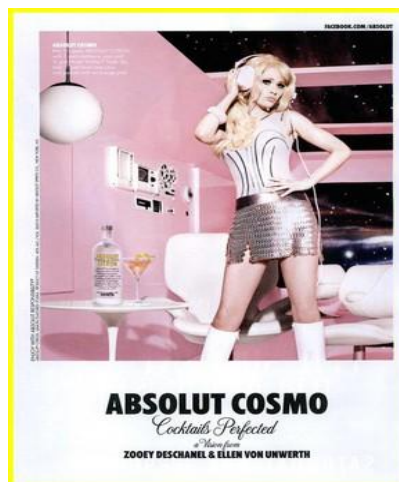
Starch Print Ad Readership

GfK

ABSOLUT[®]
Country of Sweden
VODKA

Absolut Vodka ran this US print campaign from January through July 2010.

26



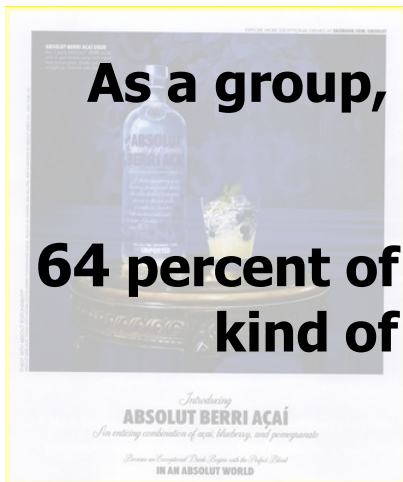
GfK

Absolut Vodka achieves success in its print campaign.

27

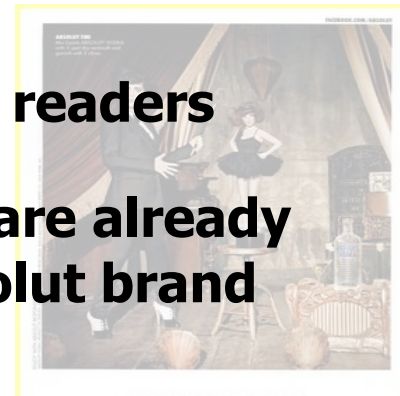
As a group, these ads had an average audience of **7,512,000** magazine readers

64 percent of those who viewed these ad took some kind of action as a result of that advertising



That is **4,853,000** action-taking readers

76 percent of readers of these ads are already positively disposed to the Absolut brand



But let's take a look at the campaign by creative execution.

GfK

Absolut Red creative connects very well with magazine readers, winning on several fronts:

28



Noted by **69** percent of readers

Action taken by **67** percent of those who saw this ad

That is **4,853,000** readers

77 percent of readers of these ads are already positively disposed to the Absolut brand

6 percent of those who saw this ad went to the Absolut website

This ad achieved an average rating of **2.9**.

Average audience: **6,569,049**

Absolut Tini creative produces the most recommendations for the Absolut product.

29



62 percent of those who saw this ad said they would recommend the product

30 percent of those who saw this ad would consider purchasing the product

This ad achieved an average rating of **3.0**

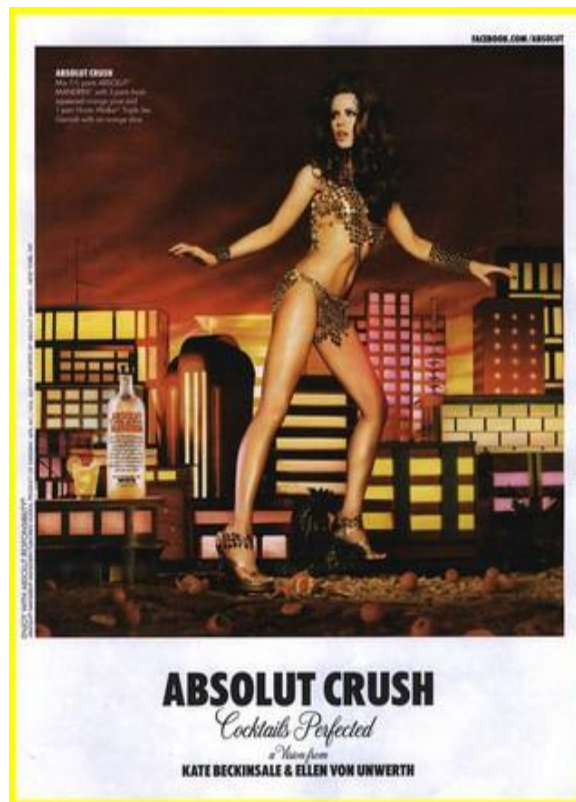
Average audience: **6,755,870**

Absolut Vodka ads do very well in their issues, and against other vodka advertising.

30



Winner:
Associated Issue
Index: 141



Winner:
Noting Audience
8,774,100



Winner:
Noting AdNorm
Index: 128

GfK

Absolut Vodka chooses effective insertions.

31



Of the 56 insertions that Absolut chose between January and July of 2010, **46** were **1-Page 4-Color** and **10** were **Back Cover 4-Color**.

Absolut Vodka capitalizes on productive insertions to maximize ad readership.

32



Difference in Noting Scores by Ad Type	Delta Noting Score	Average Issue Audience Absolute 2010 Schedule: 11,787,540
1-Page vs. 1/3 Page	+17.9%	+2,109,970
4 th Cover vs. 1-Page	+10.4%	+1,225,904

Absolut Vodka knows the power of print.

33



With these results, it is no wonder that Absolut Vodka, with the highest half year 2010 ad spend of any brand in the Vodka category at **\$14,288,400**, devoted fully **79%** of this spend to print!

L'ORÉAL
PARIS

L'Oréal Hair Color Print Campaign: Because It's Worth It!

35



Highest Average Noting
Audience among
competition:

6,649,895

350,000 more than
Garnier

623,376 more than
Clairol

Average Ad Rating: **3.3**

L'Oréal achieved this feat despite having come in second for average noting score with 55.9.

36



Average Noting Score: **51.3**

Average Ad Rating: **2.7**



Average Noting Score: **59.5**

Average Ad Rating: **2.2**

GfK

L'Oréal uses print effectively.

37

	1/3 Page	1 Page	Spread	Cover	Insert	Insertions	Titles
Clairol	13	79	0	4	1	97	30
Garnier	0	16	34	3	1	56	17
L'Oréal	0	50	15	3	0	68	27

L'Oréal achieves a superior print advertising audience by advertising in more titles for reach, and using a creative ratio of ad insertion types.

L'Oréal uses print effectively.

38

	1/3 Page	1 Page	Spread	Cover	Insert	Insertions	Titles
Clairol	13	79	0	4	1	97	30
Garnier	0	16	34	3	1	56	17
L'Oréal	0	50	15	3	0	68	27

L'Oreal beats Clairol by substituting Spreads for 1/3 – Page, lifting average noting scores by **10.8** percentage points, and leading on average to **1,336,744** more ad viewers per issue.

L'Oréal uses print effectively.

39

	1/3 Page	1 Page	Spread	Cover	Insert	Insertions	Titles
Clairol	13	79	0	4	1	97	30
Garnier	0	16	34	3	1	56	17
L'Oréal	0	50	15	3	0	68	27

L'Oréal beats Garnier by adding **12** more insertions to a magazine stable with an average issue audience **939,810** larger than that of Garnier.

L'Oréal has **11,277,720** more potential audience members for its ads than does Garnier.

Andie MacDowell creative wins.

40



L'Oréal spokesperson Andie MacDowell holds the attention of her readers, and headlines creative that wins on Noting and Associated Scores against other L'Oréal brand advertising.

GfK

But other L'Oréal brands are creating Word-of-Mouth and great reader action.

L'Oréal Féria

51 percent will recommend

57 percent took an action as a result of this ad

L'Oréal Healthy Look

Average ad audience of **7,691,488**



L'Oreal is using its \$13,137,300 print spend effectively across all brands in Q1-Q2 2010.

42



Because you're worth it!



Nestlé



Nestle Drumstick competes well with established ice cream brands and wins in print.

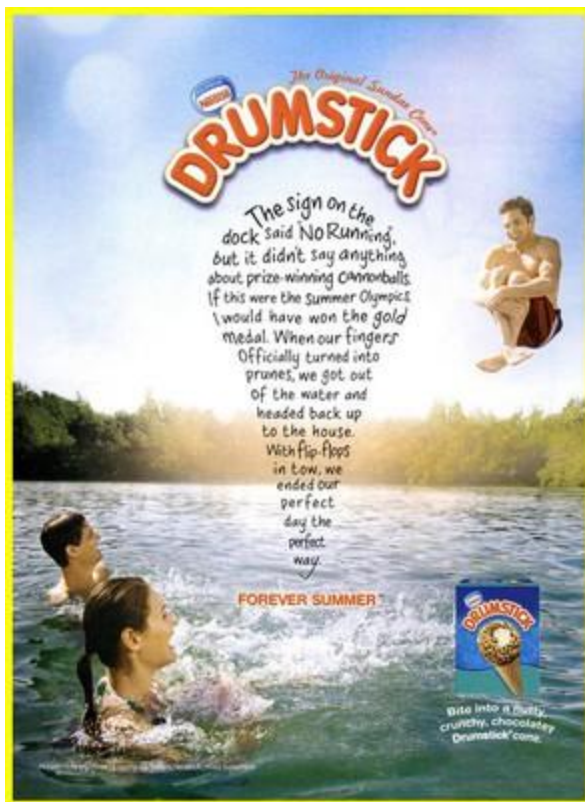
44



	Noting Score
Ben & Jerry's	66%
Breyers	65%
Edy's	70%
Haagen-dazs	67%
Nestle Drumstick	66%
Skinny Cow	64%
Starbucks	67%
Turkey Hill	63%

Nestle Drumstick Brands leads major ice cream competitors in driving purchase and WoM.

45

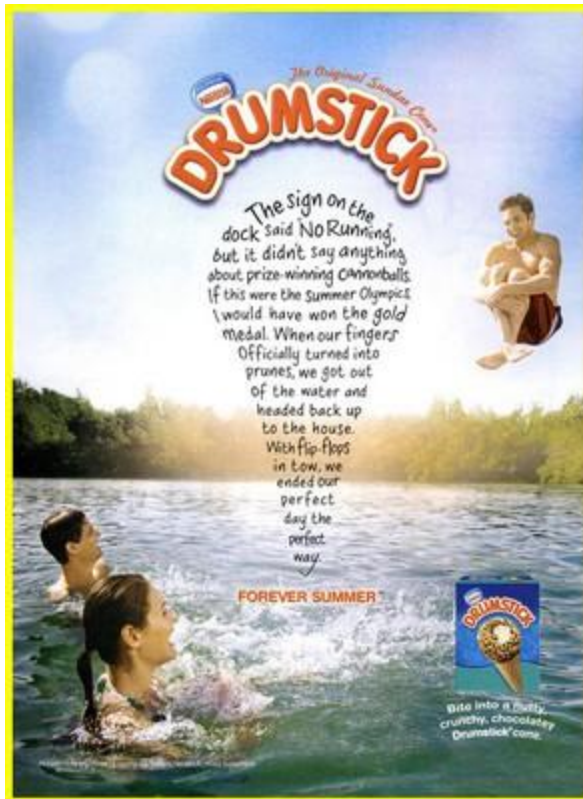


24 percent of ad readers plan to purchase Nestle Drumstick Ice Cream

66 percent of readers would recommend the brand

Nestle holds a comparative advantage in print against other print advertisers in its category.

46

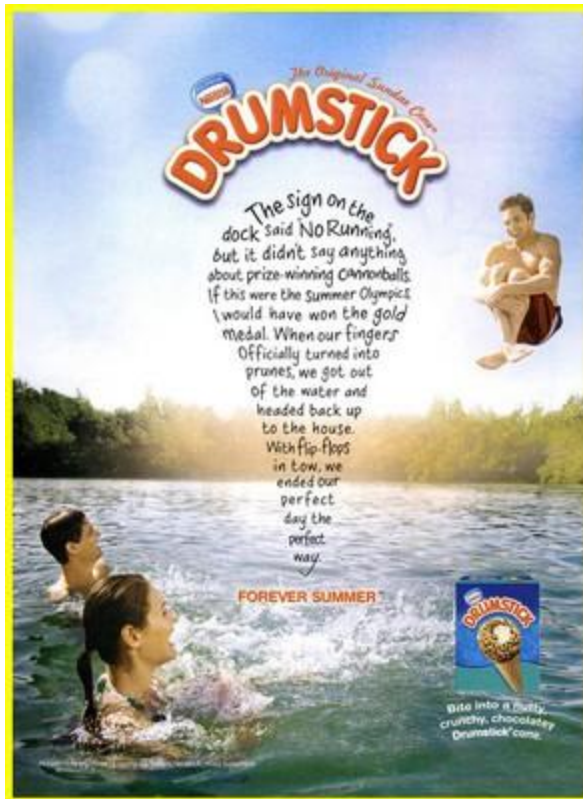


This ad campaign has an average noting issue index of **130**

It performs **30** percent better on nothing than other advertising in the issues in which it appears

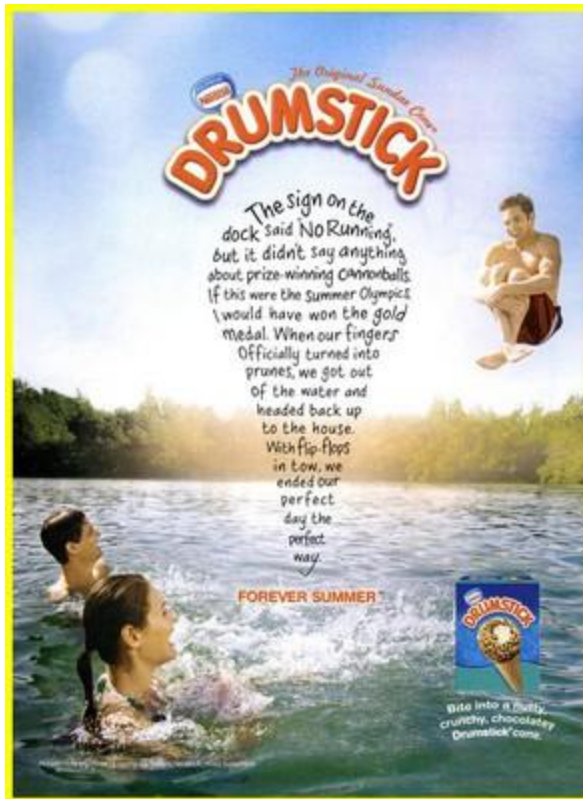
Nestle holds a comparative advantage in print against it's competition.

47



This ad campaign has an noting Adnorm index of **120**

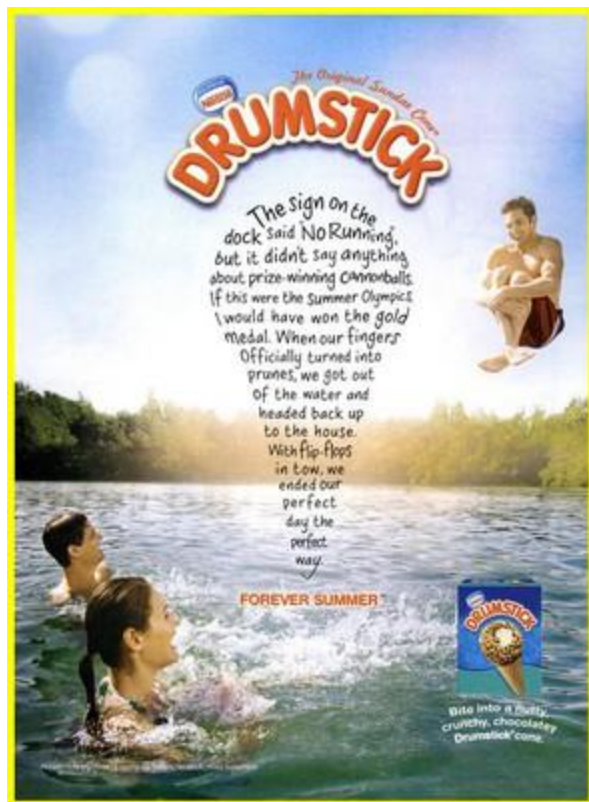
It performs **20** percent better on nothing than other similar advertising in its product category.



It is no wonder that the Nestlé Drumstick brand spent 93% of its \$5 million Q1-Q2 2010 ad budget in print!

We can now offer Nestlé and other print advertisers the best view yet of print spend.

49



	Traditional R&F	AdMeasure R&F
Total Insertions	29	29
Gross Impressions	275,006,000	183,465,000
Gross Rating Points	268	179
CPM Gross Impressions	\$22.08	\$33.09
Reach Percent	63.32	51.65
Average Frequency	4.23	3.46
Net Reach	64,951,000	52,975,000

GfK

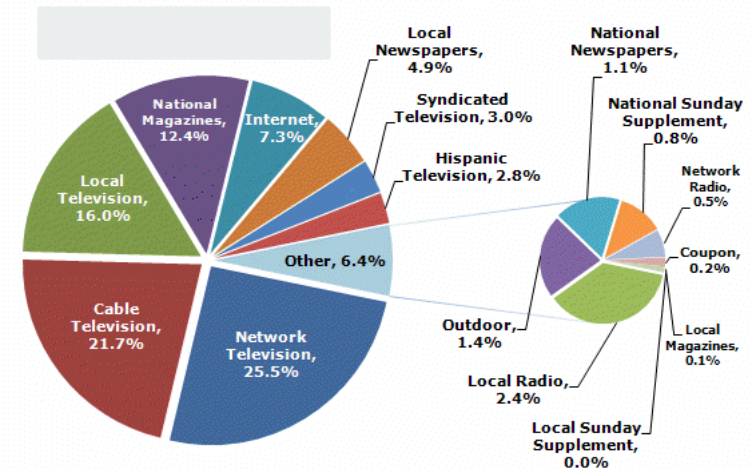
Marketing Mix Modeling Syndicated Product

Providing More Precise Inputs to Assess Magazine's Impact

50

- ▶ 60-70% of advertisers use marketing mix models for allocating media budgets
- ▶ Magazines have traditionally been poorly represented in marketing mix models due to a lack of accurate weekly market-level audience data
- ▶ GfK MRI is the only research company to produce this type of granular magazine information
- ▶ GfK MRI is offering a syndicated product that will dramatically improve the quality of magazine data for marketing mix modeling

Share of Ad Spending by Medium

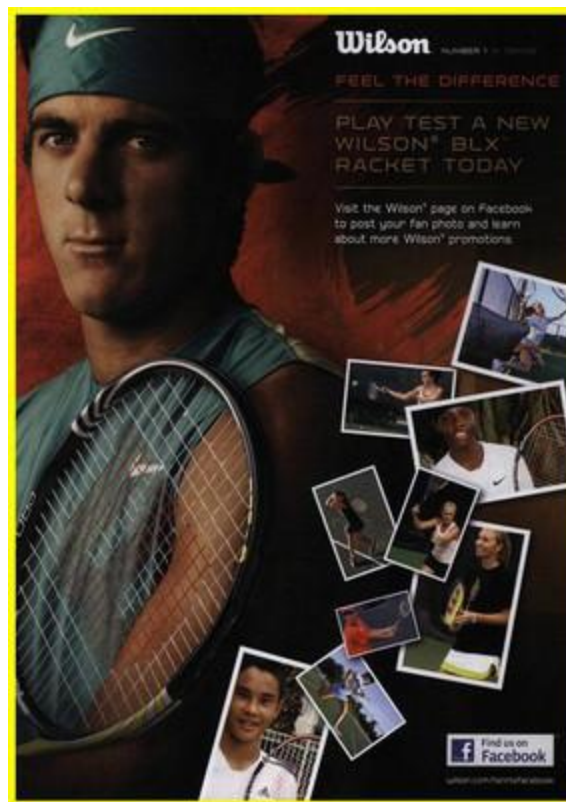


Source: 2008 ANA Accountability Study

Finnish advertisers are excelling in US print!



March 2010 *Runner's World*
716,000 Readers read most of this ad – **4%** better than similar advertising



May 2010 *Tennis*
 Noting Issue Index: **130**
 Noting Adnorm Index: **127**



5/4/10 *NY Times Magazine*
 Recommend: **33%**

GfK

And Rapala Lures beats the competition!

52



The new Flat Rap' flutters, floats and dives. It plays all the instruments in the Minnow Band.

Introducing the multi-talented Flat Rap. With flat sides, a skinny profile and unique hard-flashing action that perfectly mimics the flash of flat-sided baitfish, there's nothing this minnow can't do. Retrieve it straight and it rolls. Jerk it and watch how it darts and flashes. Slow down the tempo and fish it like a floater. Or crank it to make it dive two to five feet, flashing hard all the way down. This little virtuoso will whip every fish in attendance into a frenzy. Its short, triangular lip is designed to bang the rocks, rip the weeds and bump the timber, without hanging up. While its sleek, aerodynamic design allows it to



Watch the new
Flat Rap

rapala.com/new2TV

cast a country mile, even into wind. With two sizes and twelve color combinations, the Flat Rap' sure can make sweet music. It might just be Rapala's biggest hit ever.



1. Flash 2. Rainy 3. Flash

Rapala

Noted Issue Index: **124**

Read Most Issue Index: **140**

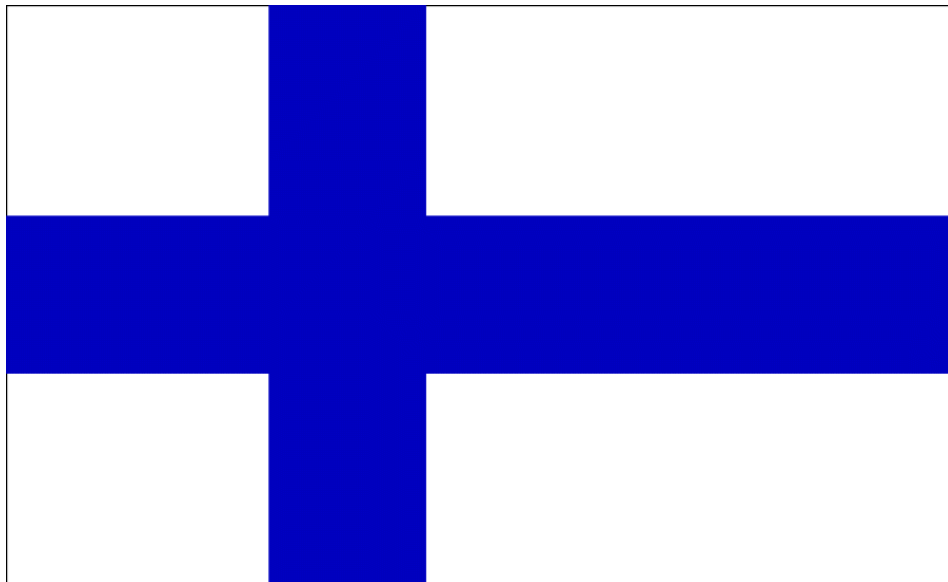
Noted Adnorm Index: **116**

Read Most Adnorm Index: **170**

Target: Fished in Last 12 Months	AdMeasure R&F
Total Insertions	9
Gross Impressions	20,671,000
Gross Rating Points	9
CPM Gross Impressions	\$9.77
Reach Percent	3.24
Average Frequency	2.81
Net Reach	7,352,000

MRI GfK: Moving Forward to Accountability

53



Thank you for your hospitality!