

AUDIENCE: THE APPROPRIATE MEASURE OF CIRCULATION QUALITY (2003)

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Introduction

The relationship between circulation and audience has puzzled publishers and media researchers for decades. Indeed, the topic has occupied space on the agenda of this symposium since the first meeting in New Orleans in 1981. Even in those antediluvian days before the first Worldwide Readership Research Symposium, the relationship between circulation and audience attracted the attention of such eminent British researchers as Timothy Joyce, Guy Consterdine, John Bermingham, Michael Brown and Colin McDonald. And yet the exact form and function of the relationship has been as elusive as the Holy Grail.

Though it has always seemed to logical and reasonable people (like publishers) that increases or decreases in circulation should, sooner or later, be reflected in commensurate changes in audience levels, empirical demonstration of this relationship has escaped our grasp. Indeed, at the Berlin symposium in 1995, Julian Bairn and Bruce Goerlich declared, after investigating 5-year changes in 148 titles measured by MRI, that "All the evidence seems to point in a similar direction; there is no necessary relationship between circulation changes and readership changes". (Bairn and Goerlich, 1995). This declaration echoed similar, *if less* definitive findings presented at the San Francisco symposium (Gugel; 1993; Goerlich, 1993; Consterdine, 1993). In general, it is safe to say that the seemingly reasonable assumption that circulation changes lead to audience changes has not fared very well.

Explanations for this lack of a proven link between circulation levels and audience levels have taken several forms. Both Jane Perry (1995) and Ingemar Lindberg (1997) have suggested that we have our causal order all wrong - that changes in audience anticipate rather than follow changes in circulation (however illogical this may seem to a publisher). Skrapits and Appel (1997) have argued that it is impossible to read the short-term changes in readership estimates because they seldom exceed the variations one would naturally expect as a result of sampling error. Based upon the UK studies, Consterdine (1993) presented a list of 20 factors that can determine RPC patterns (and by implication audience size) - only one of which was absolute levels of circulation. Indeed, several analysts have argued that audience levels are driven more by the composition of circulation than by absolute circulation levels. Building on work by Joyce (1974, 1983) and others, these analysts have focused on the critical role of public place distribution in generating high audience levels. In the United States, Steve Douglas has perhaps been the most consistent exponent of this view, having presented at numerous symposia work on the impact of public place copies in generating high readers-per-copy (see especially Douglas and Jones, 1997).

The published investigations of the topic have suffered from a common limitation: they usually have not had access to the detailed circulation data that are proprietary to a publisher. While ABC statements provide a consistent data series for plotting the aggregate changes in circulation levels, they do not allow the analyst to take into account detailed changes in source mix that may also influence audience levels. ABC data are also silent on another potential source of audience claims - the level of publicity and promotion surrounding a magazine during a given time period. Even the supposedly influential variable of "number of public place copies in distribution" has usually been inferred from the "place of reading" question in the syndicated audience data, rather than taken directly from the publisher's circulation data. As such, many of the efforts to study the relationship between circulation and audience have been hampered by inherent data limitations - by the need to be an "outsider looking in". This paper attempts to redress these limitations by using more detailed "insider" circulation data, available only to a publisher, to revisit the question of the relationship between circulation and audience.

We bring this paper to the Cambridge symposium against a backdrop of heightened debate about the relationship between circulation practices and, not audience size, but audience quality. Some advertisers and agencies have voiced concerns that publishers are manipulating circulation

unfairly - pumping up the numbers by giving copies away to people who don't want them. These suspicions have given rise to demands for expanding the ABC statements into detailed descriptions of circulation business practices - a trend that publishers resist as intrusions into a sphere that is rightly their own province. Implicit in this increasingly rancorous debate at the Audit Bureau is the assumption that certain types of circulation are of low quality - and that this won't be reflected in the syndicated audience data on which media buying decisions are frequently based. Now, more than ever, it would seem to be a good time to shed some light on the relationship between circulation and audience

Methodology

As in some of the previous studies on this topic, our approach here was to use regression analysis to estimate the effect of changes in numerous circulation variables on syndicated audience data. Because of the desire to use the "insider" data only available to a publisher, we limited ourselves to Cond6 Nast titles. Given Cond6 Nast's profile, this confines our attention mostly to monthlies catering to upscale constituencies. Though our initial intention was to use a full 10 years of data, our plans were thwarted by data discontinuities resulting from a change in fulfillment operations in the 1990s. Thus this analysis is based on annual data from 1997-2002 - a 6-year span. Our analysis encompassed 3 titles - all monthlies.

Independent variables included:

- Subscriptions by source
- Non-paid copies
- Single copy sales
- Public place copies by type of outlet
- Promotional spending
- Press mentions (as tabulated in Burrell's)

The average of MRI's total audience from the Spring and Fall studies of each year was the dependent variable. This provided a marginally better fit than one which used results from MRI's Fall study only'.

Results

While many of the independent variables did not have a statistically significant effect on audience, three variables had highly significant relationships. For this group of publications, there were strong positive and statistically significant relationships between audience levels and:

- Single copy sales
- Public place distribution
- Beauty parlor distribution (i.e., a subset of public place)

After eliminating those variables for which there were not significant relationships, the key results from the regression analysis appear below.

Table 1
Impact of Select Circulation Variables on MRI Total Audience,
Three Conde Nast Titles, 1997-2002

	Beta	SE	T-stat	P-value
Single-Copy	4.4	1.2	3.8	<.01
Public Place (total)	30.0	6.1	4.9	<.01
R-Square: 88.0%				
N= 18				

Table 2
Impact of Select Circulation Variables on MRI Total Audience,
Three Conde Nast Titles, 1997-2002

	Beta	SE	T-stat	P-value
Single Copy	3.9	1.2	3.3	<.01
Beauty	55.0	10.5	2.2	.05
R-Square: 89.1				
N= 18				

These data suggest that across these titles,

- A newsstand copy generates a reader-per-copy of about 4.
- Across all outlet types, public place generates about 30 readers-per-copy.
- Beauty parlor copies contribute about 55 readers-per-copy.
- None of the variance in audience could be attributed to promotional activity.

¹ MRI's Fall study currently encompasses fieldwork from 10 months in the calendar year

Which Circulation Sources Yield Attractive Readers?

In the U.S. over the last year, extensive advertiser debate has occurred regarding the value of magazine copies distributed in bulk or to public places. A13C regulations have recently been amended to require greater disclosure regarding these copies in response to many *advertisers' assertions* that they are *less* valuable. Based on what we have learned, we would argue that these copies can provide even more value to advertisers than those copies sold at the newsstand or to individual subscribers, because they so greatly extend the publications' reach. *Not only* can they add to total reach, but they also add to the reach of particularly desirable audience segments.

While our data suggest that readers may not be able to accurately recall in which public place they actually read a copy, the number of about 30 readers-per-copy predicted by our analysis conforms surprisingly well to the readership which MRI reports as occurring in identified public places ². Using the Spring 2003 MRI, OUT estimate of 30 readers-per-copy would mean that this public place distribution provided 30.7% of the aggregate audiences of these publications. Indeed, according to MRI, 30.9% of 3 their audiences reported reading in identified public places .

Based on our readers-per-copy estimates, let's look at the relative advertising value offered by each, using readership characteristics reported by MR1 for purchasers and public place readers. The chart below shows how many readers with various characteristics are reached by the typical newsstand copy vs. the typical public place copy for the magazines studied. For the sake of simplicity we will assume that all readers of newsstand copies share the characteristics of buyers.

Table 3
Estimated Readers Per Copy Generated by Newsstand and Public Place Copies

	Newsstand Copy	Public Place Copy	Factor (PPC/NQ)
Total Readers	4.0	30.0	7.5
Readers 25-44	2.0	14.0	7.0
Readers with HH1 \$50K+	2.4	16.0	6.7
Readers with HHI \$75K+	1.6	10.0	6.2
Prof/Managerial Readers	1.3	7.9	6.1
Women 25-54+HHI over \$50K with any college	1.2	8.3	6.9
Purchased new car last 12 months	0.6	3.9	6.5
Kids under 12 in household	1.3	10.3	7.9
Spent more than on \$500 on health & beauty aids	0.3	1.0	3.3
Took any action	0.6	2.3	3.8
One of my favorites	1.3	2.6	2.0
Interested in advertising (Some+)	2.6	15.3	5.9
Read 3-4 of 4	2.2	5.9	2.7
Total reading minutes	300.0	870.0	2.9
Total page exposures	9.8	36.0	3.7

This shows that for these publications, the average public place copy is generating anywhere from 2 to 8 times as many readers - depending on characteristics - as the typical single copy. For example, a typical public place copy reaches 14 readers 25-44, while a typical newsstand copy reaches 2.0 readers 25-44. In other words, the public place copy reaches 7 times as many readers in this demographic group.

While readers spend less time with most public place copies than with purchased copies (29 minutes vs. 75), average page exposures for public place copies of these titles is a very respectable 1.2 - though half of the 2.4 that which occurs among buyers.

² Beauty parlors/barber shops, doctors/dentists' office, on an airplane, library, club, or school, and business reception.

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Conclusion

We believe that, in general, the proof of an effective circulation strategy is in the audience it generates. Advertisers need the answers to three basic questions about audience to make appropriate decisions about where to advertise:

To what extent does the medium reach qualified prospects?

Will these prospects actually be exposed to the ads?

And, most importantly, will they buy the product?

Circulation data simply does not provide answers to these questions. Contrary to the perception of many advertisers, public place distribution can and frequently does enable them to reach a larger body of readers who are involved, demographically qualified, and responsive to their advertising message. As any publisher knows, not all circulation is created equal and source quality varies greatly - both within and across publications. In some cases, the circulation on which advertisers place the highest value - like some subscriptions with a high average price paid - makes only a minimal contribution to audience. We should note that substantial differences can also exist in the quality of public place distribution as well. Advertisers need to quit obsessing over frequently misunderstood and occasionally misrepresented measures of circulation "quality" and focus instead on the "proof" to be found in measured audience regarding the extent to which a publication reaches qualified readers, whether these readers will indeed see the ads, and, ultimately, whether they will buy the product advertised. This shift in focus can make an enormous difference to the effectiveness of their advertising and to their own bottom line.

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