
Telling the Whole Story: Analysis Supports Readership as Key Metric for Planning and Buying Newspaper Advertising

An analysis by Scarborough Research and
Newspaper National Network LP

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Introduction

Since the creation of the Audit Bureau of Circulations in 1914, advertisers, media planners and buyers have relied largely on circulation - the number of printed newspapers sold - to develop their strategies. While circulation is an important evaluative metric, it is only one part of a newspaper's advertising story. Another important metric is newspaper readership - the number of adults who actually read the printed newspaper. Along with circulation, readership provides a more complete picture of the audience that advertisers reach with printed newspapers. In today's media environment, as local newspapers battle for advertising dollars, consideration of both sides of their marketing story is critical.

A recent analysis of daily newspaper readership and circulation data for 25 leading U.S. newspapers conducted by Scarborough Research and Newspaper National Network LP (NNN) concludes that readership is indeed a key metric for media planning and buying because:

- Readership provides advertisers with information about the adults who have read or looked into a copy of the newspaper - their demographics, lifestyles and purchase behavior. Further, when you examine these demographics, they reveal an upscale audience which is attractive to many advertisers.
- Readership and circulation are highly correlated and have been moving in the same direction over time. Therefore, advertisers can confidently use readership to plan and buy newspaper advertising.
- While the two measurements are highly correlated, readership is decreasing at a *slower* rate than circulation. The number of adults reading the printed newspaper has not declined to the same degree as the number of printed copies sold. This suggests that efforts by publishers to jettison unprofitable or unproductive circulation have been successful.
- Readership allows for measurement of pass-along readers, as measured by "Readers-Per-Copy." This analysis found that Readers-Per-Copy is increasing.
- The readership metric facilitates apples-to-apples comparisons with other media, which rely on audience estimates.

This report will provide details on the relationship between circulation and readership, and what that relationship means to planning and buying newspaper advertising in today's media environment. It also provides current trends for Readers-Per-Copy (RPC) rates and newspaper reader demographics.

While this report focuses on daily printed newspaper readership, information about a newspaper's online audience provides an even more comprehensive story. Further, Integrated Newspaper Audience, the combined print and online newspaper readership, gives an even broader picture of a newspaper. While not covered in this analysis, both online readership and Integrated Newspaper Audience are measured by Scarborough. For more information on these measurements, contact Scarborough Research at newspaper@scarborough.com.

The Relationship Between Readership and Circulation

Circulation and readership are core metrics for measuring the advertising value of newspaper audiences:

Circulation is the number of printed newspaper copies sold (both home delivery and single-copies). Circulation is audited by the Audit Bureau of Circulations (ABC).

Readership is the number or percentage of adults in a local market who read the newspaper. Readership data (also called “audience”), as measured by Scarborough Research, is accredited by the Media Rating Council (MRC).

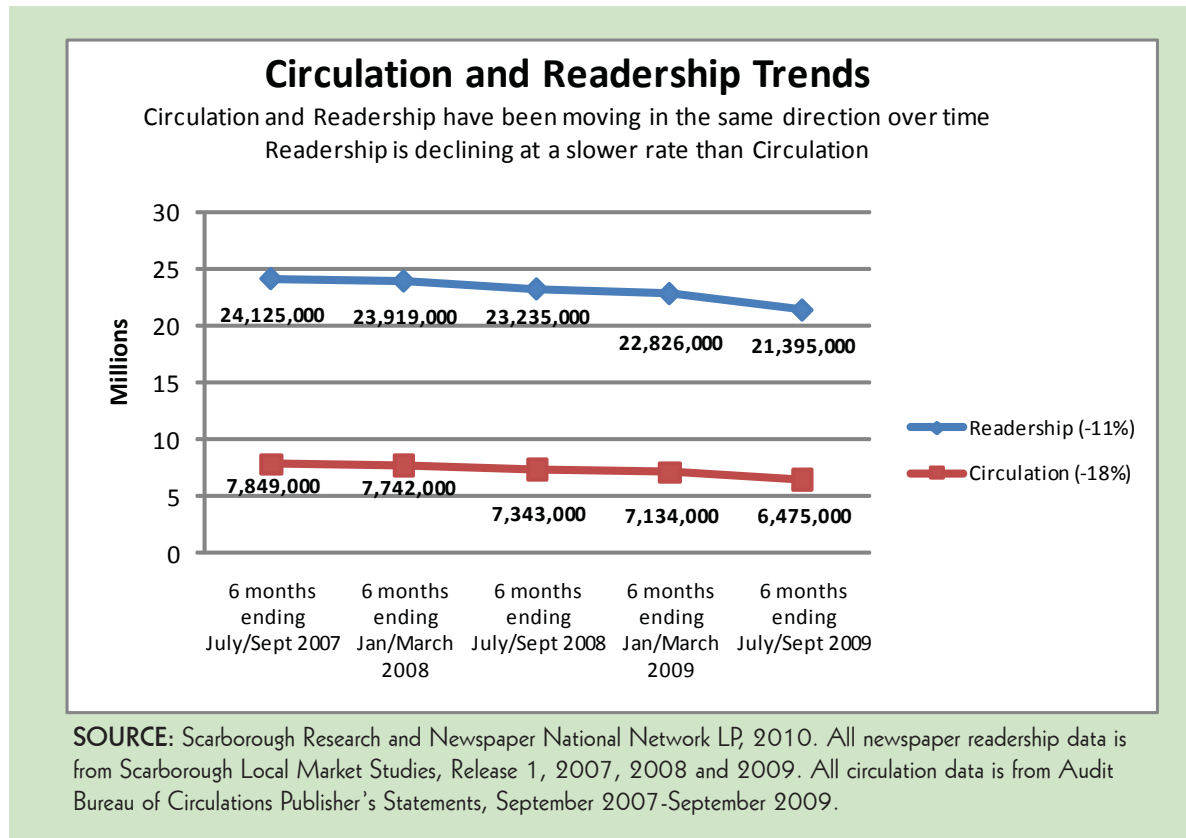
Traditionally, circulation has been used to calculate Cost-Per-Thousand (CPM), whereas readership is used to qualify a readership base – both in terms of coverage, and the ability to reach a specific target audience, such as Men 18-39 or new vehicle shoppers.

Scarborough Research examined these two metrics for 25 daily printed newspapers in the largest local U.S. markets (*for more about study methodology, please see “Methodology” on page 8*). The analysis finds that, while readership and circulation are highly correlated and move in the same direction over time, the number of adults who are reading the daily printed newspaper has not declined to the same degree as the number of physical printed copies sold. Between 2007 and 2009, circulation decreased by an average of 18% among the newspapers included in this analysis, while readership declined by an average of 11%.

The fact that daily printed readership is decreasing at a slower rate than circulation suggests that efforts by publishers to jettison unprofitable or unproductive circulation beyond their core markets have been successful.

Additionally, readership provides advertisers with a direct measurement of the number of adults who have read or looked into a copy of the newspaper. Further, as other media are evaluated using audience metrics, readership data allows advertisers to make “apples-to-apples” comparisons.

The Relationship Between Readership and Circulation



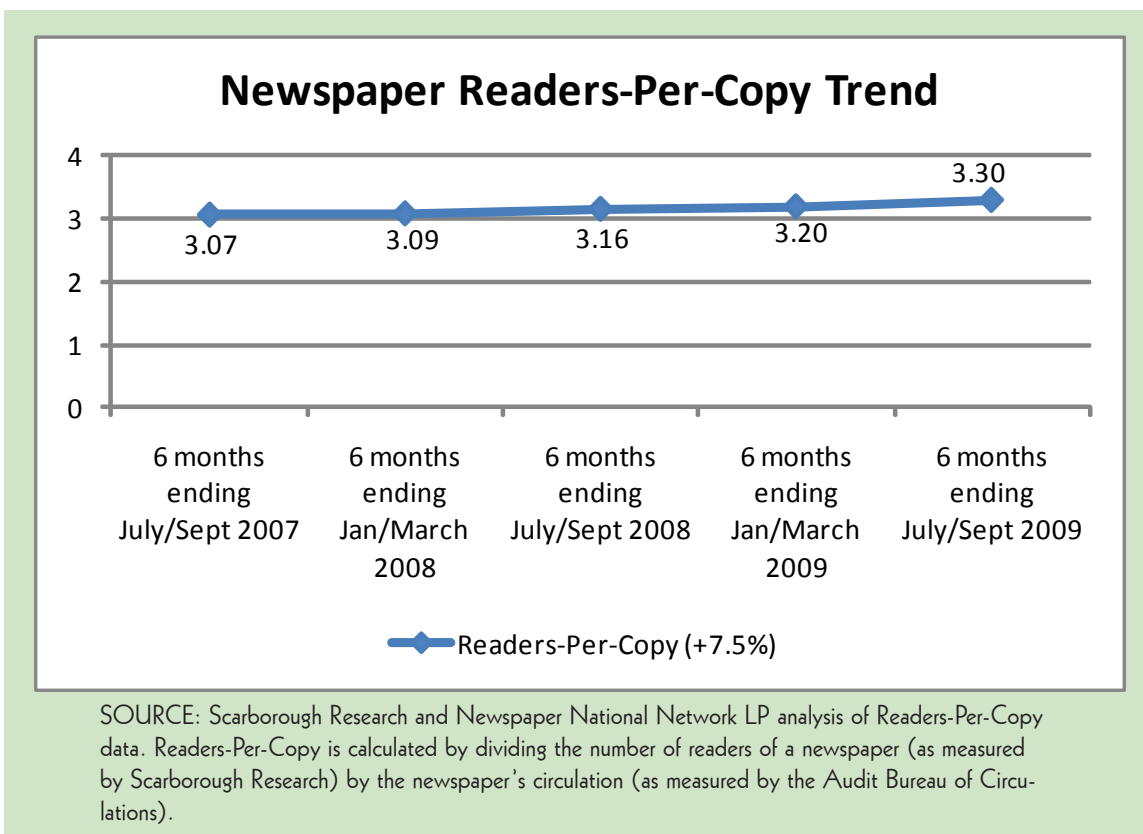
"Advertisers have long accepted audience information for buying electronic media and magazines, but they have not fully embraced readership for newspapers," said Gary Meo, senior vice president, print and digital media services, Scarborough Research. "This analysis shows that readership is key for buying newspaper advertising, not only because it correlates with circulation, but because readership provides the qualitative dimension of the newspaper audience -- demographics, shopping and purchasing behavior, and lifestyles -- that buyers need to make informed decisions."

"Newspaper publisher cuts in circulation have not led to commensurate declines in readership," said Jason E. Klein, President & CEO of Newspaper National Network LP. "The Scarborough Research/NNN analysis shows that, in fact, newspaper circulation is operating more efficiently, with fewer printed papers needed to reach a comparable number of readers. In addition, digital formats are enabling newspapers to reach a growing audience."

Readers-Per-Copy Trends

The case for readership is further bolstered when Readers-Per-Copy trends are considered. Among the daily printed newspapers included in this analysis, Readers-Per-Copy increased over the past three years by an average of 7.5%. In 2007, an average of 3.07 adults read a copy of a printed daily newspaper, versus 3.30 adults in 2009. Higher rates of pass-along readership indicate that an average unit of newspaper circulation is generating more readers.

“Readers-Per-Copy is especially important as newspapers compete for their share of a brand’s media budget, particularly among national advertisers,” said Mr. Meo. “More people are reading each printed copy, further enhancing the value of the newspaper as an advertising medium, and increasing exposure for advertisers.”

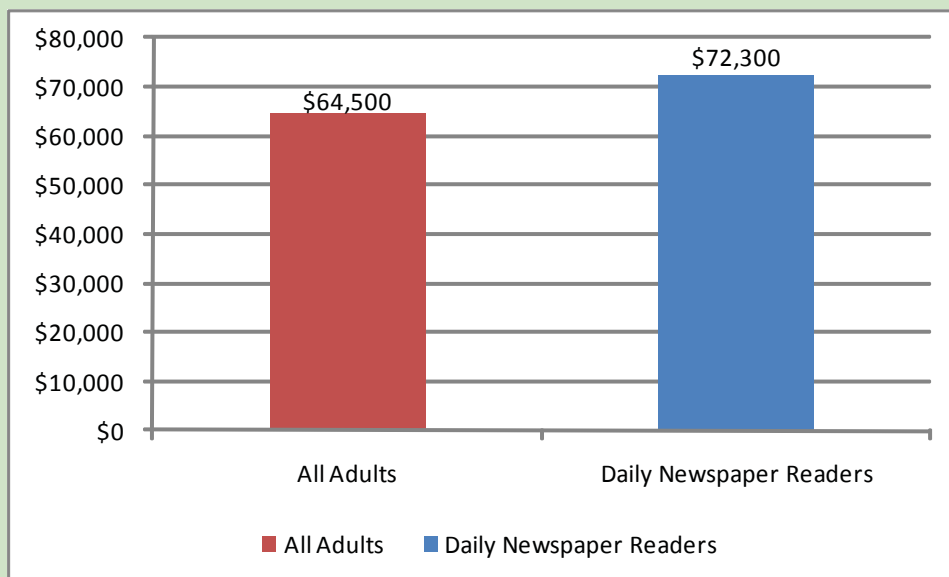
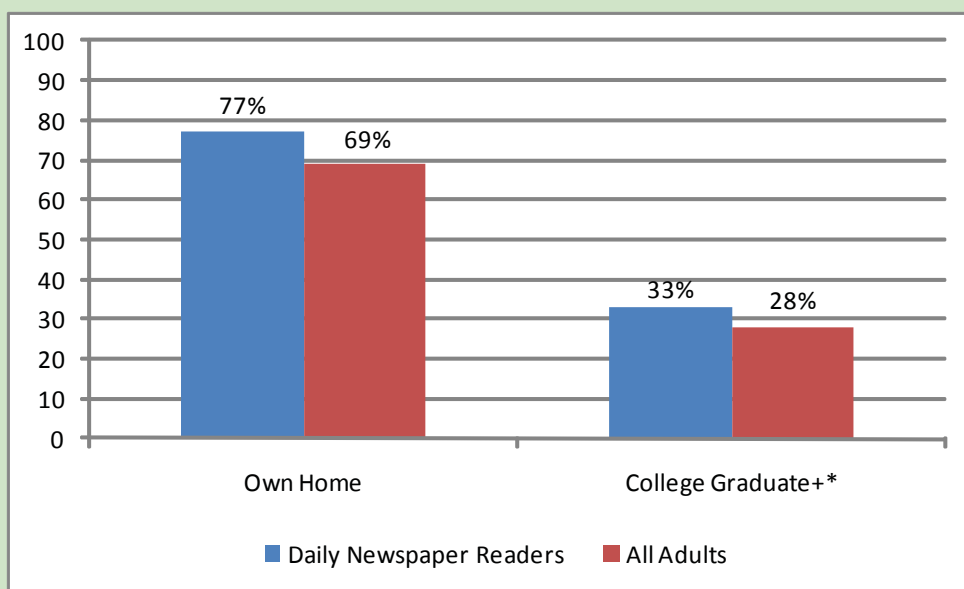


Demographics of Newspaper Readers

Newspapers continue to provide the affluent and educated audiences that many advertisers want to reach. For example, in the top 25 DMAs:

- The median household income for daily newspaper readers is \$72,300, which is 12% higher than the overall median of \$64,500.
- Daily newspaper readers are 16% more likely than all adults to be college graduates.
- Daily newspaper readers are 11% more likely than all adults to be home owners.

Newspapers Deliver Upscale Demographics



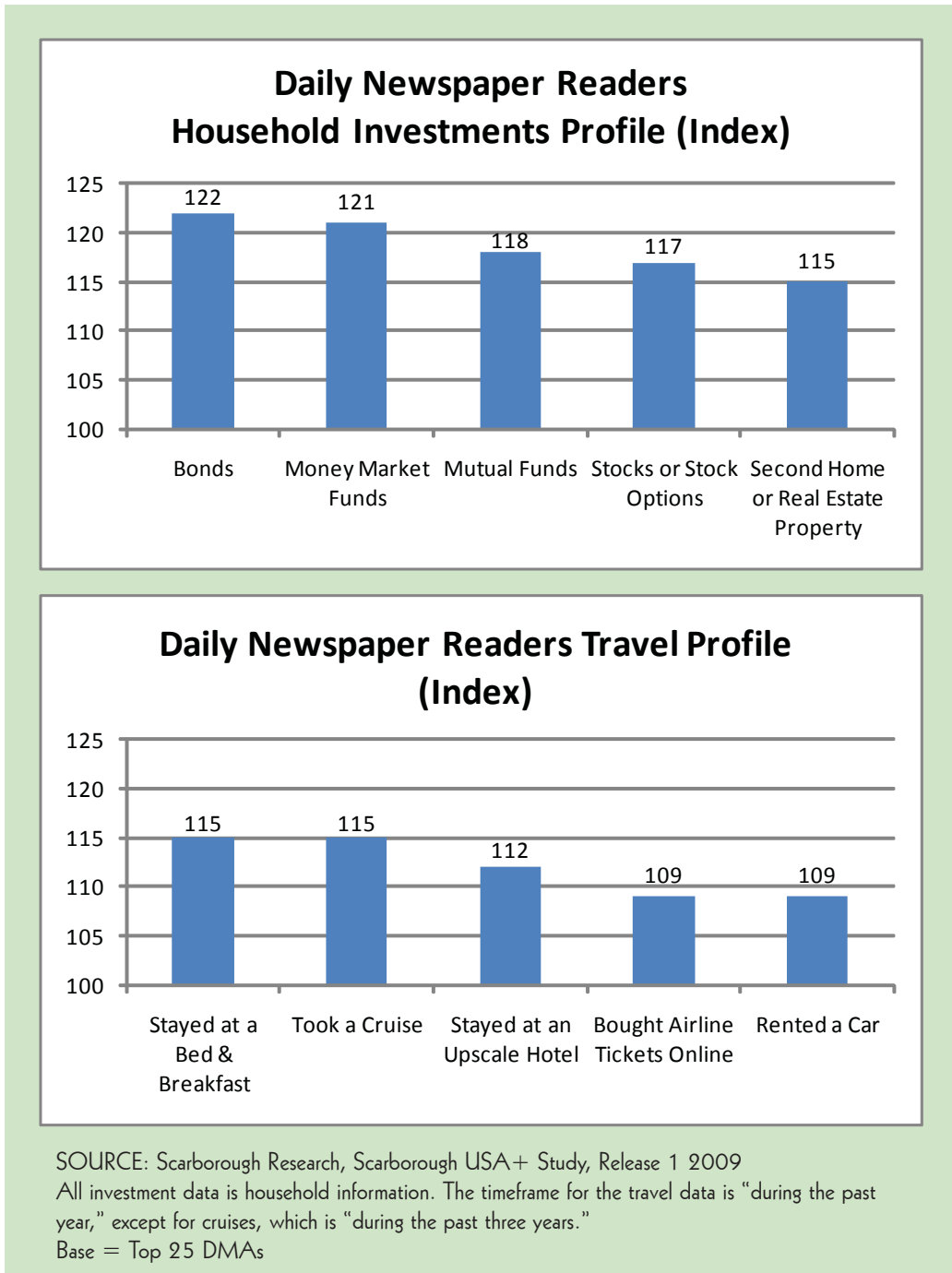
SOURCE: Scarborough Research, Scarborough USA+ Study, Release 1 2009.

Base=Top 25 DMAs

*College Graduate +: Defined as adults who graduated from a four-year college and/or post-graduate programs.

Demographics of Newspaper Readers

Financial services, travel and other industries seeking to connect with an educated, upscale audience can leverage newspapers to do so.



Conclusion

As newspapers write their advertising story, readership should play a leading role because:

1. Readership and circulation are highly correlated. The two measures, though different, have been moving in the same direction over time. Given that they track one another, readership is as stable and as significant a metric as circulation.
2. Readership is the only measure able to provide advertisers with qualitative information. In examining these qualitative attributes of readers, the analysis finds that newspapers attract upscale, educated consumers, suggesting that newspapers are well-positioned to attract national advertisers and compete for a share of a brand's media budget. This is especially true of financial services, travel or other industries seeking to connect with an educated, upscale audience.
3. There has been a deliberate effort on the part of publishers to jettison unprofitable or unproductive circulation, such as distribution outside the paper's core market. The Scarborough Research/NNN analysis of circulation and readership trends suggests that these efforts by publishers have been successful. Although the two measurements are highly correlated, readership is decreasing at a slower rate than circulation. Between 2007 and 2009, circulation decreased by an average of 18% among the daily printed newspapers included in this analysis, while readership declined by an average of 11%. This indicates that the number of adults who are reading the newspaper has not declined to the same degree as the number of physical printed copies sold.

Further, readership is a direct measure of the number of adults who have read or looked into a copy of the newspaper. Other media are evaluated by their audience, so in utilizing readership, media planners and buyers are better able to make "apples-to-apples" comparisons.

The case for readership is further bolstered when Readers-Per-Copy trends and newspaper demographics are considered. Among the newspapers included in this analysis, Readers-Per-Copy increased by an average of 7.5% in the past three years, indicating higher rates of pass-along readership. Higher rates of pass-along readership mean that the average unit of newspaper circulation is generating more readers.

So as publishers, newspaper sales teams, and the media planners and buyers they serve begin writing their advertiser's story outline, readership deserves to be part of the lead.

Methodology & Sources

SOURCE: Scarborough Research and Newspaper National Network LP, 2010. All newspaper readership data is from Scarborough Local Market Studies for the six month periods ending July/August 2007, January/February 2008, July/August 2008, January/February 2009 and July/August 2009. All circulation data is from Audit Bureau of Circulations Publisher's Statements for the six month periods ending September 2007, March 2008, September 2008, March 2009 and September 2009. All demographic and consumer data is from Scarborough Research's USA+ Study, Release 1 2009.

Analysis Methodology:

Scarborough and NNN analysts examined 25 major daily newspapers, ranked by total circulation for the six months ending September 30, 2009 as reported in the Audit Bureau of Circulations September 2009 FAS-FAX report. The analysis was based on data reported by the Audit Bureau of Circulations and Scarborough Research from spring 2007 through fall 2009. Circulation is from ABC Publisher's Statements for the six month periods ending September 2007, March 2008, September 2008, March 2009 and September 2009. Circulation is Core Newspaper Paid for by individual recipients (home delivery and single copy sales). Readership is from Scarborough's Local Market Studies for six month periods ending July/August 2007, January/February 2008, July/August 2008, January/February 2009 and July/August 2009 and includes adults age 18+. The newspapers included in the analysis are the daily printed editions of:

Atlanta Journal-Constitution	Newsday
Arizona Republic	Newark Star-Ledger
Boston Globe	New York Daily News
Chicago Sun-Times	New York Post
Chicago Tribune	Orange County Register
Cleveland Plain Dealer	Portland Oregonian
Dallas Morning News	Sacramento Bee
Houston Chronicle	San Diego Union-Tribune
Indianapolis Star	San Francisco Chronicle
Kansas City Star	St. Louis Post-Dispatch
Los Angeles Times	St. Petersburg Times
Milwaukee Journal-Sentinel	Washington Post
Minneapolis Star-Tribune	

The following newspapers, though ranking among the top 25 papers with regard to total circulation, were not included in the analysis due to changes that impacted circulation and readership: Denver Post, Detroit Free Press, Philadelphia Inquirer, San Jose Mercury News, Seattle Times, Seattle Post-Intelligencer. National newspapers, such as The Wall Street Journal, USA Today, and The New York Times, are also not included in the analysis.

Sources

About Scarborough Research

Scarborough Research (www.scarborough.com, info@scarborough.com) measures the lifestyle and shopping patterns, media behaviors and demographics of American consumers, and is the leading authority for newspaper audience ratings and local market research. Hundreds of newspapers, along with the advertisers and agencies they serve, rely on Scarborough insights to demonstrate the value of newspaper audiences. Scarborough's core syndicated consumer insight studies in 77 Top-Tier Markets, its Multi-Market Study and its national USA+ Study are Media Rating Council (MRC) accredited. Other products and services include Scarborough Mid-Tier Local Market Studies, Hispanic Studies and Custom Research Solutions. Scarborough measures 2,000 consumer categories and serves a broad client base that includes marketers, advertising agencies, print and electronic media (broadcast and cable television, radio stations), sports teams and leagues and out-of-home media companies. Surveying more than 210,000 adults annually, Scarborough is a joint venture between Arbitron Inc. (www.arbitron.com) and The Nielsen Company (www.nielsen.com).

About Newspaper National Network LP

Established in 1994, Newspaper National Network LP is private partnership representing virtually all of the newspapers in the United States and the Newspaper Association of America. Its 25 newspaper company shareholders are: Tribune Co. (TRB), Advance Publications Inc., Gannett Co. Inc. (GCI), The New York Times Co. (NYT), The McClatchy Co. (MNI), Hearst Newspapers, MediaNews Group Inc, The Washington Post Co. (WPO) Philadelphia Media Holdings, Chicago Sun Times, A.H. Belo (AHC), Cox Newspapers, The Seattle Times Co., Minneapolis Star Tribune, Newsday, Journal Sentinel Inc., The San Diego Union-Tribune, Freedom, Lee Enterprises (LEE), E.W. Scripps (SSP), The St. Petersburg Times, The Buffalo News, Media General Inc. (MEG), Pittsburgh Post-Gazette and Omaha World-Herald. Newspaper National Network LP is the primary nationwide sales and marketing network for newspapers, both print and digital, in most national categories of advertising including packaged goods, insurance, general merchandise, pharmaceutical and business products. As the "one-stop point of contact" with national advertisers, NNN is dedicated to strengthening brands, improving effectiveness, reducing costs, and improving advertiser return on investment from national newspaper media campaigns. NNN is headquartered in New York, with offices in Chicago, Los Angeles and San Francisco. More information about NNN can be found at www.nnnlp.com.

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