



TOWARD AN OPEN SOURCE ROI MODEL FOR PREPRINT

NEWSPAPER ADVERTISING

A Study Report for the News Media Alliance

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WE QUESTION. WE ANSWER. WE CREATE.



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introduction

EXECUTIVE SUMMARY

With funding from the News Media Alliance (NMA), a field experiment was conducted in the Lansing, Michigan, area during four weeks in June-July 2016. The main goal was to determine how newspaper subscribers and non-subscribers respond to advertising inserts in the paper in terms of specific store visits and purchases. Sixty subscribers to the *Lansing State Journal* (Gannett) newspaper were compared to 58 non-subscribers. Each group was observed during two weeks of receiving the print newspaper, and two weeks of not receiving the print newspaper.

[First an Important Methodological Insight] With even the most concerted efforts to sample subscribers and non-subscribers so that they are matched demographically, it was just not possible. We all know how print newspaper readers differ from those who don't use print. Those differences are so stark that the only way to deal with comparing them is to run analyses that control out demographic differences. This was the approach used here, **but in future studies an alternative strategy is recommended.** A powerful alternative approach would be to compare print subscribers to digital-only subscribers (who generally do not receive the inserts). This would allow demographic matching and the resulting exploration of how the inserts influence purchase both by those used to receiving them and those who may use coupons and deals, but not via the preprint channel.

[Observed Effects of Preprints] People who receive preprints save more coupons and ads than those who don't receive preprints. This demonstrates a primary effect of intention to respond to preprints. This effect is greater for subscribers than non-subscribers but both groups show it.

[Learning] The presence of preprints in the home serves as a reminder to purchase with the coupon or ad serving as an indicator of INTENT TO PURCHASE. This can be thought of as a fundamental motivation to purchase.

1. Non-subscribers spend more total dollars when receiving the preprint. This suggests a consuming motivation is created by the preprints for non-subscribers.
2. Non-subscribers spend more per item when receiving the preprints. This again suggests a consuming motivation that extends beyond price consideration to simply acquiring items.
3. Non-subscribers bought more beauty items when they received preprints.

4. Both subscribers and non-subscribers bought significantly more cleaning supply items when receiving preprints.
5. When comparing subscribers to non-subscribers, purchase patterns varied by both store type and product type.

[Learning] There is a clear stimulation-to-purchase effect on non-subscribers when the preprints enter their households. This is reflected in that they **BUY MORE ITEMS**, they **SPEND MORE TOTAL DOLLARS**, and they **SPEND MORE PER ITEM** purchased.

6. Subscribers show lesser differences between when they receive the preprints and when they don't.
7. Subscribers spend more total dollars without the preprints. This is arguably because they are missing critical price information that they are accustomed to having.
8. Subscribers spend more dollars per item without the preprints than with them. Again, this is arguably because they are missing critical price information and "flying blind."

[Learning] Subscribers are not "stimulated" to purchase by preprints as non-subscribers are. Rather, when they have their preprints taken away, it costs them. They spend more total dollars, and they spend more dollars per item. Not receiving preprints is a **LOSS SCENARIO** for subscribers, suggesting a **CONSUMER ROI** relative to the subscription cost.

OVERVIEW OF STUDY ORIGINS

With funding by the News Media Alliance (NMA), a 28-day field experiment was conducted in the Lansing, Michigan, area in June-July 2016. It looked at 60 subscribers to the *Lansing State Journal* (Gannett) newspaper and compared their behavior to 58 non-subscribers. Both subscribers and non-subscribers received the *Lansing State Journal* for 14 days and for another 14 days the newspaper was put on vacation hold. Self-reported and receipt-based buying behavior was compared across the four groups: subscribers with and without the newspaper and non-subscribers with and without the newspaper to determine if newspaper subscription and advertisements included with it have an effect on overall spending, store visiting, and buying instances in different product categories.

BACKGROUND

Against a backdrop of sagging newspaper sales¹, in September 2015 the Newspaper Association of America, hereafter known as the News Media Alliance (NMA), issued a Request for Proposals aimed at measuring the impact of preprint advertising. The ultimate objectives were to (1) quantify the impact of preprints/circulars on sales (i.e., Return on Investment, a/k/a ROI), (2) to understand how preprint ROI compares to competing alternatives, (3) to forecast potential loss in sales for advertisers who scale back or discontinue use of preprint, and (4) to determine ways of optimizing impact.

Advertising impact studies frequently entail guesswork and qualitative judgments regarding value, which may allow for expediency but it also represents a major weakness in the formulae. A true evaluation of advertising effectiveness should not rely too much on personal opinions, so methods like surveys and focus groups must be used judiciously. When the goal is to see whether there are measurable behavior responses to advertising, experimental rather than survey methodologies are significantly preferable.

It should be noted that surveys do allow large and representative consumer samples; nevertheless, they are not capable of demonstrating behavioral effects beyond self-report, which in the case of advertising effects is notoriously inaccurate. Consumer memory of stories visits and the items purchased, much less whether coupons were used or ads triggered store visits is poor. Surveys often ask consumers to disclose what they were thinking days or weeks ago, and of course, the longer time has passed since purchases, the worse consumers' memory. Survey, or interview/focus group, participants might not remember what and with what frequency they purchase, how much they pay, and what brands they choose, especially if the interval of time between purchase and questioning is more than a few hours. The closer you get to their actual time of purchase, the better. They also might not be able to evaluate accurately to what extent attention to print advertising affects either their product and brand choices or the amount of money they spent, so these methods cannot answer every question that helps us understand return on investment.

It was determined, therefore, that the best approach would be to observe actual consumer behavior in response to preprint (and other) advertising. An experimental approach was designed to collect data from a panel of both newspaper subscribers and non-subscribers, to allow for direct comparisons of these two populations. In addition, daily surveys would be used to get as close, in time, to store visits and purchases. Rather than relying on self-report, receipts from all purchases made during the observation period were collected and analyzed. Because of the expense and

¹ Pew Research Center (2016). *State of the News Media 2016*. Washington: DC (June 15). Advertising revenues were down 8% in 2015, compared to 2014, for newspapers.

intensity of contact with consumers, it was decided that the study would be confined to a single geographic area, with the potential to conduct future phases of the study in other markets.

Finally, it should be noted that true return on investment calculations must include cost estimates. In the present study, it was not possible to obtain from advertisers what they had paid for their participation in the insert advertising. Thus the present study is of insert advertising impact on store visits, number of items purchased, and price paid as a function of whether consumers were subscribers to the newspaper, and whether they were observed during the time they received the daily print newspaper or they did not. In this report, the term “ROI” is used in a non-technical sense of advertising impact

OUR APPROACH

This initial experimental study is conceived as a first step (Phase 1) in a multi-study process. A major obstacle with most ROI research concerning advertising or marketing tends to be that they so frequently are done through a “black box” approach, where much of the data used to calculate ROI comes from undisclosed sources or algorithms. These methods are not necessarily intended to mislead, though in some cases that might be the reality, they simply are proprietary. By disclosing the internal data and calculations advertisers may perceive themselves at risk of losing or reducing competitive advantage. Unfortunately, this makes it impossible for advertisers or others to improve upon the accuracy of the calculations, or even to verify their legitimacy.

Because the NMA has no such competitive incentive to shield the method of measuring ROI, the present study is presented in as transparent a fashion as possible. Subsequent studies by the NMA, too, can follow this approach to eventually achieve an ROI model that will be entirely transparent. The hope is that even researchers with no connection to the NMA may spot flaws in the model and conduct studies to help improve it, leading to a “crowd sourced” approach to erecting the most efficient and effective ROI model possible. In the planned iteration of the study to other geographies, an important addition will be estimates of insert cost so that a true ROI is calculable.

MODEL COMPLEXITY

It should be noted that even with known advertising prices, the number of potential variables in a good ROI model make it extremely complex. In fact, there is no single “return on investment.” Because of the often broad nature of newspaper inserts, the ROI for each product category is different, each pricing structure is different, each store location is different, and so forth. And certainly the quality of advertising varies

greatly, and we would not expect the return on a poor quality advertisement to be the same as a high quality ad.

Consequently, no single study – no matter how sophisticated and complicated – can completely capture the entirety of the variables that change the potential return from one situation to another. Only by fusing the findings of several studies will we be able to calculate the average return for a wide variety of advertisements, and differing in terms of “store visit return,” “total expenditure return,” or “number of items purchased return.” The current study, combined with some findings by previous research, will be just the genesis of this model building process.

method

LOCATION & NEWSPAPER

This study was designed with the goal of having at least 100 participants, 50 of whom would be subscribers of the local newspaper and 50 would be non-subscribers. The study was conducted in the Lansing, Michigan, market, where the local newspaper was the **Lansing State Journal (LSJ)**, a Gannett publication. Expecting attrition, since the study would last four weeks, a total of 160 participants were initially recruited, 80 in each group.

The Lansing market was selected for several reasons. Besides it being a known market to this research team, it was a smaller and more manageable market for the first phase, cooperation by the *LSJ* was assured and essential, and it was a market composed of a balance of both strong blue and white collar families. The *LSJ* had an average circulation of around 40,000, a penetration into the population of Lansing-East Lansing metropolitan area of approximately 9%.

RECRUITMENT

Two convenience samples of participants, subscribers and non-subscribers, were recruited through a variety of methods. The Department of Advertising + Public Relations at Michigan State University operates an online recruitment system called SONA for research by its faculty and students. That system was used and was particularly successful at recruiting non-subscribers. In addition, the *LSJ* provided a database of its subscribers, and some former subscribers, from which we were able to recruit some participants. Finally, the most difficult participants to recruit were the subscribers, so we ran three (3) advertisements about the study in the *LSJ*.

Only 7-day-a-week subscribers were recruited. Subscriptions to other newspapers were not part of the screening, because only the *LSJ* carries locally-relevant preprint materials. To avoid recruiting multiple participants from the same household, we requested that the “head of household” respond.

In the end we did recruit 160 participants, but by the time we actually began the study we had experienced attrition of about 35 of them (22% attrition rate). But of the remaining 125 who began the study, only one more subject dropped out, leaving us with 124. Of those, six (6) provided incomplete or problematic data, leaving complete data on 118 participants: **58 Non-Subscribers and 60 Subscribers**.

Participants were told that they were being recruited to participate in a “**Consumption Study**,” not specifically disclosing whether this referred to consumption of news, consumption of advertising, or consumption of products purchased. Attempts were made to keep the true purpose of the study undisclosed to participants, to minimize any attempt of them to try to anticipate what we might want and adjust their answers accordingly or involuntarily pay extra attention to advertising in the *Lansing State Journal*. Each participant who completed the study was debriefed at the end and had an opportunity to ask questions about the true purpose of the research project.

TREATMENT GROUPS

During the 4 weeks of the Panel, both subscribers (**SUBS**) and non-subscribers (**NON-SUBS**) received the *LSJ* for 2 of those weeks and did not receive it for another 2 weeks. Both groups were randomly separated into 2 sub-groups, so that half of them received the newspaper the first 2 weeks while the other half received it the last 2 weeks. This was done to counterbalance any effect on purchasing behaviors associated with time. Per previous agreement with participants, non-subscribers were given complementary two-week subscriptions while subscribers were put on vacation hold for two weeks. As a result, at any time during the Panel there were 4 treatment groups: subscribers with newspaper, subscribers without newspaper, non-subscribers with newspaper, and non-subscribers without newspaper, alternating which 2 weeks they received the newspaper (Figure 1.1).

JUNE, 2016

SU	M	TU	W	TH	F	SA
----	---	----	---	----	---	----

			1	2	3	4
--	--	--	---	---	---	---

5	6	7	8	9	10	11
12	13	14	15	16	17	18

19	20	21	22	23	24	25
26	27	28	29	30	1	2

Weeks 1 & 2

Subs1

-Newspaper

Subs2

-No Newspaper

Non-Subs1

-Newspaper

Non-Subs2

-No Newspaper

Weeks 3 & 4

Subs1

-No Newspaper

Subs2

-Newspaper

Non-Subs1

-No Newspaper

Non-Subs2

-Newspaper

FIGURE 1.1: EXAMPLE OF CONDITIONS IN THE STUDY

[Manipulation checks] During the two weeks of LSJ subscription, subscribers ($M = 7.28$) remained better readers of print LSJ (reading it on average once in two days) than non-subscribers ($M = 4.24$) (reading it on average every 3 to 4 days). When the newspaper was put on hold, both groups read it only once in the 14 days ($M_{\text{sub}} = 1.08$; $M_{\text{nonsub}} = .83$).

On average, all participants read the print LSJ more often ($M = 5.76$) during subscription than during the vacation hold ($M = .96$). This manipulation check confirms that our treatment (subscription to newspaper) was successful. When newspapers were on vacation hold for both subscribers and non-subscribers, LSJ readership significantly decreased.

As for using LSJ online, there were no differences between subscribers and non-subscribers and between subscription vs. vacation hold weeks. On average, each participant accessed LSJ online once a week.

Also, subscribers ($M = 4.18$) read the print version of LSJ more frequently than non-subscribers ($M = 2.53$) during the two weeks it was available to them.

QUESTIONNAIRES

Participants were initially invited to an orientation meeting, where final screening of participants occurred, the procedures and nature of the commitment were explained to them, and a **Pre-Study Questionnaire** was administered to obtain some baseline information, such as media use, shopping preferences, and household-centered demographic information. Because not all of them were available at the same times,

multiple sessions were conducted in order to accommodate all of the participants. To avoid sensitizing participants to the purpose of the study, this initial questionnaire avoided questions that might point to the study's purpose, and some questions were added to obscure the purpose.

Within a couple of weeks after the orientation, the primary data collection began. This part of the study (**the Panel**) **began on June 5, 2016, and ended July 2, 2016**, lasting 28 days. By design, it began on a Sunday and ended on a Saturday, providing four (4) full weeks of data.

Every day during those 4 weeks of the Panel, the participants were asked to complete a **Daily Questionnaire**. This was a brief five-question questionnaire, otherwise the daily task would become onerous and result in more incomplete surveys and even greater attrition of participants. Participants received daily questionnaire reminder and link at the end of each day via text or email where they reported their media use and commercial activities they engaged in on that day. A total of 3304 Daily Questionnaires were collected during the study.

A couple of weeks after that 4-week primary data collection period a **Post-Study Questionnaire** was administered during a debriefing session. At this point, there was no need to continue hiding the purpose of the study, so some questions were added specifically about shopping behavior, sources of advertising, and attention paid to advertising in media and, specifically, promotional materials in *LSJ*. 118 Post-Study Questionnaires were collected.

RECEIPTS

In addition to the 30 questionnaires administered to participants during the 28 days of primary data collection, participants were asked to collect and submit every receipt representing any purchase made. The receipts included purchase of products or services, whether they were done online or in person. Pre-stamped envelopes were provided to facilitate them sending the receipts back to the researchers. Over the course of the panel a total of 10,543 receipts were collected from both brick-and-mortar and virtual stores, covering a total of 91,250 items.

FOCUS GROUPS

After completion of the post-study debriefing, participants were randomly selected from both the subscriber and non-subscriber populations and invited to participate in a focus group. Five subscribers formed one group and 5 non-subscribers formed a second group. For each of these groups, in-depth questions sought information that might help for interpreting the quantitative data collected by receipts and question-

naires, as well as information that might help to improve the process for future study phases. The discussions were recorded, and those recordings transcribed.

INCENTIVES

Financial incentives were paid to assure full compliance by participants at every stage, as well as to encourage them to continue participating as the study progressed.

Therefore, they were paid to attend the pre- and post-study sessions, as well as to submit their receipts. The breakdown of payments is shown in Figure 1.2.

Week	Incentive Amount
Information session:	\$20
Week 1:	\$40
Week 2:	\$45
Week 3:	\$45
Week 4:	\$60
Total:	\$210

FIGURE 1.2: INCENTIVES BY WEEK

In addition, participants earned more with each receipt that was submitted from one household. For each receipt they received \$0.25. After all receipts were collected, a study assistant calculated total compensation amounts that were handed to participants at the end of the study during the debriefing session.

results

PARTICIPANTS

The following statistics describe the 118 participants from whom complete data sets were collected.

[Who Are They] The majority of participants came from households (HH) with 2 to 4 people. In addition, 62% of HH had no children in them. The gender of the “head of household” was slightly skewed toward males (61%), followed by 37% female, and 2% who self-identified as “other.” The smallest number represented the 80+ age group (3%), but the 64-80 group was largest (21%) followed by age groups 55-64 (19%) and 45-54 (18%). There were 16% of participants who were 25-34 years of age, 14% of

those 35-44 years old, and 9% were 18 to 24 years old. Those earning more than \$150,000 per year represent the smallest group (5%), while the \$50,000-\$75,000 group was largest (24%). Eighty-three percent of participants own a home, 49% of which are worth \$100,000-199,999. Twenty-three percent own a home worth less than \$100,000, and another 23% own one valued at \$200,000-299,999. Just 5% own a home worth more than that. Twenty-two percent have lived in the area less than 5 years, 13% from 6 to 14 years, and the majority, 65%, having lived in the area more than 15 years. Many (48%) held college degrees, and a fairly large number (38%) held graduate degrees. Just 11% held only high school diplomas.

[How Do the Two Groups Differ?] Attempts were made to keep the demographic descriptors of the two groups more similar during the recruitment using a propensity score model, but this created significant obstacles for obtaining participants. Consequently, as the differences between these two groups were thought to affect the results, it was important to statistically compare subscribers and non-subscribers and include any discrepancies in demographics as control variables in study analyses. When controlling for demographic characteristics that the two groups are different in, discrepancies between subscribers and non-subscribers in media use and purchase behavior are more likely to be attributed to the fact of being subscribed to the newspaper.

Subscribers, overall, were older than non-subscribers in the study, as shown in Figure 2.1.

AGE	Non-Subscribers	Subscribers
18 - 44	37	10
45 +	21	50

FIGURE 2.1: AGE, SUBS VS. NON-SUBS

In that same respect, subscribers had lived in the Lansing area longer than the non-subscribers, as shown in Figure 2.2.

RESIDENCY LENGTH	Non-Subscribers	Subscribers
Less than 15 years	27	14
15 years or more	31	46

FIGURE 2.2: NUMBER OF YEARS AT CURRENT RESIDENCE, SUBS VS. NON-SUBS

Incomes also differed somewhat. This is shown in Figure 2.3.

INCOME	Non-Subscribers	Subscribers
Under \$50,000	30	13
\$50,000 - \$99,000	22	30
\$100,000 +	6	16

FIGURE 2.3: INCOME, SUBS VS. NON-SUBS

Because 23% of the participants were retired at the time of the study, it seemed valuable to see how those retirees were distributed between the two groups. This appears in Figure 2.4.

RETIRED	Non-Subscribers	Subscribers
Retired	6	21
Non-Retired	52	39

FIGURE 2.4: RETIRED, SUBS VS. NON-SUBS

Education also was broken down by groups, as seen in Figure 2.5.

EDUCATION	Non-Subscribers	Subscribers
High School	7	6
College	35	22
Graduate	16	29
Other	0	3

FIGURE 2.5: EDUCATION, SUBS VS. NON-SUBS

As subscribers and non-subscribers were found different in terms of age, length of residency, household income, retirement, and education, we adjusted statistical results of the study by controlling possible effects of demographic differences.

[What Media Do They Use?] To understand the role of preprint in the lives of these participants, it is important to understand their general media use habits. Access to various media is largely determined by device ownership. Figure 3.1 shows the breakdown of electronic devices owned by the participants, with nearly all of them owning both mobile phones and televisions.

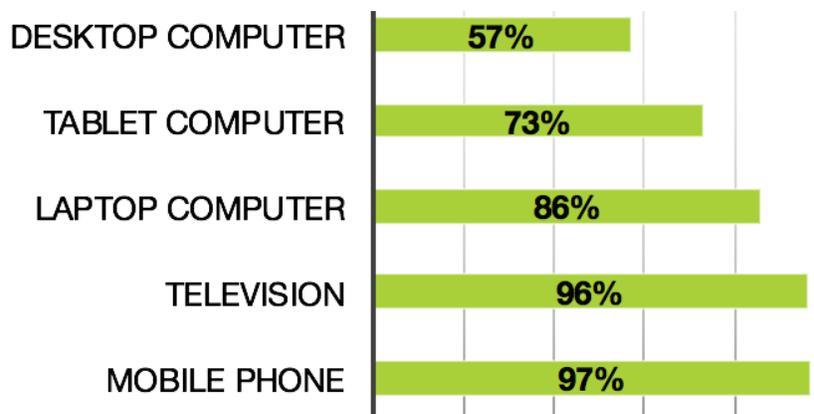


FIGURE 3.1: ELECTRONIC DEVICES

Access also is determined in part by media service subscriptions. Those are shown in Figure 3.2. It should be noted that the reason Print Newspaper is greater than 50% is because *LSJ* non-subscribers might still subscribe to another newspaper (e.g., *New York Times* or *Wall Street Journal*).

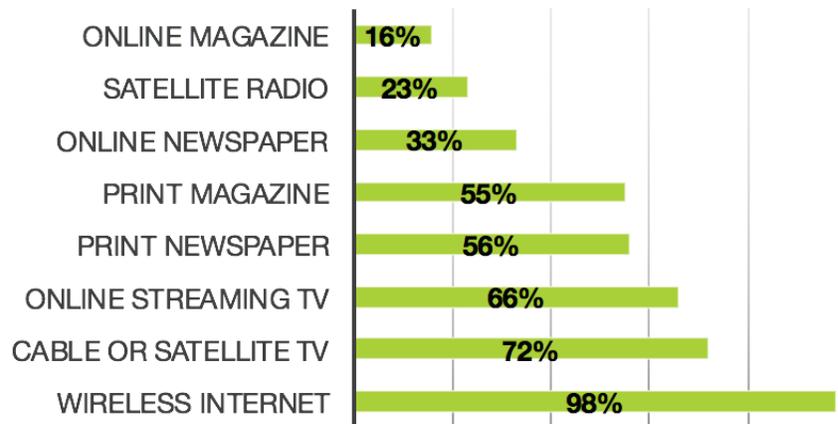


FIGURE 3.2: SUBSCRIPTIONS

A deeper look at the subscriptions reveals the differences between our subscriber and non-subscriber populations in terms of what other subscriptions they hold. Figure 3.3 provides this breakdown. Note that subscribers were more likely to subscribe to all of these, with the single exception of Online Streaming TV services.

		Non-Subs	Subs
Print Newspaper			
	Yes	6	60
	No	52	0
Online Newspaper			
	Yes	5	34
	No	53	26
Print Magazine			
	Yes	22	43
	No	36	17
Online Magazine			
	Yes	4	15
	No	54	45
Cable or Satellite TV			
	Yes	36	48
	No	21	12
Online Streaming TV			
	Yes	46	32
	No	12	28

FIGURE 3.3: OTHER SUBSCRIPTIONS HELD

Actual use of various media was measured by self-report. When asked about the *frequency* with which they used different media, ranging from “never” (1) to “all the time” (5), participants’ responses can be found in Figure 3.4. A further breakdown of online media use habits can be seen in Figure 3.5 (“never” = 1, “all the time” = 5).

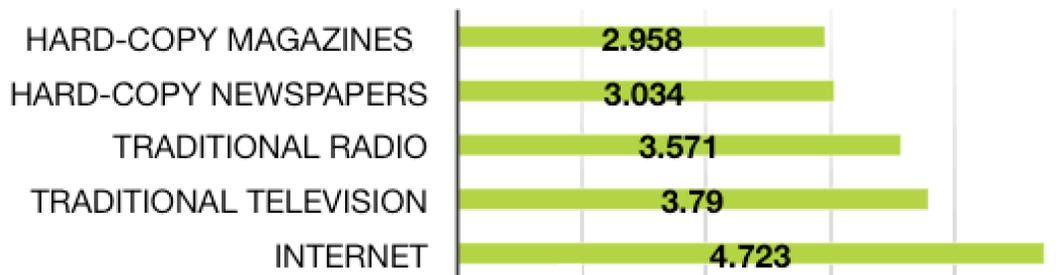


FIGURE 3.4: MEDIA FREQUENCY

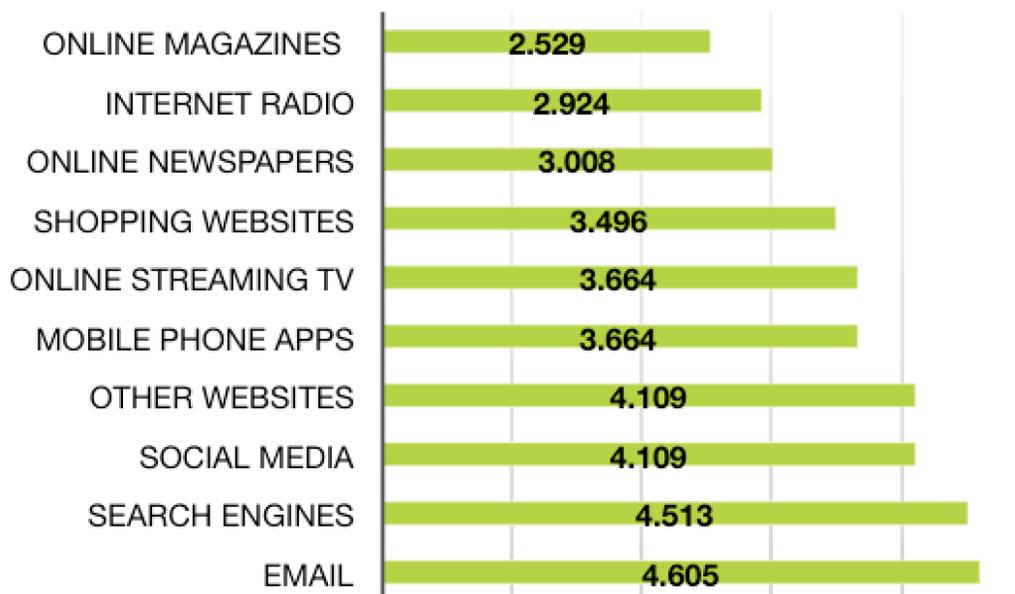


FIGURE 3.5: INTERNET MEDIA USE

As would be expected, subscribers use hard-copy newspapers more frequently (3.58) than non-subscribers (2.48). In addition, subscribers use online magazines and catalogs more frequently (2.08) than non-subscribers (2.25). Subscribers also use email more frequently (4.75 vs. 4.46) and they use non-media websites more often (4.27 vs. 3.95). Clearly, there were very real differences in media consumption between subscribers and non-subscribers. Looking across all of these media, the pattern becomes clear, as shown in Figure 3.6. Non-Subscribers consistently use less of every medium, not just newspapers.

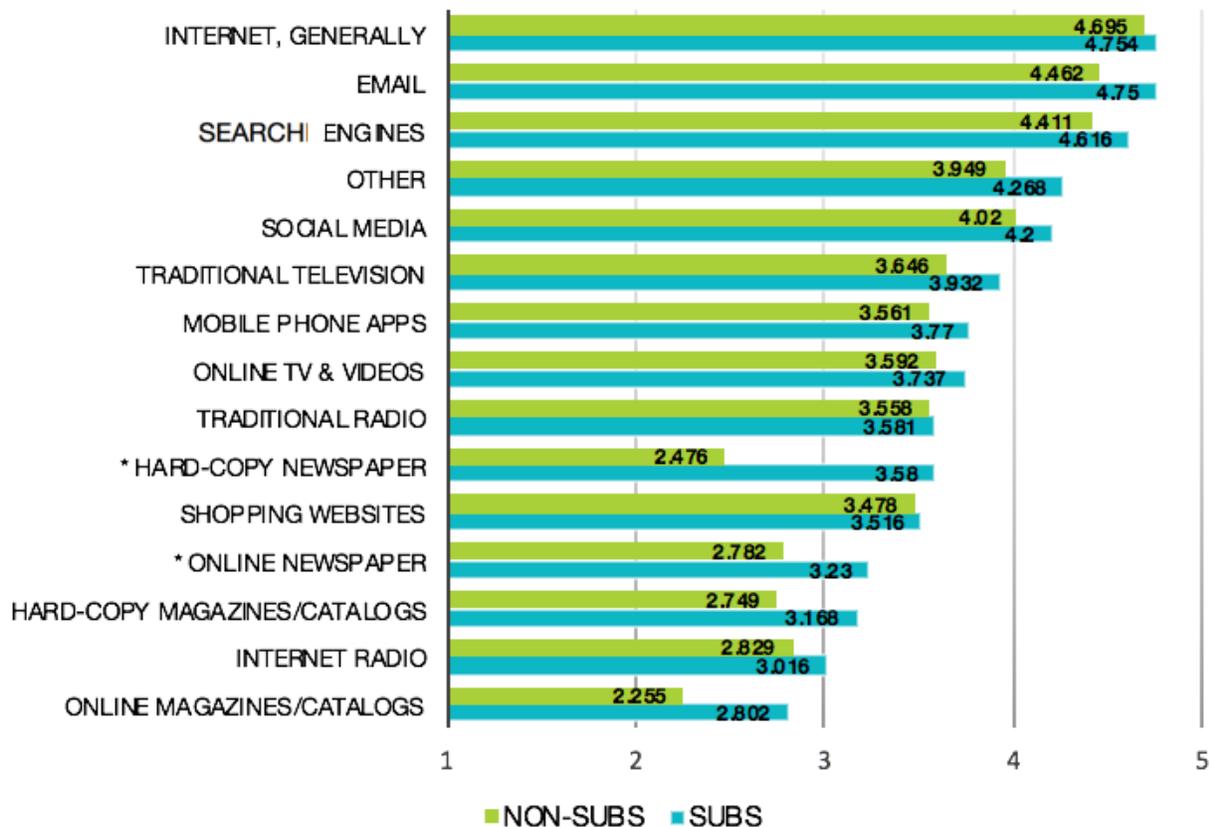


FIGURE 3.6: SUBS VS. NON-SUBS MEDIA USE

[Store Patronage] Shopping behaviors were categorized by store types:

[1] Grocery Stores (e.g., Kroger): Overall, 93% of the sample go to grocery stores 3 times a week or more (with 60% of them going to the store 5 times or more).

[2] Superstores (e.g., Walmart, Target): Forty percent go to superstores once or twice a week and 24% visit these stores less than once a week. The rest (34%) visit the stores 3 times or more a week with half of them going there 5 times or more a week.

[3] Drug Stores (e.g., Rite Aid, Walgreens): Forty-two percent go to drug stores once or twice a week and 24% visit these stores less than once a week. 20% go to drug stores 3 to 4 times a week.

[4] Specialty Stores (e.g. Best Buy, Home Depot, OfficeMax): Almost half of the sample (49%) go to specialty stores once or twice a week; 31% visit these stores less than once a week, and the rest (20%) go to these stores 3 times a week or more.

[5] Department Stores (e.g., Macy's, Kohl's): Forty-seven percent visit department stores once or twice a week, 35% do it less than once a week, and the rest (18%) go to them 3 times a week or more.

No differences in terms of store patronage are found between subscribers and non-subscribers.

[Comparison Shopping] Subscribers were more likely than non-subscribers to engage in comparison shopping (read price tags, compare product brands and ingredients, go to multiple stores, compare prices for products in different stores, etc.).

ADVERTISEMENTS

[Sources & Types] Advertisements in the study came not only from the preprint material in the LSJ, but also the run-of-press ads in that publication and, because there was concern of some overlap by advertisers, major shared mail received in the market also was included. All 1098 ads were content analyzed. Figure 4.1 shows the distribution of those ads, with *LSJ* including both preprint and ROP ads.

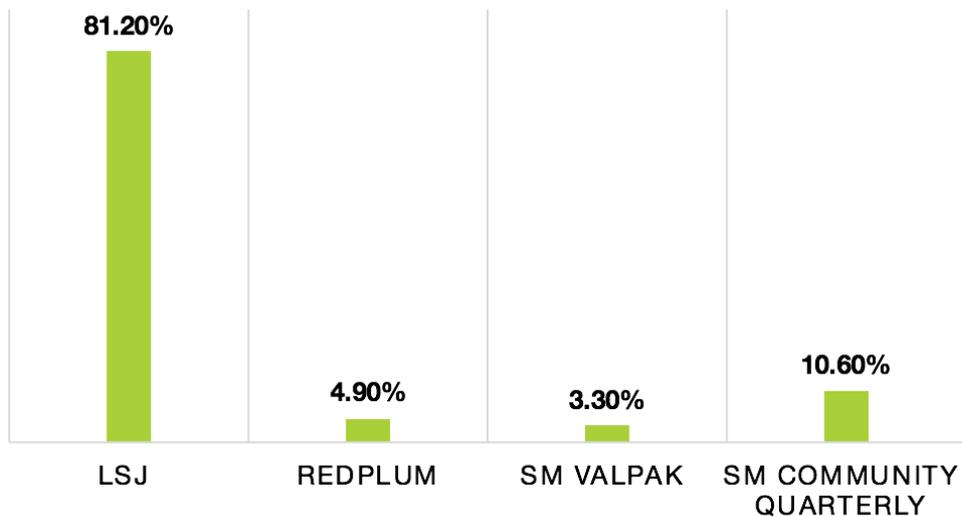


FIGURE 4.1: ADVERTISEMENT ANALYZED

The advertisements came in a variety of formats within the newspaper. Figure 4.2 describes the breakdown of those types, as analyzed. Most of the ads (87%) promoted more than one product or brand. Only 13% advertised a single brand.

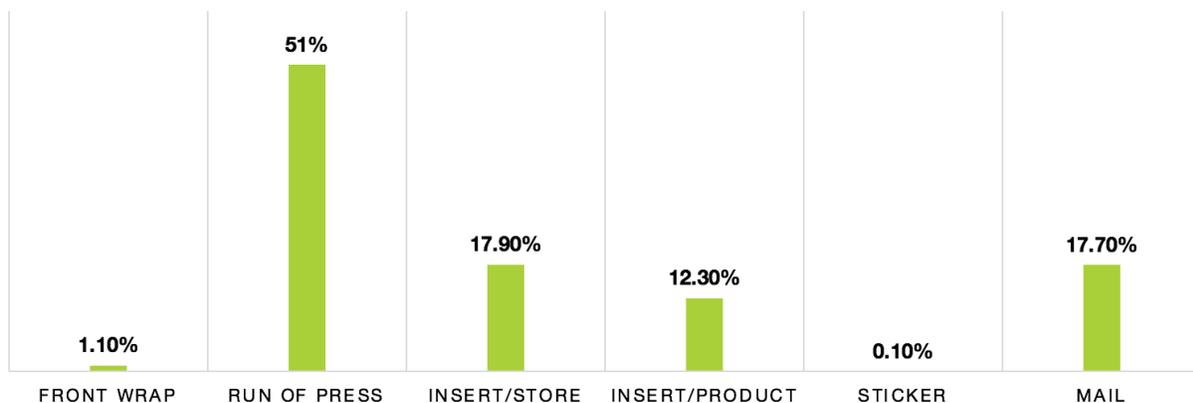


FIGURE 4.2: FORMAT OF ADVERTISEMENTS ANALYZED

Looking at both the ROP and Preprint advertisements day-by-day across the four weeks, the relative frequency of each can be seen in Figure 4.3. As we might expect one weekend day – in this case, Sunday – is the day when the most advertising is delivered.

By contrast, the lowest number of ads are delivered on Saturdays and Tuesdays. It is important to document this for purposes of comparing data across markets, especially since the majority of preprint in some markets is delivered on Sunday while in others it is delivered on Saturday.

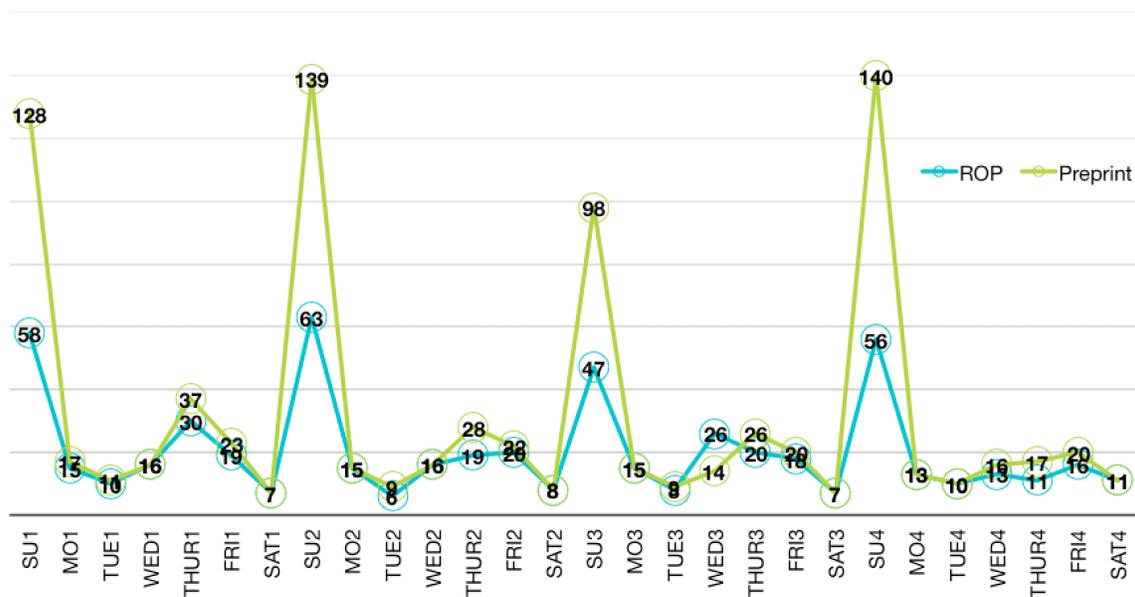


FIGURE 4.3: NUMBER OF ROP VS. PREPRINT ADS, BY DAY

DURING THE PANEL

[Media Use] In spite of both subscribers and non-subscribers receiving the **newspaper** for 2 weeks of the study, subscribers ($M=4.80$) reported spending more time with all newspapers (not only *LSJ*) during the Panel than non-subscribers ($M=4.00$). And, confirming effect of the manipulation, during the 2 weeks when receiving no newspaper, both subscribers and non-subscribers reported spending less time reading any newspaper ($M=3.42$) than during the 2 weeks when the newspaper was received ($M=5.39$).

Subscribers ($M=6.79$) reported spending more time watching **television** than non-subscribers ($M=6.30$). However, non-subscribers ($M=7.26$) reported spending more time using the **Internet** than subscribers ($M=6.64$). No differences were found in radio and catalog use in terms of time spent.

[Coupons & Ads Saved] Each day, in the daily questionnaire, participants were asked about what they saved from *any* media that day. Options included news story, coupon, comic/cartoon, photograph, advertisement, and editorial. Of particular interest for purposes of this study were those who saved either coupons or advertisements. They were not asked about how many they saved, only whether they saved any on that day. Results can be seen in Figures 5.1 and 5.2.

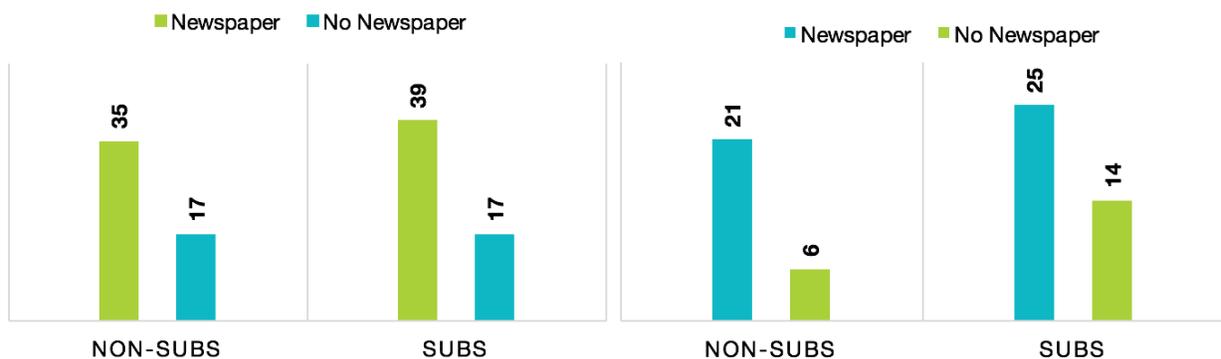


FIGURE 5.1: COUPONS SAVED

FIGURE 5.2: ADVERTISEMENTS SAVED

Both subscribers and non-subscribers reported saving more coupons and more advertisements from media during the times they were receiving the *LSJ*, even though collection of both may be easier from online media.

If we look at the pattern of coupon saving day by day, it is clear that these differences were not the result of just one or two days, but rather a consistently higher collection rate on days the newspaper was received (Figure 5.3). The next graph (Figure 5.4)

shows collection of advertisements day-by-day, as well, is consistently different depending upon whether or not the newspaper is being received, suggesting this is no anomaly.

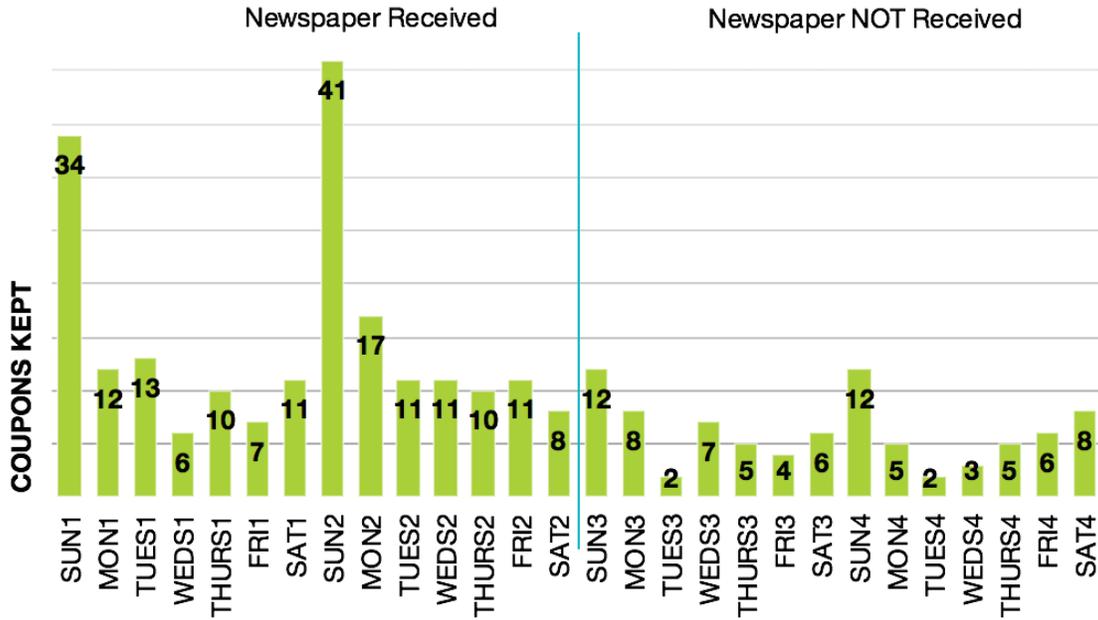


FIGURE 5.3: COUPONS SAVED BY DAY

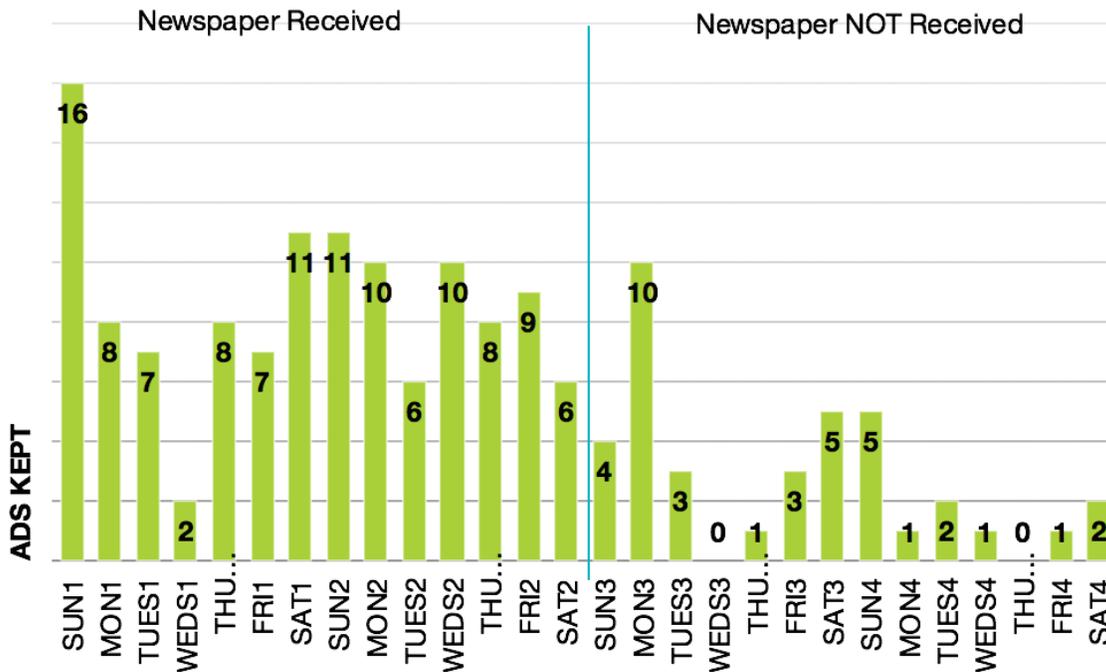


FIGURE 5.4: ADVERSITEMENTS SAVED BY DAY

[Spending] The 10,543 receipts submitted by participants over the course of the 28 days cover a total of 91,324 items purchased. Only 64 of those were online purchases. The total dollar amount spent was \$301,673.20.

As revealed in Figure 6.1, overall spending by non-subscribers was higher than subscribers, but when receiving the newspaper (NP) the difference was even more pronounced than when receiving no newspaper (NO_NP). The results presented in the graph are adjusted for possible effects of Age, Residency, Income, Retirement status, and Education level.

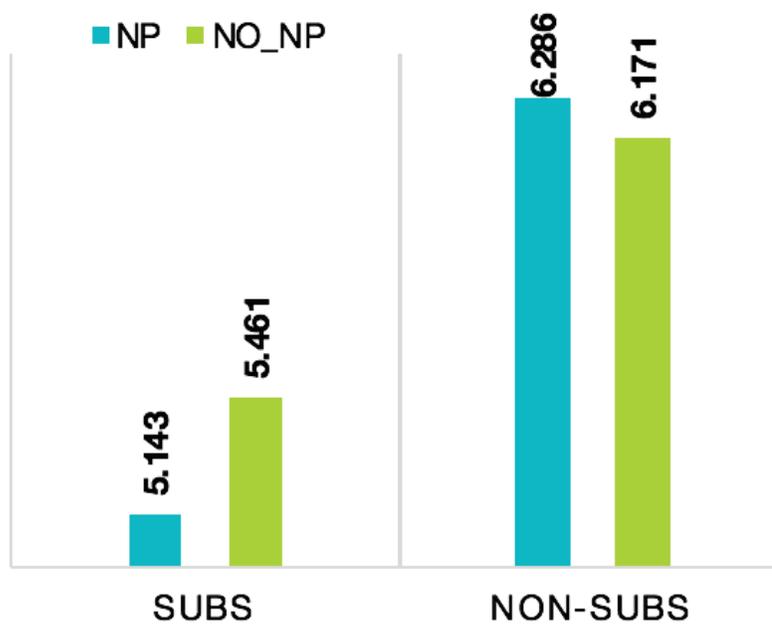


FIGURE 6.1: SPENDING IN 2 WEEKS

Figure 6.2 likewise looks at spending over a 2-week period, but more specifically focuses on per item spending in that time period. It can be seen that subscribers spent more per item when *not* receiving the newspaper than when receiving it. For non-subscribers the difference was little. Looking at the entire 4-week period, we conclude that non-subscribers purchased more items than Subscribers (Figure 6.3).

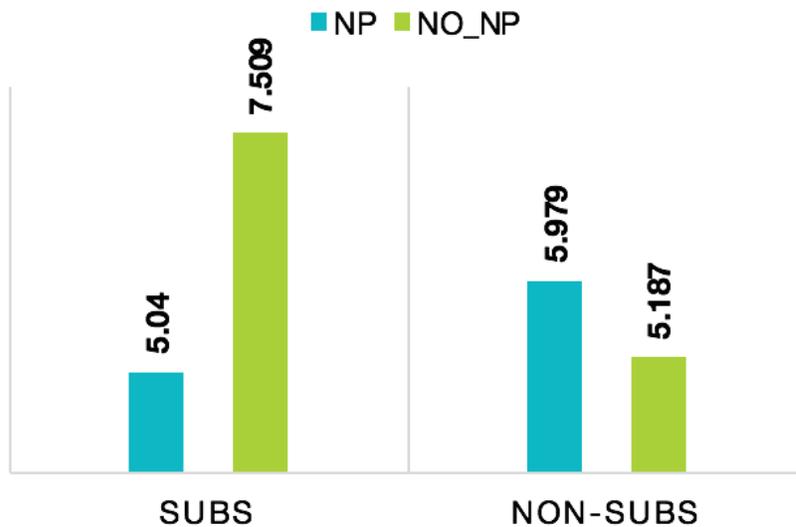


FIGURE 6.2: SPENDING PER ITEM

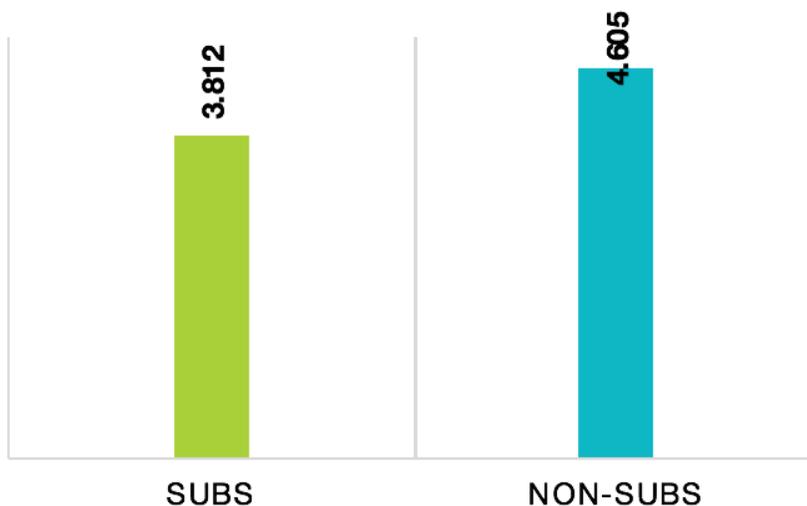


FIGURE 6.3: ITEMS PURCHASED OVER THE 4 WEEK PERIOD

[Spending by Item Category]

It is valuable to look at spending within specific product or item categories, since the ROI of each category is likely to vary. In addition, opportunities for the newspaper industry might be revealed by separating these categories when considering the problems and opportunities associated with each category. The breakdown of categories is displayed in Figure 7.1, showing that the vast majority of items fell into the “food” category.

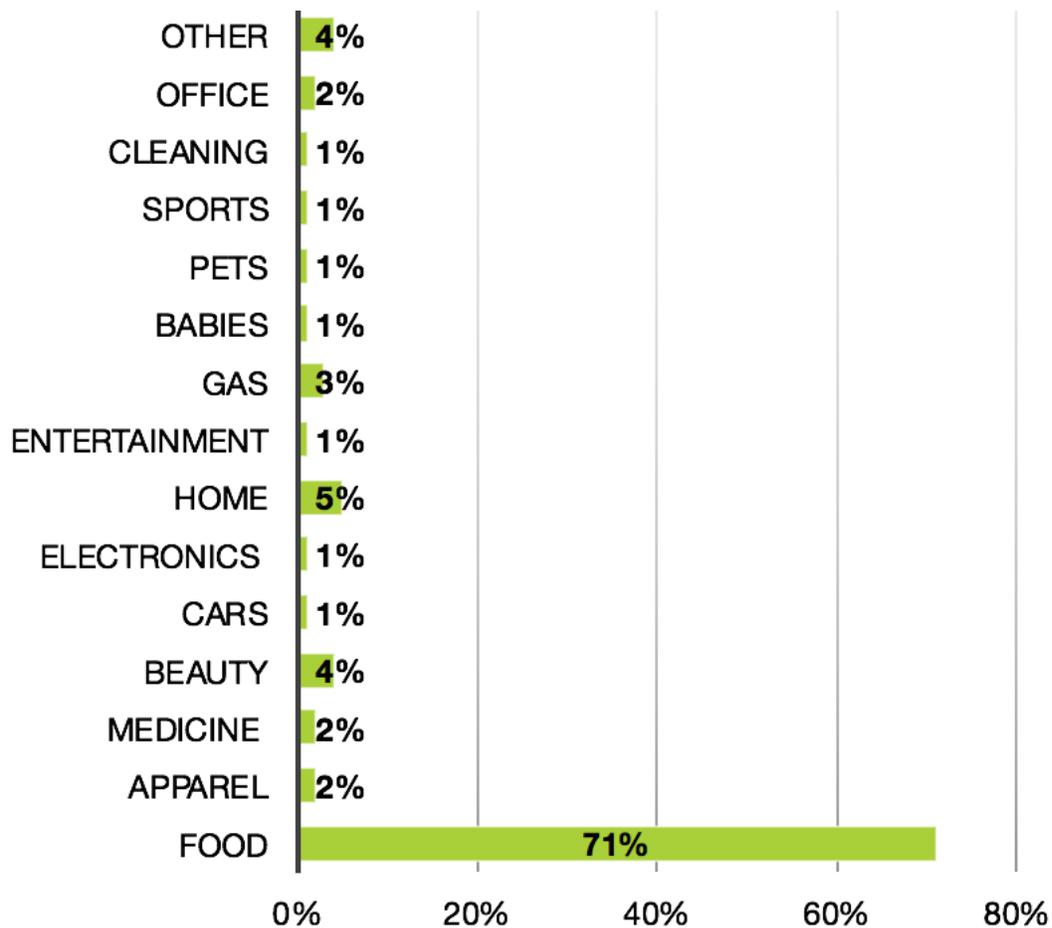


FIGURE 7.1: ITEMS CATEGORIES

[1] Food & Drink: The buying behavior differences between Subscribers and Non-Subscribers can be viewed in terms of their purchase of food and/or drink on a daily basis. This is shown in Figure 7.2.²

¹ Numbers in this section **do not represent real times** (hours and minutes) as the data have been logarithmically transformed to meet the assumption of normal distribution to perform parametric statistical analysis.

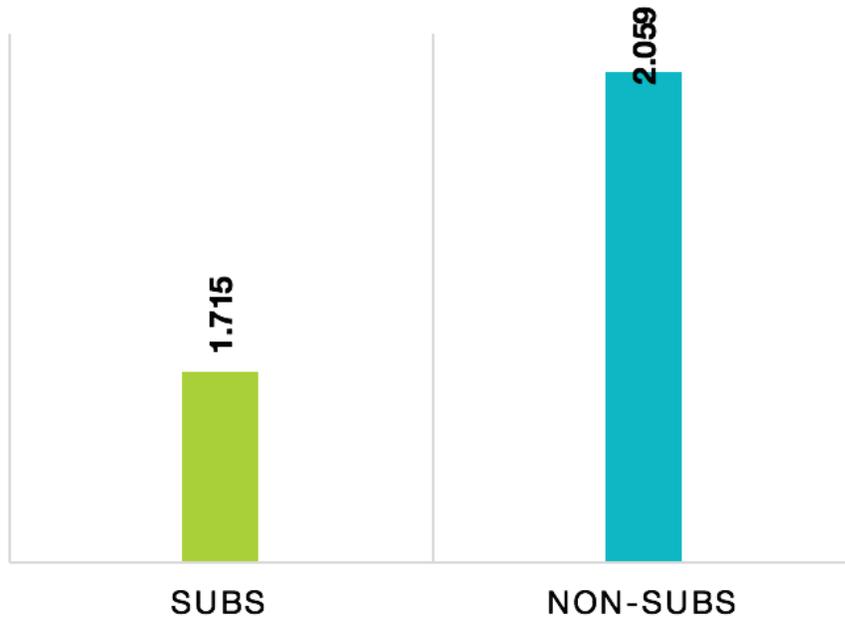


FIGURE 7.2: DAILY FOOD & DRINK PUCHASES

[2] Apparel: Our analysis of apparel looked not only at purchase, but also at instances where purchase did not occur. Figure 7.3.1 provides a side-by-side comparison of purchase and non-purchase, showing that more non-subscribers than subscribers purchased apparel during the 28 days of the Panel.



FIGURE 7.3.1: APPAREL PURCHASES

² Data in this section have been logarithmically transformed to meet the assumption of normal distribution to perform parametric statistical analysis (ANCOVA). The numbers on the vertical axis are not directly translated to dollar amounts or number of items.

² Data in this section have been logarithmically transformed to meet the assumption of normal distribution to perform parametric statistical analysis (ANCOVA). The numbers on the vertical axis are not directly translated to dollar amounts or number of items.

When subscribers did not receive *LSJ*, they were found to buy fewer apparel items. Figure 7.3.2.

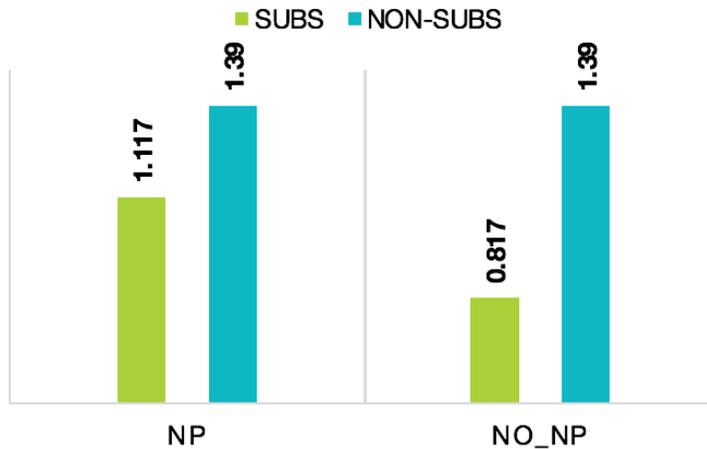


FIGURE 7.3.2: BUYING APPAREL (NUMBER OF DAYS OUT OF 14 WHEN SUBS AND NON-SUBS BOUGHT APPAREL)

[3] Beauty: Figure 7.4 illustrates the difference in Beauty product purchases between subscribers and non-subscribers during the times when they received and did not receive the newspaper. When not receiving the newspaper, non-subscribers purchased more Beauty products than when receiving the newspaper.

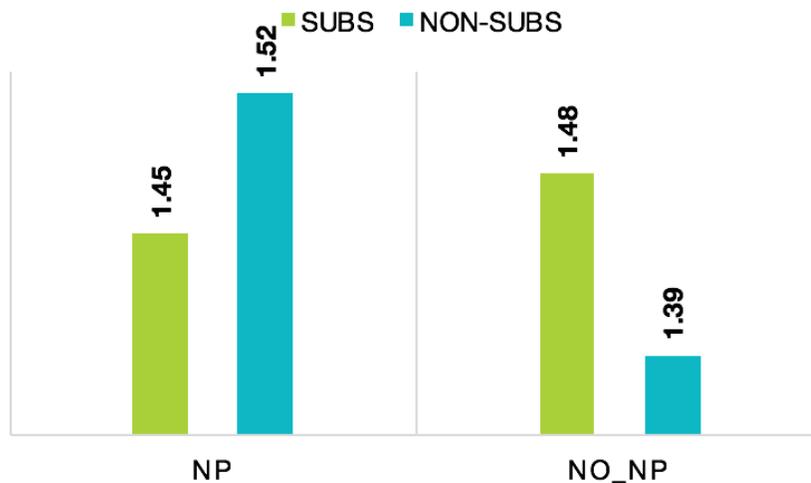


FIGURE 7.4: BEAUTY PRODUCT PURCHASES

[4] Cleaning Supplies: Figure 7.5 reveals a very real difference between those who received the newspaper compared to those who did not. Both subscribers and non-subscribers purchased more cleaning supplies when receiving the newspaper. This may be the result of sale notices or coupons, or it could be a “reminder effect,” where seeing a cleaning product triggers recall of a need. The effect of newspaper subscription was especially pronounced for non-subscribers who bought fewer cleaning items compared with subscribers when *LSJ* was not received.

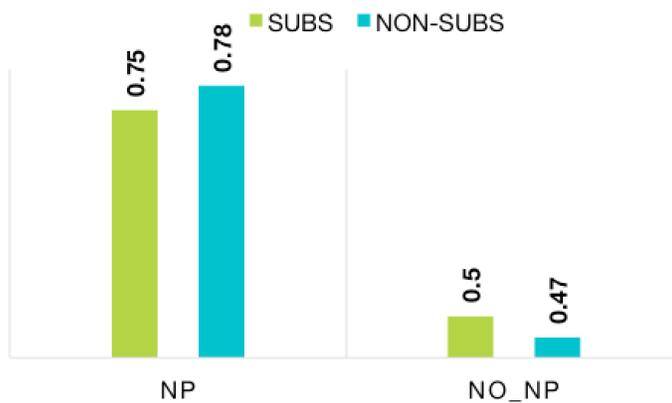


FIGURE 7.5: CLEANING SUPPLY PURCHASES

[5] Electronics: Figure 7.6 shows a completely different pattern for electronic product purchases, when compared to the beauty and cleaning product categories above. Subscribers were shown to have fewer instances of buying electronic products when they received the newspaper than when they did not receive the newspaper.

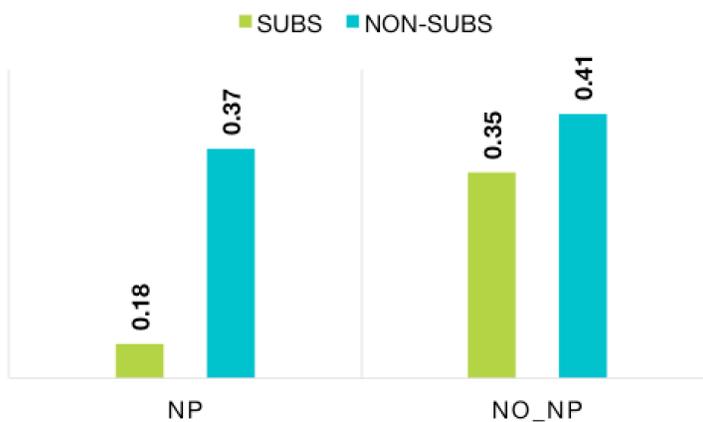


FIGURE 7.6: ELECTRONIC PURCHASES

[Spending and Shopping by Store Type] Looking at the shopping venue, too, can be worthwhile, as preprint material frequently promotes an entire store. The breakdown of purchases by store type can be found in Figure 8.1.

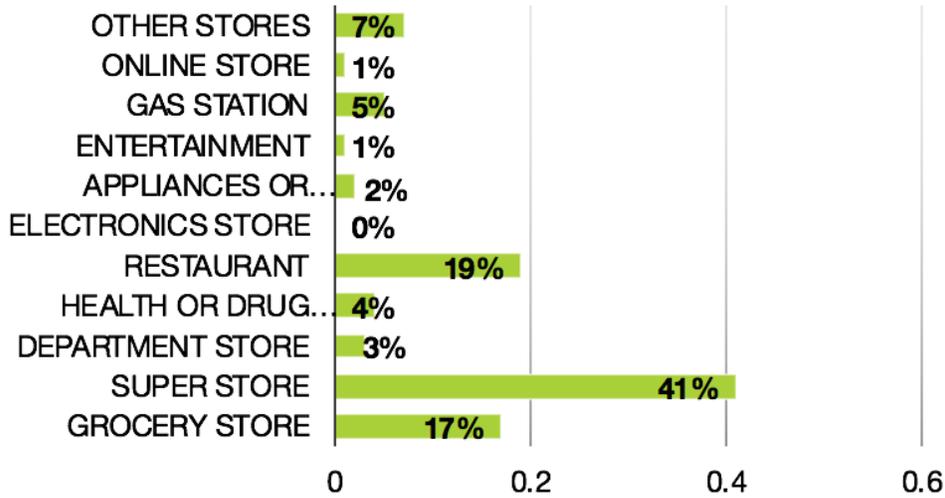


FIGURE 8.1: STORE TYPE

[1] Grocery Stores: Not just purchases, but also shopping patterns are affected by advertisements. Grocery Store visits are shown during the 28-day study period in Figure 8.2, with non-subscribers shopping for groceries more times than subscribers. It is very important to recognize that this figure does not represent Superstore visits. Grocery Stores in this case included Aldi, Kroger, Tom’s, and Montichello, in the Great Lansing market whereas Superstores account for big chains, such as Walmart, Target, and Meijer (Michigan-based superstore chain). This explains why some participants did not shop for groceries in grocery stores; they simply could have bought their groceries in superstores.

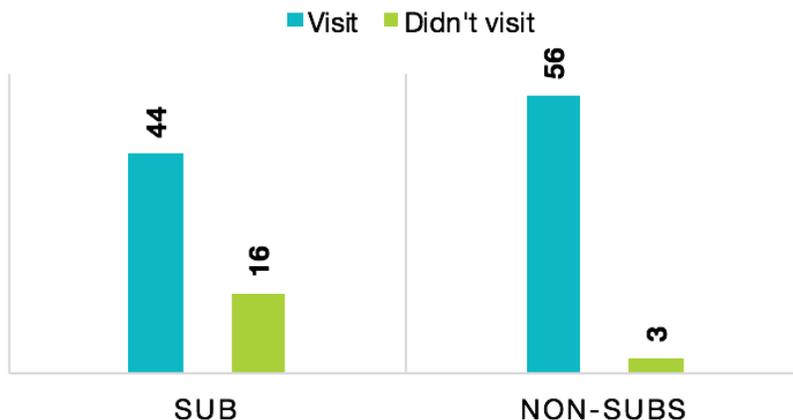


FIGURE 8.2: GROCERY STORE VISITS

[2] Electronics Stores: Figure 8.3 shows the numbers of days when purchases were made at Electronics Stores during the 2-week period of receiving or not receiving the newspaper. Visits were fewer for subscribers when receiving the newspaper than not. One possible explanation would be that by receiving the newspaper and ads, such as preprint Best Buy and other ads, resulted in less search for these products and more focused shopping trips. Interestingly, the number of visits for non-subscribers was not affected at all by the newspaper. Again, this is only speculation at this point, but a possible explanation is that Non-Subscribers have no habit of using the ads to focus their shopping trips.

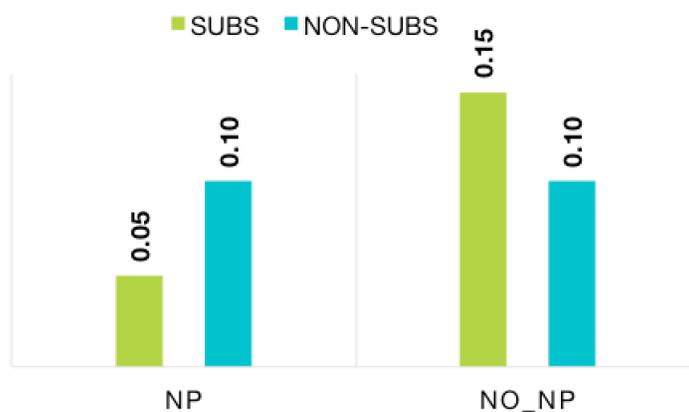


FIGURE 8.3: ELECTRONIC STORE VISITS

[3] Entertainment Venues: The number of visits to entertainment locations like golf courses, movie theaters, and bowling alleys, is shown in Figure 8.4. Here the non-subscribers were more affected than the subscribers, but both groups visited entertainment venues somewhat more frequently when the newspaper was not received. Aside from the newspaper serving as substitute entertainment, the explanation for this effect is elusive.

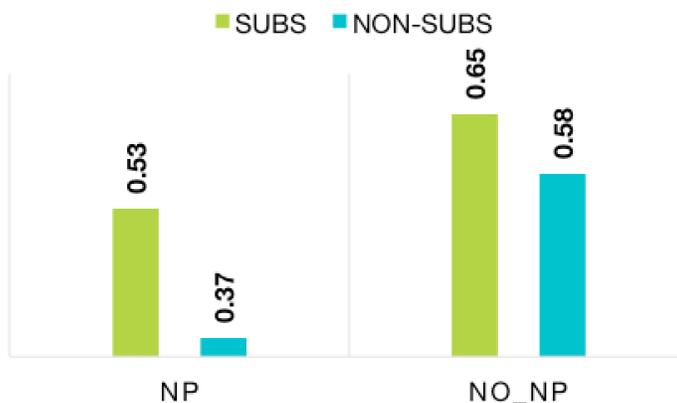


FIGURE 8.4: ENTERTAINMENT VENUES VISITED

[Discounts Received] Coupons and other product discounts, such as sales promotions and customer points, among others, disclosed on receipts over the 4 weeks are shown in Figure 9.1, revealing that non-subscribers received more in discounts.³ As can be seen, subscribers who did not receive the newspaper earned less in discounts than non-subscribers who did not receive the newspaper. The results presented in the graph were adjusted for Age, Residency, Income, Retirement status, and Education level.

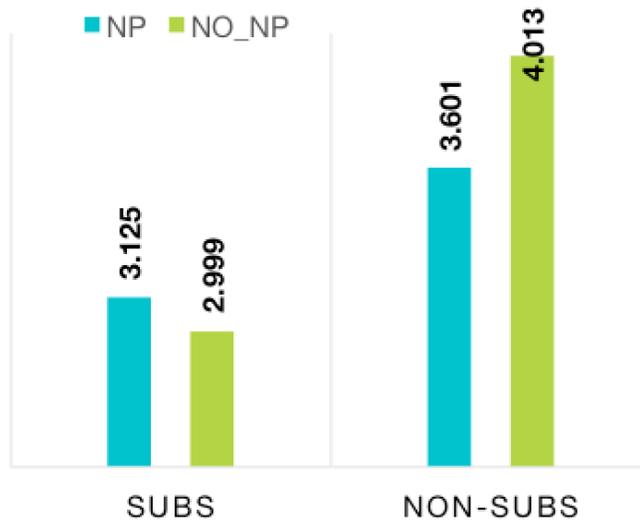


FIGURE 9.1: DISCOUNTS EARNED IN 2 WEEKS

[Online Spending] Although the study was focused on newspapers and preprint materials, receipts were collected for all purchases, including online purchases. Figure 10.1 shows the daily online purchasing pattern for participants who received the newspaper versus those who did not receive it. Looking specifically at brands that were advertised in the *Lansing State Journal* during this time period, an interesting pattern is evident. Participants receiving the newspaper did more online shopping for brands advertised in the LSJ than participants who did not receive the newspaper. Perhaps this occurred because material in the newspaper reminded them of products they needed. This finding is suggestive that the newspaper was directly affecting online shopping behavior. Instead of going to a brick-and-mortar store, participants resorted to checking products and buying them online.

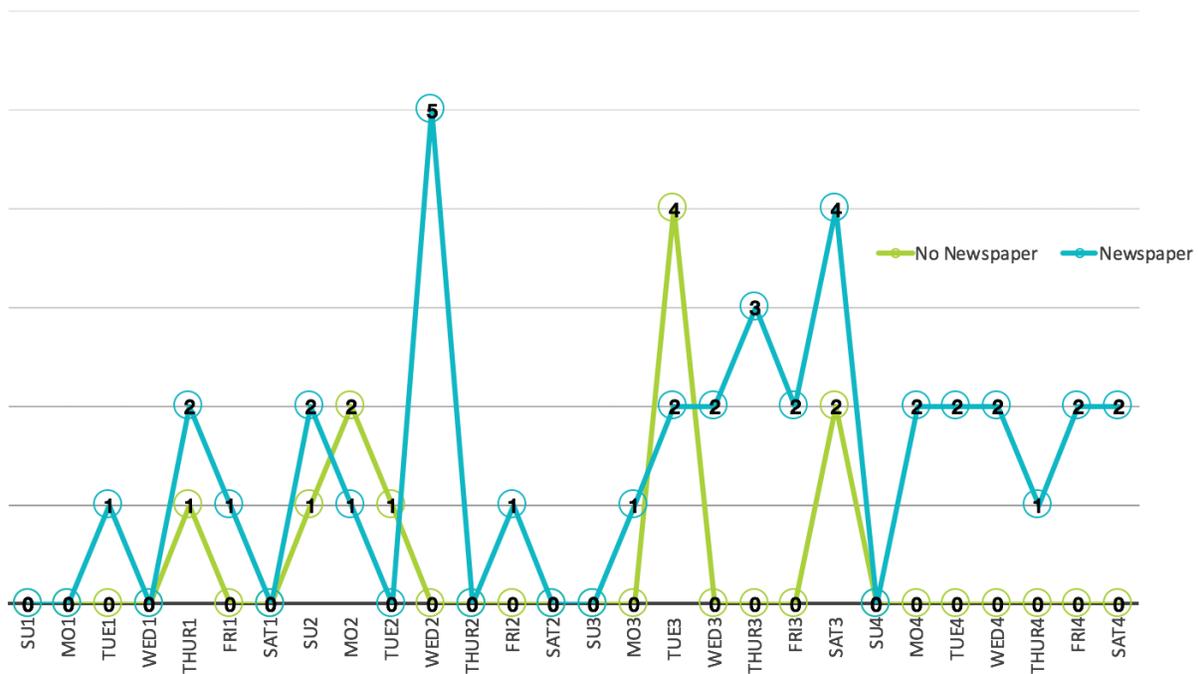


FIGURE 10.1: ONLINE PURCHASES BY DAY

[Consumer Activities] At the end of the study, participants were debriefed. This allowed for questions to be asked that might have tainted the results if asked during the panel, and it also created the opportunity for participants to look back at their own behavior and thinking processes over the four weeks of the study. At this point, we were able to ask specifically about the advertising without need to bury those questions in the midst of irrelevant questions to mask the purpose of the study, though we still were not announcing the study's purpose.

One set of questions asked about both their thinking and their actions throughout the study, with the aim of learning more about their interaction with the newspaper and preprint material. These questions asked, "Did anyone in your household do any of the following during the four weeks of the study?" Action items pertaining to coupon and insert use were borrowed from 2014 survey conducted by NMA (then NAA).³ The results appear in Figure 11.1.

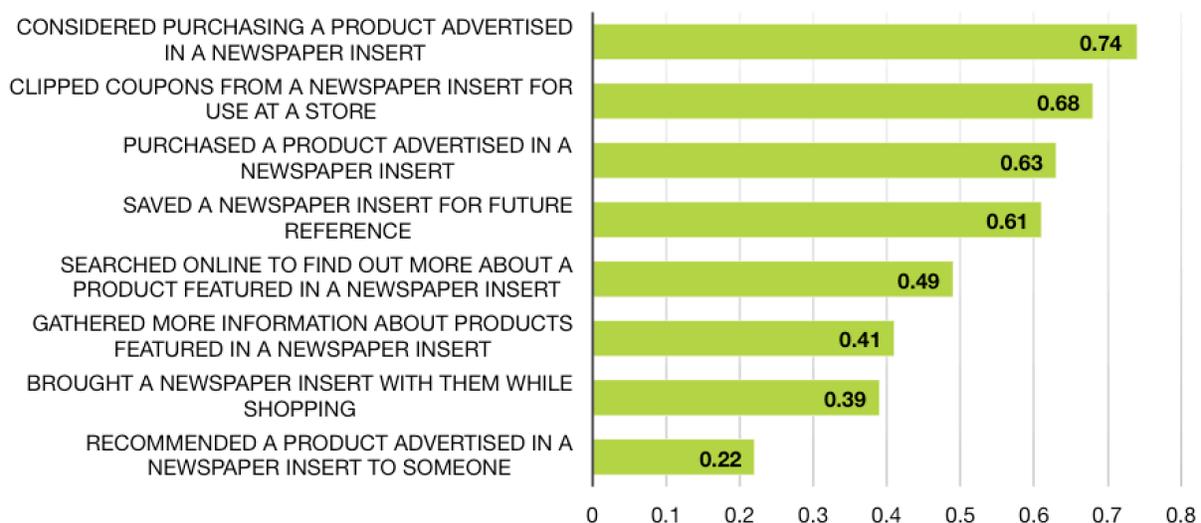


FIGURE 11.1: CONSUMER ACTIONS DURING THE STUDY

All of these activities are potentially beneficial to an advertiser. And the range of these illustrates the relative complexity of the multiple dimensions of ROI, since any of these are prospective returns, yet only the third one is as simple as actual purchase. As noted earlier, coupons are important to these consumers.

And, again, differences between subscribers and non-subscribers are evident, and even consistent, with subscribers being more likely to engage in all of these activities (Figure 11.2). The third choice in this graph spotlights the interplay between

³ How America Shops and Spends 2014: Consumers, Advertising & Media. Newspaper Association of America.

newspapers and online shopping, suggesting there may be some value in using multiple media to promote a product or services.

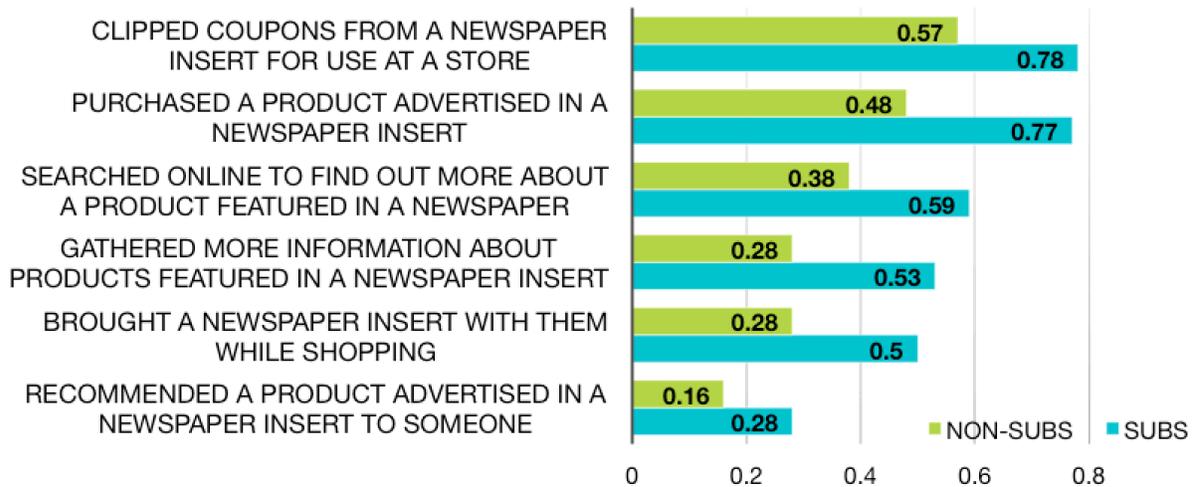


FIGURE 11.2: SUBS VS. NON-SUBS DIFFERENCES IN ACTIVITIES

[Media Habit] Panel participants also were asked about what media they tended to use as sources of advertising. Figure 12.1 depicts the percent of participants using each source for advertising.

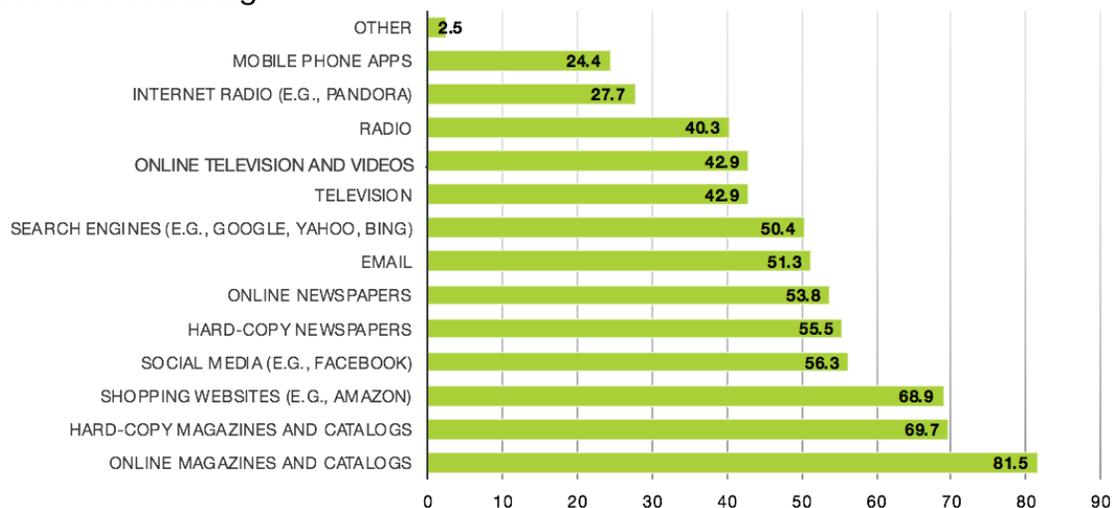


FIGURE 12.1: MEDIA AS SOURCES OF ADVERTISING

Figure 12.2 shows a further breakdown of those sources, parsing the differences between subscribers and non-subscribers, showing the number of participants that used each. Newspapers, whether hard-copy or online, rose to the top for subscribers. For non-subscribers, hard-copy magazines and catalogs rose to the top, with social media and other online sources being second and third.

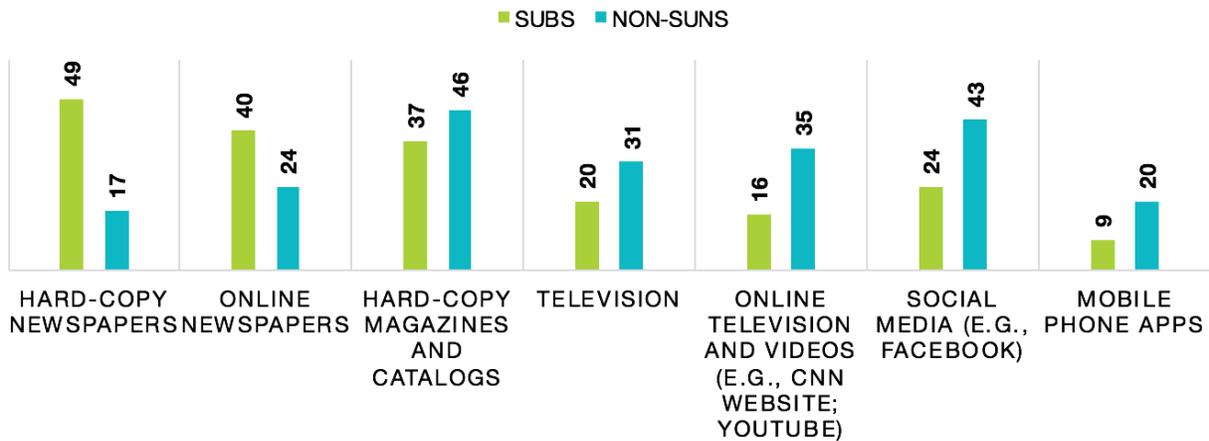


FIGURE 12.2: SUBS VS. NON-SUBS DIFFERENCES IN MEDIA SOURCES FOR ADVERTISING

Participants also were asked about the extent to which they paid attention to advertising in different media. The list of those media, in descending order of attention, can be viewed in Figure 12.3. While websites and other online sources top the list, both hard-copy and online newspapers still are among the top attention-getters.

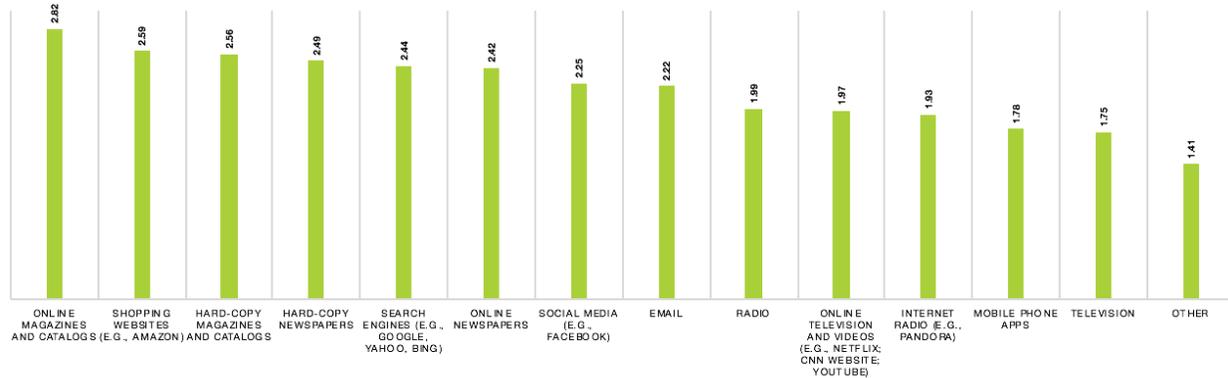


FIGURE 12.3: ATTENTION TO ADVERTISING IN DIFFERENT MEDIA

Separating subscribers from non-subscribers, the subscribers appear to pay more attention to newspapers while non-subscribers pay more attention to television, mobile, and online media (Figure 12.4).

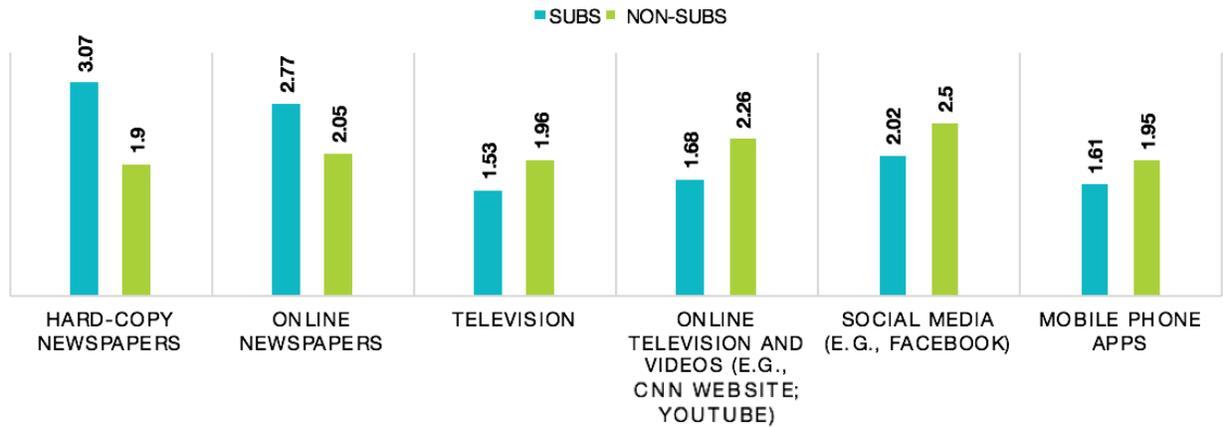


FIGURE 12.4: ATTENTION BY MEDIUM FOR SUBS VS. NON-SUBS

And specifically applying this to the newspaper in this study, the *Lansing State Journal*, participants paid more attention to advertisements in the print edition of the newspaper than to those in the electronic computer version or the tablet/phone versions (Figure 12.5).

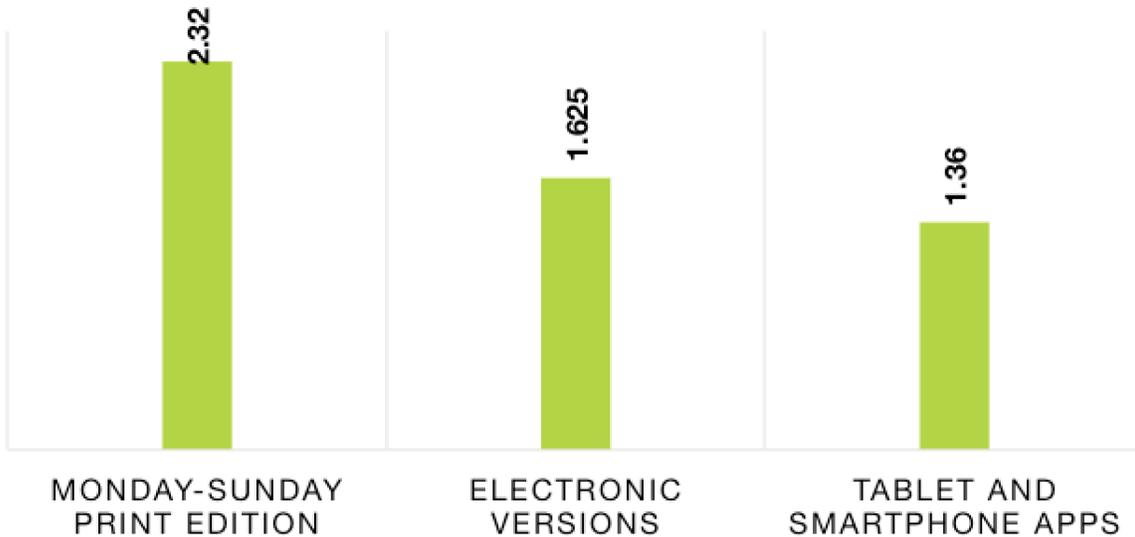


FIGURE 12.5: ATTENTION TO ADS BY VERSION OF LANSING STATE JOURNAL

[Influence of Different Ad Types & Formats] Because there remained a question about relative importance of online vs. print and preprint vs. ROP, participants were asked about the extent to which different items (ad formats) influenced their buying. The results were telling, as print items tended to outrank online among both subscribers and non-subscribers, but all of the formats were favored more by the subs

than non-subs (Figure 13.1). And, print coupons were considered the most influential of all the options, among both groups.

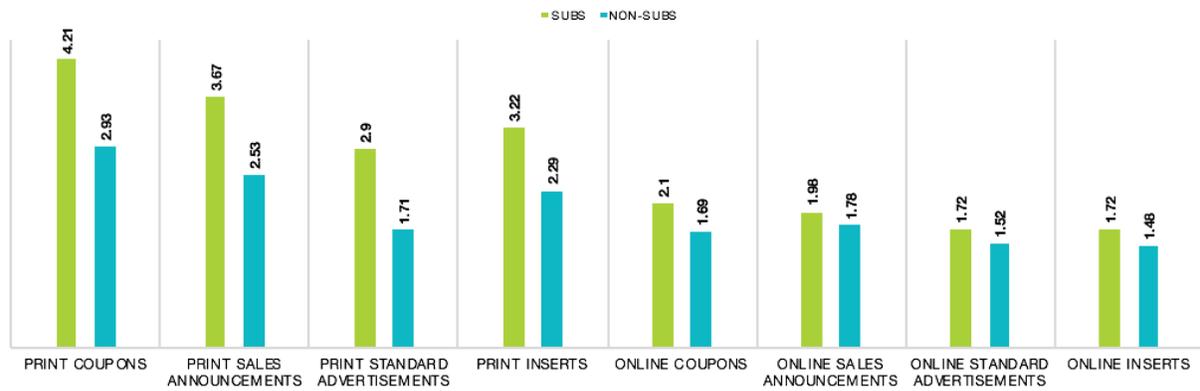


FIGURE 13.1: AD FORMAT INFLUENCE ON BUYING

If we collapse these to look at the four types of advertising across all participants, separating them only by whether they were print or online formats (Figure 13.2), the dominance of print formats is clear.



FIGURE 13.2: TYPES OF ADVERTISING ONLINE VS. PRINT

Looking specifically at coupon collection, participants were asked how they found coupons and other good deals when shopping. The three factors that rose to the top can be seen in Figure 13.3. Also seen here is the difference between subscribers and non-subscribers.

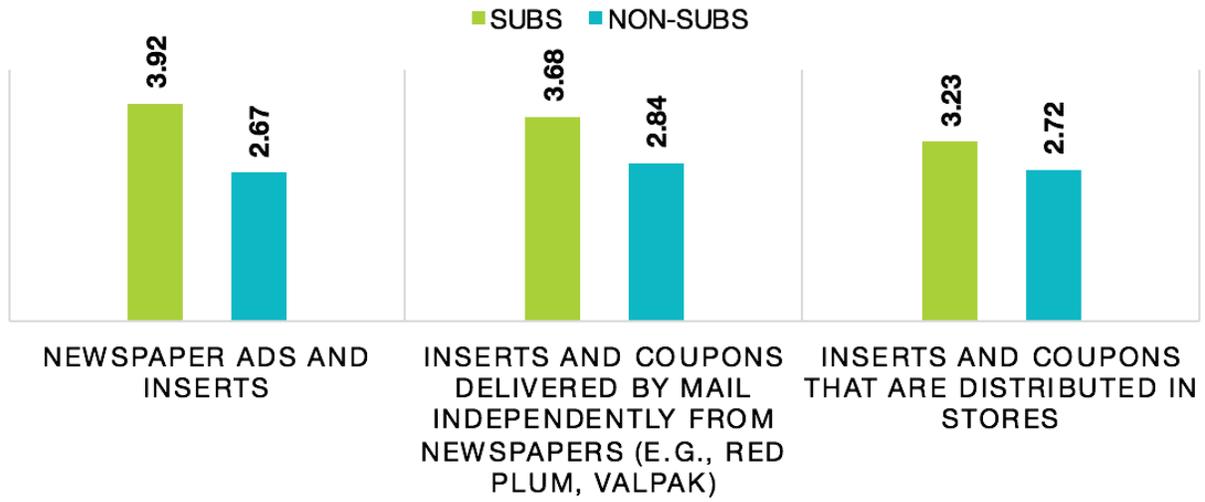


FIGURE 13.3: WHERE COUPONS ARE FOUND

It should be noted that while the most popular option among subscribers is newspaper ads and inserts, the second choice is from Shared Mail. That second option is the first choice, however, among non-subscribers, by a small margin. Once again, however, the differences between subscribers and non-subscribers are striking, as the Subscribers appear to use all of these coupon sources more than Non-Subscribers.

Both during and after the 4 weeks, coupons repeatedly arose as drivers of newspaper use and the consequent shopping behavior. Probing more deeply (Figure 13.4), it became clear that *habit* is a major determinant of coupon collecting behavior, and that it is more prevalent among Subscribers.



FIGURE 13.4: COUPON COLLECTION AS HABIT

FOCUS GROUPS

After all other data collection was complete, two focus group sessions were held: one for subscribers of the Lansing State Journal, and one for non-subscribers. The primary purpose of these sessions was post-hoc assessment of the research process. For example, participants were asked about their impressions regarding the timing of daily email reminders to complete the daily questionnaires, the size of envelopes provided for receipt collection, the amount of compensation, wording of the questions, newspaper delivery problems, etc.

But participants also were asked about their reactions and recollections regarding the experience of receiving and not receiving the newspaper throughout the 28 days. While this is a small sample, it represented 8.5% of participants from the study, and provides some possible insights into participant values and uses of both the newspaper and the advertisements.

Non-Subscribers

[Impact on Shopping and Buying]

Non-subscribers were asked, "Did receiving the newspaper and seeing the ads in the newspaper, either those were inserts or the ads that were printed in the newspaper, influence your decision to shop and decisions to buy?" An immediate response was, "Only the Sunday coupons." But questions of this sort inevitably veer off-point into related subjects like other sources of coupons. One participant admitted, for example, "I won't lie, I more look at the advertisement that comes in my mailbox from grocery stores," and "Like Red Plum or something like that, I keep that. Or sometimes at Meijer, they'll give you a coupon after you purchase, I'll keep those."

Still, most talked about the newspaper, and eventually they were brought back to talking about the influence of the newspaper on shopping and buying. The role of coupons, though, continued to be a major focus. And the type of products in the ads or coupons were raised, "It's mainly groceries, because I don't have a lot of other expendable money, so I'm going to look at the grocery stuff mostly, 'cause, I have to have food." And earlier in the discussion one had mentioned, "It actually did result in me saving money and looking at things, considering things that I wouldn't have ordinarily."

[2 Weeks of Free Newspaper]

Non-subscribers, of course, don't normally receive the newspaper, and received it at no cost for two weeks. So they were asked, "What happened when you stopped receiving the newspaper?" One participant reacted:

“

I actually enjoyed getting the newspaper. When I can, I do read the newspaper, like if a go to the doctor's office, so I was partially bummed about that. I actually like to read the newspaper, just for information. But I'm an information person. So, when I used to... When they had them, I think... I don't even think *Time* or *Newsweek* makes a magazine anymore physically, but I like to read, so I always wanna know what's going on, and the more information you have, the more you know what's going on. So, I do kind of feel out of touch, 'cause I won't get online and read the newspaper. My husband will do that, and I won't watch the news on TV 'cause I think they don't always tell you the truth.”

And another said, "I can say that after I stopped getting the newspaper, I actually wanted to keep reading the newspaper..." Yet another was more specific, "I was pretty bummed about not getting those coupons."

[Discovery Effect]

One interesting response by a non-subscriber, in light of the data, dealt with the effect of discovering opportunities, "I shopped more when I got the paper because I actually saw more stuff that I wanted." When asked for more detail she stated:

“

Well, some grocery items, and I looked at... There were a couple of, I can't remember, events that I saw in the paper, and I didn't even know, so I went and spent money. And ... actually, I never shop at Target, and I went to Target and saw something that I wanted to get for school.”

This was buttressed by the statement, "There were some advertisements for some events that, I thought, that I never would have known were happening, because online I'm so used to seeing all that stuff on the side of the page no matter where I am."

[Coupons & Discounts]

Another non-subscriber remarked, "I'd go through looking for coupons. [chuckle] And then, or I'd look for the ones for the certain stores, and those don't always have coupons." Coupons and discounts were raised over and over as important to these participants. But that clearly wasn't the only part of the newspaper that caught the attention of some. One non-subscriber added, "I don't have time to read a lot, so yeah, maybe if I saw something interesting... I'd just keep that one little part of the paper and read it later on the weekend or something when I had time."

One non-subscriber indicated that she didn't really use the newspaper, even when receiving it for free. She did have one qualification, though, "Unfortunately, newspaper is not what I would look [at], except for Sunday coupons."

[Online vs. Hard Copy]

But participants also talked about the difference between getting information online versus in an actual printed newspaper delivered to their house. One non-sub clearly liked receiving the newspaper in paper form because of screen fatigue, "Yeah. I won't read online. I gotta look at the computer all day long at work, I don't wanna read something online." And, "Well ... if you want more than one coupon, how many are you going to have saved on your phone? Because I know my mom, we'd only go grocery shopping once a month, and she have like 40 coupons or something."

One non-sub provided an insight that might be important, saying, "It's like the paper is more legitimate than the online.... For some reason. It's the paper, and the paper is not going to hurt you or do anything bad to you, but the internet will. Later in the conversation another participant echoed that point, "But like you said, the newspaper does give you more of a sense of... Like they're not trying to bamboozle you, kind of thing." One noted that online services like Facebook know all about individual shopping habits and said, "Oh, I hate that."

Another point dealt with accessibility of the print version versus online, "I do find that accessing the newspaper online seems to be a little harder to navigate 'cause it doesn't always load, or the story is not completely there, you have to sign in to this to access this, and I'm like, 'I don't have time for that.' So, I think having a newspaper is more accessible and quickly accessible than trying to do it online...." One added:



And you get to do it at your leisure. I know somebody mentioned before, being able to flip it and put it to the side. On the phone, you have to wait for it to download and don't let it be a slow day, 'cause then you're waiting like five minutes. This is supposed to be faster ideally, but to me it's really not, it's really not. That's just my take, I like paper.

And one added, "It's like when its online, it's all filtered out for you...." And, "But with a paper, you're gonna open it up and see everything; it's not filtered. It's not compartmentalized, it's all right there. So, you're gonna... An advertisement might catch your eye, if you see a good sale or something."

Only one focus group member was in the younger demographic, but she clearly represented the assumed trend toward those who rely on digital delivery of information. In spite of receiving the newspaper for 2 weeks, she claimed not to have used it. At one point, she jumped in, "It didn't really affect my shopping at all. It didn't make me go to the store more often than I usually do, just 'cause I didn't really read the newspaper at all."

But perhaps of most salience for the NMA was once conclusion by a non-subscriber. She said, "I still had way more, noticed way more, advertising in the two weeks that I

got the paper than I ever do on the *Lansing State Journal* site.” And another comment touched on this, as well:

“

And, really, I don't look at advertisements online at all. I will look through advertisements or coupons or whatever in an actual newspaper. But I might be odd as compared to some other people who might do a lot stuff online. But I liked looking at the actual newspaper online, 'cause you could just click on whatever story you wanted to read and it would just come up really quickly.”

[Advertising Types]

Participants also talked about the types of advertisements that caught their attention, both in terms of form and content. One volunteered:

“

If I'm not looking for a car or someone to do printing for me or whatever, I'm not gonna attend to that as much as if it's something that I need, or something that catches my eye. So it really depended on... Well, if it was colorful, I'll look at it automatically.”

In that same respect, one commented:

“

It depends on if it's a store you like or not. Yeah, Target, sure, I love Target, but yeah. The fast foods ones, some people might look at the fast food ones that they put in there. I'm not into fast food, so I usually just recycle those. But it really depends on what you're into, I guess.”

Another said, "If there were something on the side of the page or towards the bottom, I'd notice those." One added, "I mainly only look at like grocery kind of advertisements, 'cause usually that's what I'm gonna go buy."

Subscribers

[2 Weeks of Vacation from the Newspaper]

Subscribers clearly, consistently, expressed some degree of reliance on the newspaper. One said, “But when the two weeks came that we couldn't have a paper, I really didn't know if I could live through this.” She added, “Really. I open the door and there's no paper. And that, to me, even before leaving early for school, I had to have it. It was like a fix. I had to have something there.” But that same subscriber also acknowledged, “When the second week started, it was almost like something that I could take off my shoulder, and there's a lot of things on my shoulder. Like one thing is gone. I don't have to spend time looking at it. I don't have to rip things out. It was just one thing less that I had to deal with.” However, she was happy when the newspaper delivery started again.

Another participant commented, “My experience is very similar. I've been reading the papers since I was a kid. Literally.” And one said, “But I could never unplug. I could never get rid of the *Lansing [State] Journal*.” Also:

“

... I can tell you what time in the morning it is when the newspaper guy drives up.... And puts it in. Yeah, or the dog barks. Or he throws the bone out to the dogs to let them ‘Ooof.’ They're all are just wonderful, they're like your extended family, but that's how I time, ‘Oop, I guess I better get up and get my shower.’ So when they cut off my newspaper, they cut off my alarm clock.

[Alternative Sources for Advertising]

One of the subscribers made an important point about the two week vacation from the newspaper, “The ads, I didn't miss, because you can go to the store and pick up the ad right there. So, I didn't miss them. I was creative in replacing them.” She did admit, though, “It's much more convenient to get it in your Sunday newspaper, because I do work the ads. I don't buy it unless it's on sale.... The convenience is there, but it's not critical.”

[Discovery Effect]

Like the non-subs, one subscriber brought up the fact that the hard copy newspaper served to help her discover a purchase option:

“

I thought that getting a paper for me saved me driving all around searching for things. I could see something in the paper, it's on sale, or it's a new trend 'cause I'm a grandma and grandma's gotta rock. In the Macy's ad or something, I saw a watermelon bag. The shape of watermelon, Grandmas rule. So I would've never got that ad if I didn't take the paper. Would I have seen it online? No, I wouldn't have searched online through Macy's ad today. And I do get the online thing, but I just don't find it as compelling to me as it is the paper.

[Impact on Shopping and Buying]

Subscribers, too, were asked about the impact of the advertising, specifically mentioning the preprint. One said, “I think those Sunday circulars drive sales, they do for me. I have a very specific list I make up on Sunday. And I go shopping on Sunday, then again on Saturday.”

[Coupons & Discounts]

Like non-subscribers, the subscribers repeatedly talked about coupons and discounts. One remarked, “Coupons always get my interest. They always draw my eye. And then I decide whether it's something that's worth my while or something I'm interested in. But, yes. If I see a coupon it definitely gets my attention.” The subs likewise agreed that they use shared mail like Valpak, RedPlum, and Community Quarterly.

[Online vs. Hard Copy]

One subscriber said, “It’s a luxury” to subscribe, suggesting she has debated dropping it. She also noted that she and her husband had gone on vacation just before the study and that she’d spent time on vacation accessing the *Lansing State Journal*, referring to herself as a “news junkie.” She added, “But I missed the coupons, and I missed the ads, and I missed the sale things, and that's what I look for.”

But another subscriber viewed it differently, “See, and I don't pay any attention to the ads in the Sunday paper at all. Maybe I'll look at Target, but all I want are articles. I'm forever ripping out cartoons or articles that pertain to travel, or this or that, or teaching. And online, you can't rip 'em out.”

Another said almost exactly what a non-sub had stated in a separate focus group, remarked:

“

And if you sit at the computer all day like I do, who wants to read the newspaper at a computer? You want to get away from that and go on your back porch where you can look at the flowers or read your newspapers and listen to birds and read your newspaper. The portability aspect.

When experiencing the 2 week absence of the newspaper, one subscriber admitted, “...it made me consider, ‘Well, maybe I can cancel the weekly paper and only get the Sunday paper, and read it online.’” When asked why she would still want the Sunday newspaper, she replied:

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Mostly the ads, the grocery ads. I buy, we eat what's on sale. If it's not on sale, I wait 'til the next week or the next week. So, I'm a big advertising person. I look for the sales and that's what the Sunday paper, to me, and plus, there's a lot of articles that I like to read. But mostly the ads. The TV guide is in there too, for the week.

Some expressed the opinion that people who rely on the online version of the newspaper either are not using it or not fully accessing the newspaper content. One noted:

“

I look around and look at people, I'd say, "Did you get the journal?" "No, I read it online." Baloney. I'll mention an article, they haven't seen it. They're not reading the newspaper online. People, I think, they're just not getting news in that fashion anymore. And there's just nothing like real newsprint. I love it.”

Another agreed, “They don't have the whole content of the newspaper online obviously.” And one suggested the online readers are missing content, even if it is there:

“

I work with 30-year-olds and they both access the newspaper online, they don't buy it. But yet, just the other day, I mentioned that I read in the State Journal that some bar, 'cause I'm not into bars, but my 30-year-old co-worker is, that some new bar opened in Old Town and they're like, "Really? How'd you find out?" I said, "I read in the paper." They're not reading it

We wanted to highlight one thing said by a subscriber about online versus hard copy, that is perhaps a bit less common, yet important. She explained:

“

“The same people that say they don't get the newspaper, because they read their news online, I take, when I'm done with my Sunday newspaper, I put it all back together. I take it to work the next day, on Monday, and throughout the week and I give the newspaper to a woman who has an 11 year-old daughter, that I think it's real important that she reads. So I, we recycle our newspapers into that family. The ads themselves, we put on a central location and everybody, I work in a fishbowl, so everybody in the room comes and borrows the Meijer ad and does their grocery list and puts it back again. So that gets a lot, a lot of mileage. So I'm essentially buying the Meijer ad for just about 15 of us in that room. You can't underestimate how important, you know and I'll hear the ladies talking and saying, “Did you see the Macy's ad?” Oh, Kohl's. Everybody, “Did you see? Kohl's is having another sale.”

[Conclusion]

Although several differences between the two groups are noted in earlier sections of this report, the focus group responses were remarkably similar in most respects. The primary difference was the dedication to the newspaper reading by subscribers, for various reasons, while the non-subscribers seemed to find coupons and discounts to be the principle value of the newspaper. Both, though, found value in that aspect of the newspapers.

The focus groups did unearth a failing of the research method, though not entirely unexpected. On at least a few occasions participants “cheated” either by reading the newspaper online, which really should not affect the advertising results, or buy purchasing a newspaper. In the latter case, this could dilute the difference in results between those receiving and not receiving the newspaper. One non-sub explained, “...I obeyed your rules as much as I could by not getting a paper, except I own a small travel company also. In the first Sunday, I had an ad in the *Lansing State Journal*, and I had to see my own ad.” Another non-sub noted, “But I was told that we could look at

it online. So, I looked it up in my little iPad in the morning....” One subscriber confessed, “I did cheat and go to the Y every morning and look at the newspaper there.” While these reveal a weakness in the method, they also emphasize the value these participants place on the daily newspaper.

interpretation

Millions of bits of data were collected through this study, allowing for nearly endless opportunities for analysis. Consequently, interpreting that mass of data is far from simple.

[Which ROI?] A statement heard early in the conduct of this research was, “We would like to know the Return on Investment of preprint in newspapers.” That implies that there is one number representing such return. There is no single ROI! The reality is that there are different returns and different investments. The assumption of this statement seems to be that it is the return and investment of the advertiser, but this is a relationship of multiple parties and all of them must see value in preprint for it to a viable tool. There are many advertisers, many media, and many consumers involved in this economic exchange. All are looking for a return on their investment, whether that investment is time, money, or something else.

If there is sufficient return for the advertisers and the consumers, media naturally will derive their returns as a consequence. And Media ROI is the easiest to measure, since advertising revenue is a direct metric. Advertiser ROI and Consumer ROI are much more elusive, yet critically important. And they do not always occur simultaneously.

It likewise should be noted that there can be, and often is, a difference between Actual and Perceived ROI. Actions frequently are determined by perceptions. This means that an objective measure of return might not be as important as a subjective measure. ROI is a complicated and multi-faceted construct, and while it is important that we attempt to understand it, there is a high probability that at best we can only approach such understanding. For example, another variable that has not been mentioned yet is the difference in communicative style from one preprint message to another.

[Message Design] Department store legend John Wanamaker is credited with saying, “Half the money I spend on advertising is wasted; the trouble is, I don’t know which half.”⁴ Less generously, advertising guru David Ogilvy once remarked, “Ninety-

⁴ John Wanamaker (1885), as quoted in Michael Jackman, *The Macmillan Book of Business and Economic Quotations*, 1984, New York, NY: Macmillan Publishing Company, p. 3. Apparently,

nine percent of advertising doesn't sell much of anything."⁵ The point is this: not all ads are created equal. Some do a better job of getting attention, some do a better job of conveying information, and some do a better job of focusing on the information that will move consumers. Clearly, the ROI of a poorly designed advertisement will be less than that of a brilliantly designed ad.

A second point in those two quotes is that some large percentage of ads fall into the poorly designed box. And because of that, any measure of "the" ROI of preprint will be an average that is diluted by those poorly designed messages. It is an average, not a measure of what the Return **can** be, when done most skillfully. Put another way, any measure of ROI is likely to underestimate the real potential ROI of the advertising, yet it still may overestimate the abilities of a specific advertiser.

[Long & Short Term] Naturally, any advertiser would like to know this: If \$1 is invested, what is the number of dollars that will be returned? And it appears there are some advertisers doing such a calculation by looking at how much they spent on advertising during a given period of time and comparing it to the revenue during that same period (this also is called the advertising-to-sales ratio). This, however, is an overly simplistic view of ROI, and one that could easily result in serious miscalculations.

For example, if an advertiser were to compare ad investments during one month and revenues during that month they will find a ratio. If the ratio is less the next month, the natural tendency would be to blame the advertising, when it might be a change in the merchandise, or seasonality, or a major sale, or any number of other factors. The same would be true if the ratio were greater.

In addition, that advertiser could try spending nothing on advertising one month, such that even a single sale will drive the ratio to infinity. In the short run that might suggest spending on advertising is wasteful, but undoubtedly over the long run the results would be disastrous, as awareness of the brand dissipates in consumers' minds.

A complete understanding of ROI is not possible by looking at only a short time-frame. This study was limited to 28 days, so it cannot be expected to capture every nuance of ROI. And, in fact, the longer the timeframe the more difficult it is to design a study that

this was originally attributed to Viscount Leverhulme (William Hesketh Lever), quoted in Tony Augarde, *Oxford Dictionary of Modern Quotations*, 1991, New York: Oxford University Press, p. 136.

⁵ David Ogilvy (1984), as quoted in Stephen Donadio, *The New York Public Library: Book of Twentieth-Century American Quotations*, 1992, New York: Stonesong Press, p. 70.

can confidently disentangle ROI from other changes in the environment. The results of this study, therefore, should be considered only as insight into the short-term ROI effects. There almost certainly are long-term impacts on such things as brand awareness for a store or a product.

[Stores, Products, and Product Lines] Another challenge with identifying the return on preprint is that there is great variation in preprint materials, with some advertising a single product, some promoting a group of products of the same brand, and some promoting unrelated brands under the banner of a store brand. Simply put, not all brands are the same. That is clear in the data that emerged from this study.

It can be seen, for example, that the pattern of preprint effects for Electronics Stores (Fig. 8.3) is somewhat different from Grocery Stores (Fig. 8.2), suggesting a different ROI for each. But part of the reason for this is that Superstores tend to sell both electronics and groceries, along with clothing and healthcare and all manner of other products. Given that fact, we would expect the Superstores to combine aspects of the patterns of all those other stores. And, of course, even a Grocery may carry a variety of products, like health and beauty care. This is why it is important to look not only at store types but also at product types. Clearly, the benefits/return part of any ROI is going to vary among both.

[Sales, Umbrella Branding, and More] There are other complications that make the determination of a generalizable ROI a virtual impossibility, e.g., sales. As seen here, coupons are a major variable, because many advertisers include them in their advertising and many shoppers collect them. And even where there is no coupon, advertisements often announce sales and discounts of which consumers might otherwise be unaware.

Imagine that a store regularly sees perhaps 1000 customers visit in the average week. The store runs a preprint ad one week and the visits jump dramatically to 1500 for that week. That would suggest that the advertisement was extremely successful. But suppose that particular ad announced a half-price sale for that week only. If each of those 1500 customers buys the same individual volume as the normal customer, the revenue actually would drop for that week. If we were measuring the advertiser's ROI based on revenue for that week, we might declare the ad a failure. In reality, the apparent Advertiser ROI dropped, at least in the short-term, but the Consumer ROI increased. On the other hand, if we measured the advertiser's ROI by foot traffic, we would declare the ad a success.

Now imagine the same traffic, where the ad raises customer visits from 1000 to 1500. But imagine the ad is for (or spotlights) one particular product, and sales of that product do not increase. On the other hand, suppose those extra 500 customers are drawn to the store by that ad, but for some reason decide not to purchase the product

(maybe it's poorly manufactured), yet as they wander through the store they do spot other products they decide to buy. If we measure Advertiser ROI based on the brand promoted in that ad, it's a failure, but if we look at overall store sales it is a success. In other words, ROI for the product brand is lacking but ROI for the store brand is excellent.

And yet another variant of this situation is where a brand's ad draws customers into a store, but other advertisements within the store (e.g., shelf talkers, endcaps) catch their attention. In that situation, the preprint ad was successful at getting customers into the store, but another ad hijacks the customers. In this case the return on the advertiser's investment is collected by a competing brand. The ad was successful, but a measure of the advertised brand's revenue will not provide evidence of that success. With relatively few exceptions (e.g., Apple, manufacturer websites) it is fairly unusual for a brand to be sold in a store where only that brand is sold, or only a single product is sold. So there frequently is competition for the consumer's eyes, ears, and noses in a retail marketplace.

conclusion

Clearly, more questions have been raised by this research than have been answered. Many of those questions will help to guide subsequent research, as they have identified some intriguing actions by consumers. The amount of data here provides the opportunity to find some tentative answers to many questions, though. In fact, the sheer mountain of data makes it challenging to ask all the questions for which answers or tentative answers might be found here. Many intriguing possibilities arise in the graphs above, and a few of those stand out as particularly notable:

Participants save both coupons and advertisements. While those could come from a variety of sources (shared mail, handouts in stores, online coupons and ads), when they received the newspaper the rate of collecting the coupons and ads increased dramatically. This was true for both regular subscribers of the newspaper and those who did not subscribe. These discounts dilute any calculation of Advertiser ROI, but they strongly suggest there is a great deal of value to many consumers, i.e., Consumer ROI.

For Subscribers, newspapers are the source of choice for those coupons, but for Non-Subscribers, Shared Mail holds a slight advantage. In-store distribution of coupons is a distant third. But Subscribers collect coupons from all of these sources more than Non-Subscribers. For both it is hard-copy rather than e-coupons that appear to dominate. In addition, both groups considered print advertising formats to have a

greater influence on their buying than online formats, though the effect was greater on Subscribers. Altogether this implies that print continues to exceed online in multiple respects, but without additional longitudinal data it is impossible to tell whether the relative balance of print versus online continues to shift toward the latter.

Another implication from that, and one that is reinforced throughout the data presented here, is that Subscribers are quite different from Non-Subscribers. Subscribers collect more coupons and ads, and they use more media of various types. Their responses to the ads, whether by product category or store type, also tend to be quite different from the Non-Subscribers. Even when we take away Subscribers' newspapers and give free newspapers to Non-Subscribers, those same patterns persist. This raises the question of whether getting more people to subscribe to newspapers would make them behave more like the current group of Subscribers, or if there is some difference that is so fundamental that even giving them free newspapers over a longer period of time would ever change their behaviors.

One more thing that is worth noting: even when consumers are shopping online, participants indicated the newspaper can be a catalyst for a particular online search. This means that some of the online shopping might actually be credited to the return on newspaper, and preprint, investment. This could suggest a potential benefit in strategic planning that applies an integrated print-and-online combination of advertising tactics.

It should be noted that because of the relatively small sample here, while the results presented here are an accurate representation of the participants in the study, some of those results are not statistically significant. This means they might be anomalous and in no way representative of the larger population. However, this study was designed with the intent that further research would be conducted with other populations of participants, which will give further insight into the generalizability of these results.

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