

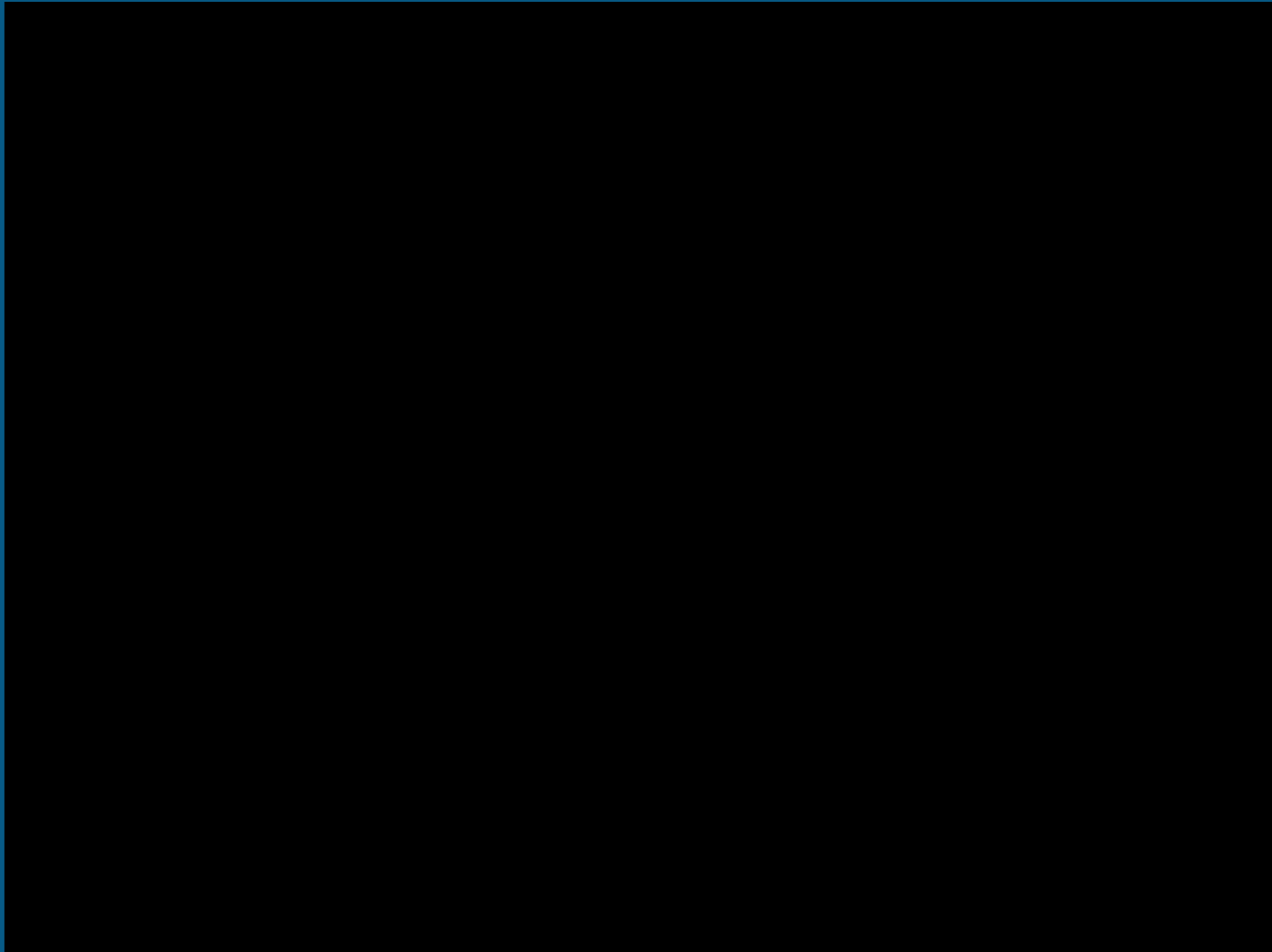
# Preprints & TMC

An American Evolution

January 30, 2007



# Valassis - Trailer



# Categories

- Newspapers As Media Choice
- Shopper's
- Preprint User
- Preprint Usage
- Creative Do's & Don'ts
- Newspaper Multi-distribution
- TMC – Drill Down



# Opening

- Panel Introductions
- Study Synopsis
- Why Study Commissioned



# Panelists

- Greg Bogich – Valassis
- Craig Desens – NSA
- Susan Jacobs - Chicago Tribune
- Pili Linares - NAA
  
- <http://marketingconference.naa.org/handouts>



# Newspapers As Media Choice

- Newspaper Readership
- Why Buy Sunday
- Competitive Comparison
- Subscriber vs. Non-Subscriber



# One Medium Used Most Frequently for Checking Ads

	2006
<b>Newspapers</b>	<b>55%</b>
<b>Internet</b>	<b>19</b>
<b>Direct mail</b>	<b>9</b>
<b>Television</b>	<b>8</b>
<b>Magazines</b>	<b>4</b>
<b>Radio</b>	<b>2</b>
<b>Yellow Pages</b>	<b>1</b>
<b>Billboards</b>	<b>&lt;0.5</b>
<b>None of these</b>	<b>1</b>



# More Important In Decision to Read/Buy Sunday Newspaper

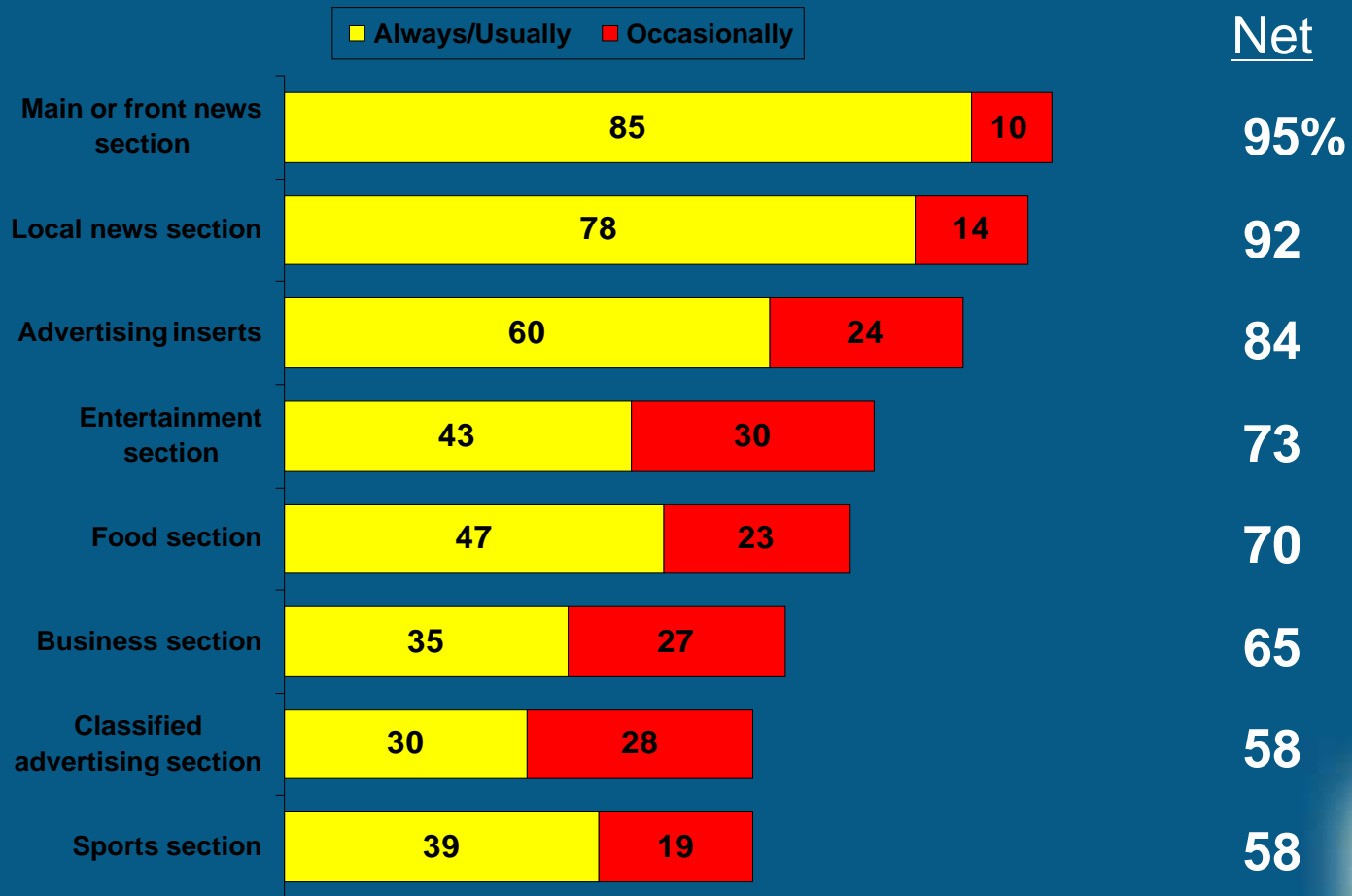
	Total	Men	Women	18-34	35-54	55+	African American	Hispanic
<b>News articles &amp; features</b>	51%	57%	46%	45%	51%	58%	47%	38%
<b>Advertising</b>	31	26	35	40	30	21	33	45
<b>Both</b>	11	9	12	7	12	13	15	8
<b>Advertising (net)</b>	42	35	47	47	42	34	48	53
<b>Never read Sunday paper</b>	7	7	7	6	7	6	4	8

Source: NAA Consumer Usage of Newspaper Advertising



# Newspaper Section Readership

--Among newspaper sections, advertising inserts trail only Main News and Local News in regular readership



Source: NAA Consumer Usage of Newspaper Advertising



# Newspapers Are the #1 “Go-To” Medium for Advertising

	Primary Shoppers	
	Subscribing Households	Non-Subscribing Households
Use Most Often or Second Most to Check Advertising:		
Daily/Sunday Newspapers	84%	47%
Weeklies or Shoppers	28	31
Direct Mail	19	32
Television	18	26
Internet	17	28
Magazines	9	8
Yellow Pages	4	4
Radio	4	6
Billboards	-	1
Base: Primary Shoppers	1,091	972

Source: 2006 Studies of Advertising Use among Newspaper Subscribers and Non-Subscribers, Conducted by Belden Associates.



# Sunday is “The Day” For Both Subscribers and Non-Subscribers to Check for Advertising

	Primary Shoppers	
	Subscribing Households	Non-Subscribing Households
<u>One or Two Days Most Often Check Out Advertising for Things to Buy on:</u>		
Sunday	68%	37%
Monday	2	3
Tuesday	8	5
Wednesday	14	19
Thursday	8	7
Friday	8	9
Saturday	11	15
It Varies or Don't Know	8	13
Base: Primary Shoppers	1,215	1,214

Source: 2006 Studies of Advertising Use among Newspaper Subscribers and Non-Subscribers, Conducted by Belden Associates.

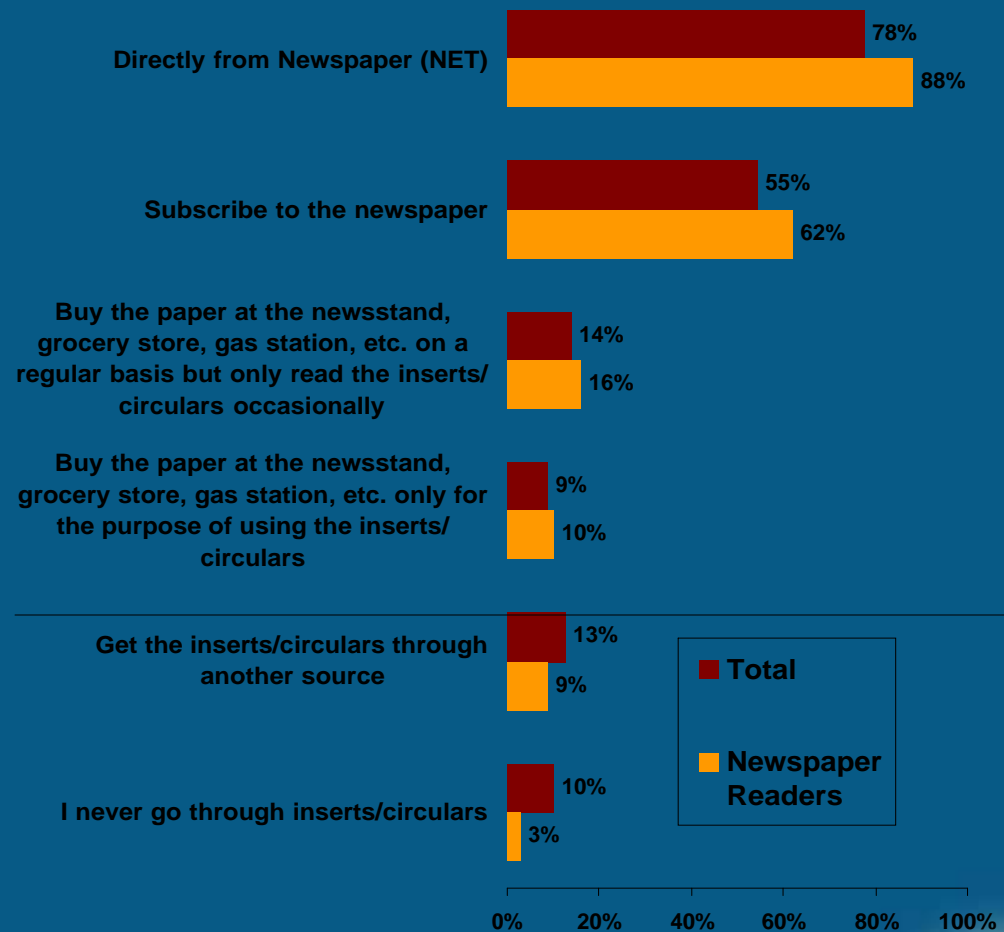


# Valassis Video - Day of week preference



# Non-subscribers Are Still Using Preprints

- Over 20% of adults buy newsstand newspapers – an opportunity to expand beyond subscriber zones on occasion to capture new customers and trial of your products



Q5. Please describe how you receive advertising inserts/circulars from local newspapers.

Source: Media Usage and Shopping Behavior Study, Ipsos 2005 commissioned by Valassis

Base: Total answering



# Shopper's

- Who are They – Primary & Secondary
- Media Choice
- Competitive Comparison



# The Primary Shopper in Both Subscriber and Non-Subscriber Households is “Attractive” to Advertisers

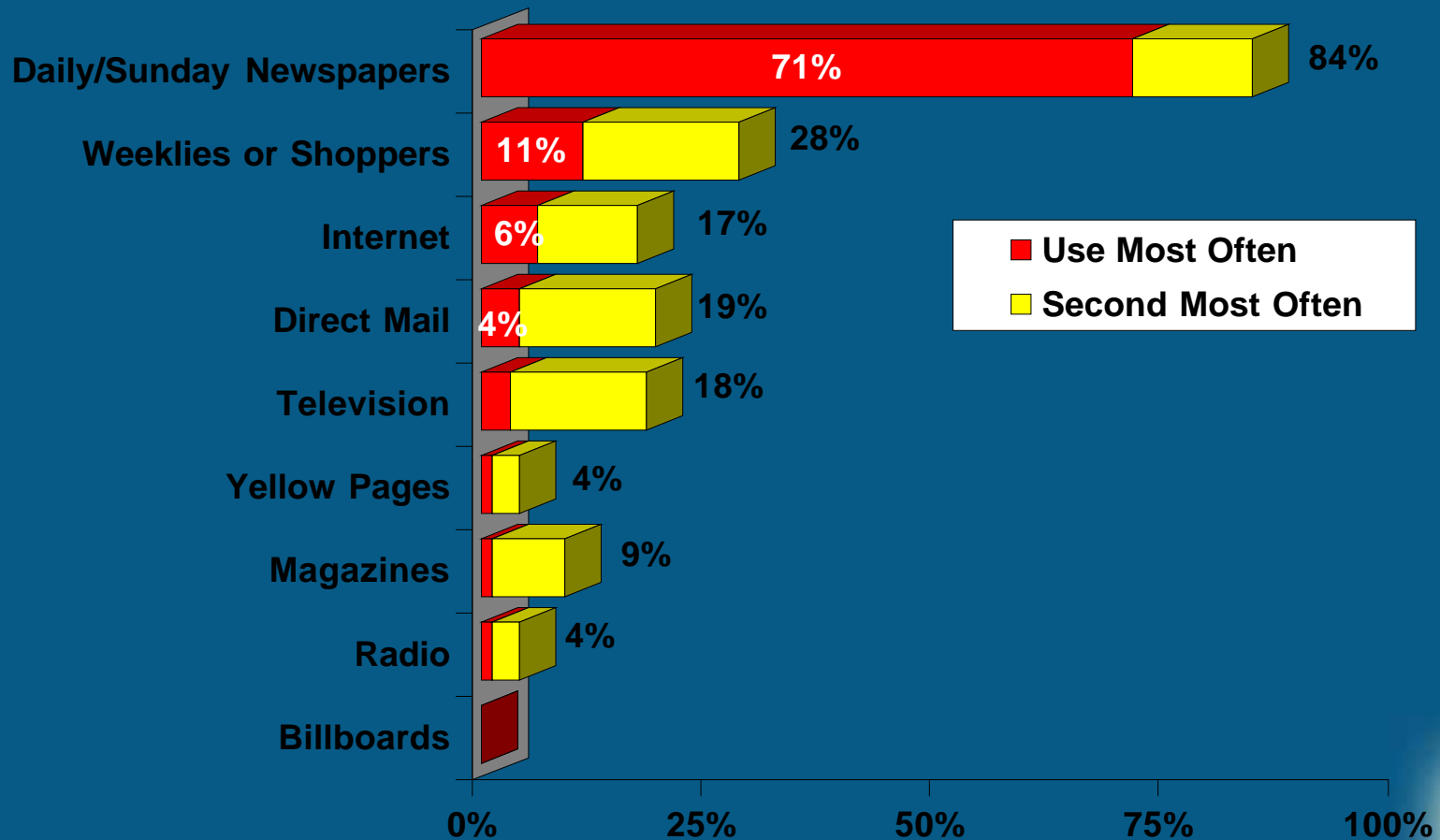
	Primary Shoppers	
	Subscribing Households	Non-Subscribing Households
Demographic Characteristics of Primary Shopper:		
Percent Female	70%	67%
Percent Married	53%	45%
Median Household Income	\$60,500	\$50,000
Percent Homeowners	88%	69%
Median Age	54 yrs	48 yrs
Percent Some College/Graduate	65%	62%
Base: Primary Shoppers	1,215	1,214

Source: 2006 Studies of Advertising Use among Newspaper Subscribers and Non-Subscribers, Conducted by Belden Associates.



# Primary Shoppers' Source of Advertising: Newspaper Subscribers

71% of Primary Shoppers Use Daily / Sunday Papers  
Advertising Source Use to Check Out Ads for Things to Buy:

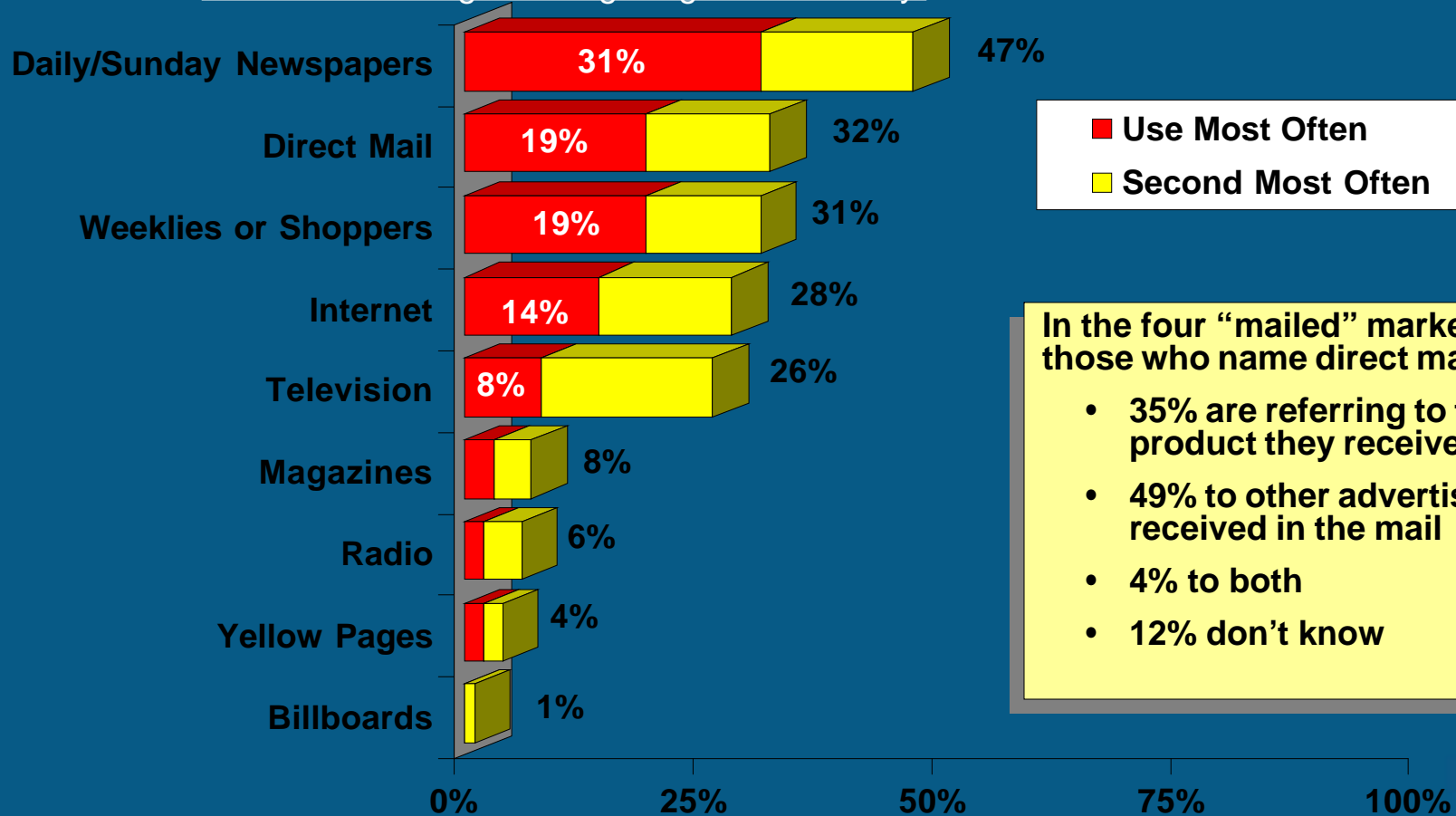


Base: Primary Shoppers in Newspaper Subscribing Households Who Use Advertising (1,091).  
Source: Study of Advertising Insert Use among Newspaper Subscribers, Conducted by Belden Associates.



# The Newspaper is the Non-Subscriber's Primary Source for Advertising, Followed by Direct Mail

Check Advertising for Things Might Want to Buy:



In the four "mailed" markets, of those who name direct mail:

- 35% are referring to the TMC product they receive in the mail
- 49% to other advertising received in the mail
- 4% to both
- 12% don't know

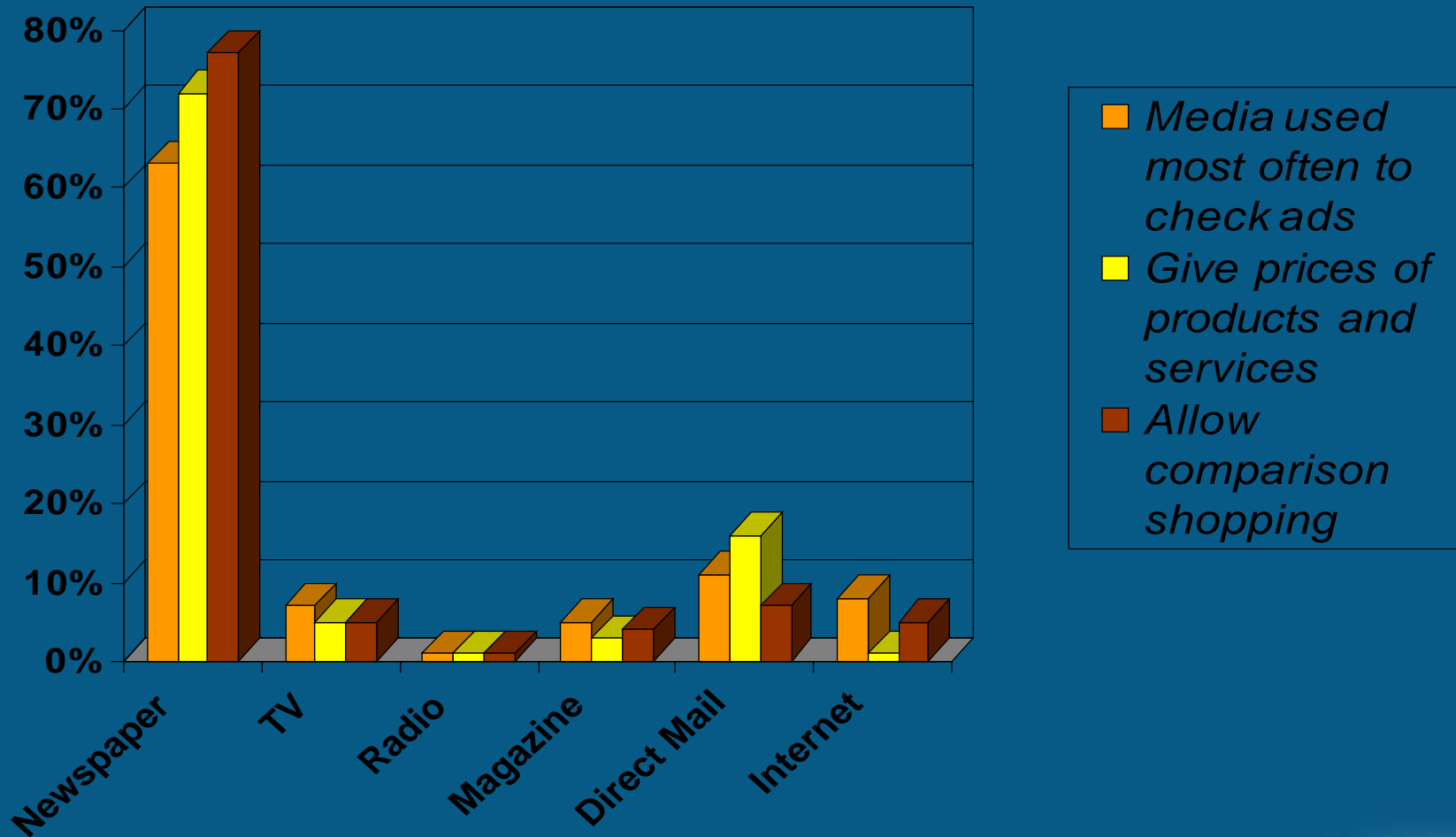
Typical Weekday Newspaper Readership: 70% Subscriber, 15% Single-Copy, 15% Pass-along; Sunday: 68% Subscriber, 21% Single Copy, 11% Pass-along

Base: Primary Shoppers in Newspaper Non-Subscribing Households Who Use Advertising (972).

Source: 2006 Study of Advertising Use among Newspaper Non-Subscribers, Conducted by Belden Associates.



# Media Comparisons



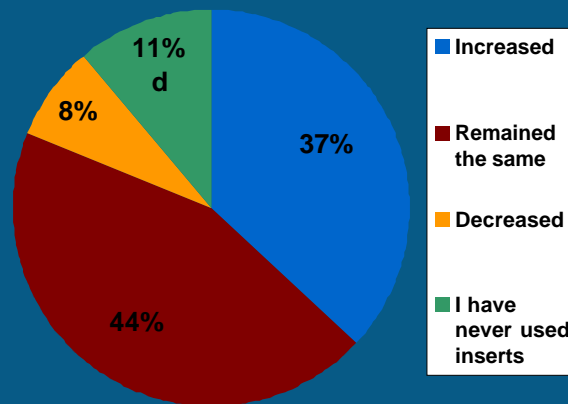
Source: Media Usage and Shopping Behavior Study, Ipsos 2005 commissioned by Valassis



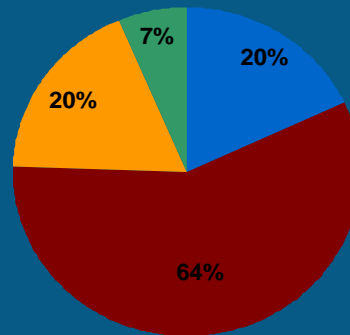
# Reaching Key Demographics with Preprints

The 18-24 age group has increased preprint use more than any other age group within the last year

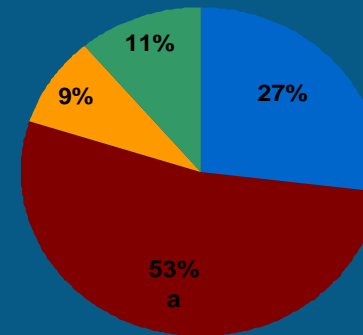
18-24 (a)



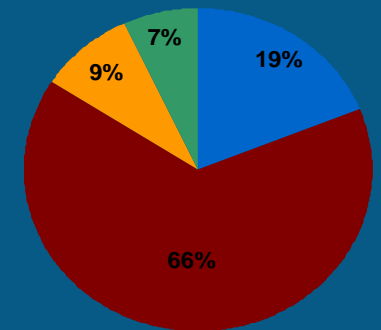
25-34 (b)



35-54 (c)



55+ (d)



Q10. Over the past year, how has your use of advertising inserts/ circulars changed versus previous years?

Letters indicate the value is significantly higher than the value in the corresponding row at the 95% confidence level.

Source: Media Usage and Shopping Behavior Study, Ipsos 2005 commissioned by Valassis

Base: Total answering

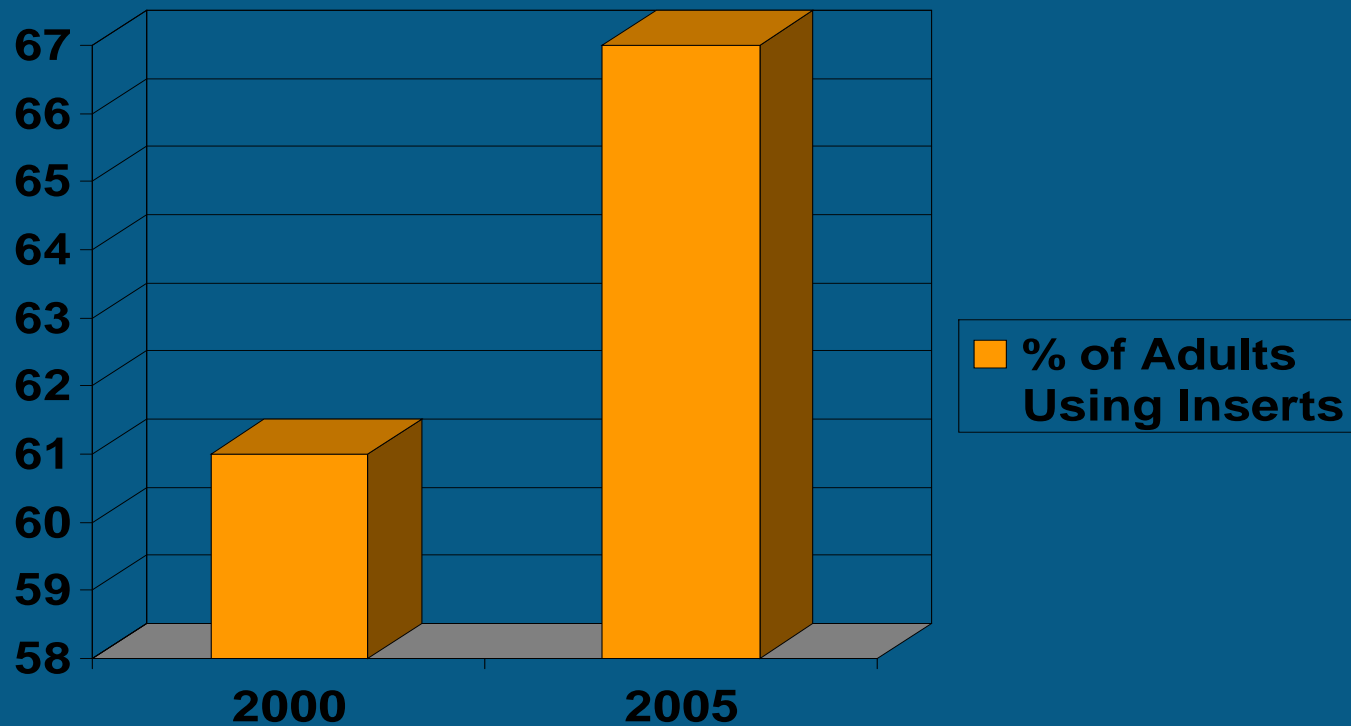


# Preprint User

- Who are they – Primary & Secondary
- How has this evolved in last 5 Years?
- Who will it be in the next 5 years?



# Usage of preprints has increased steadily since 2000

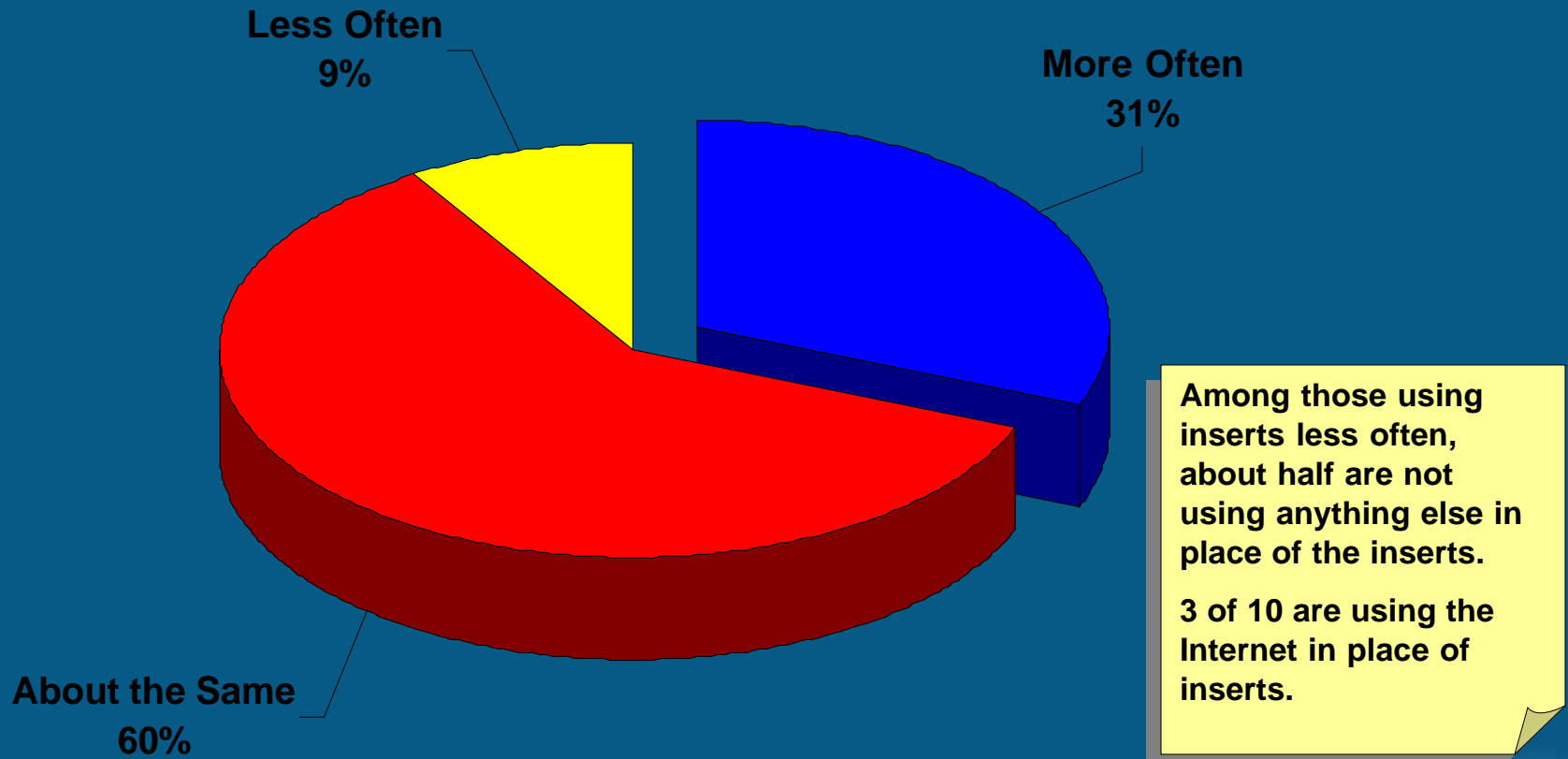


Source: Media Usage and Shopping Behavior Study, Ipsos 2005 commissioned by Valassis



# 31% of the Subscribers are Using Inserts More Often

Compared to a Few Years Ago, Using Newspaper Advertising Inserts:

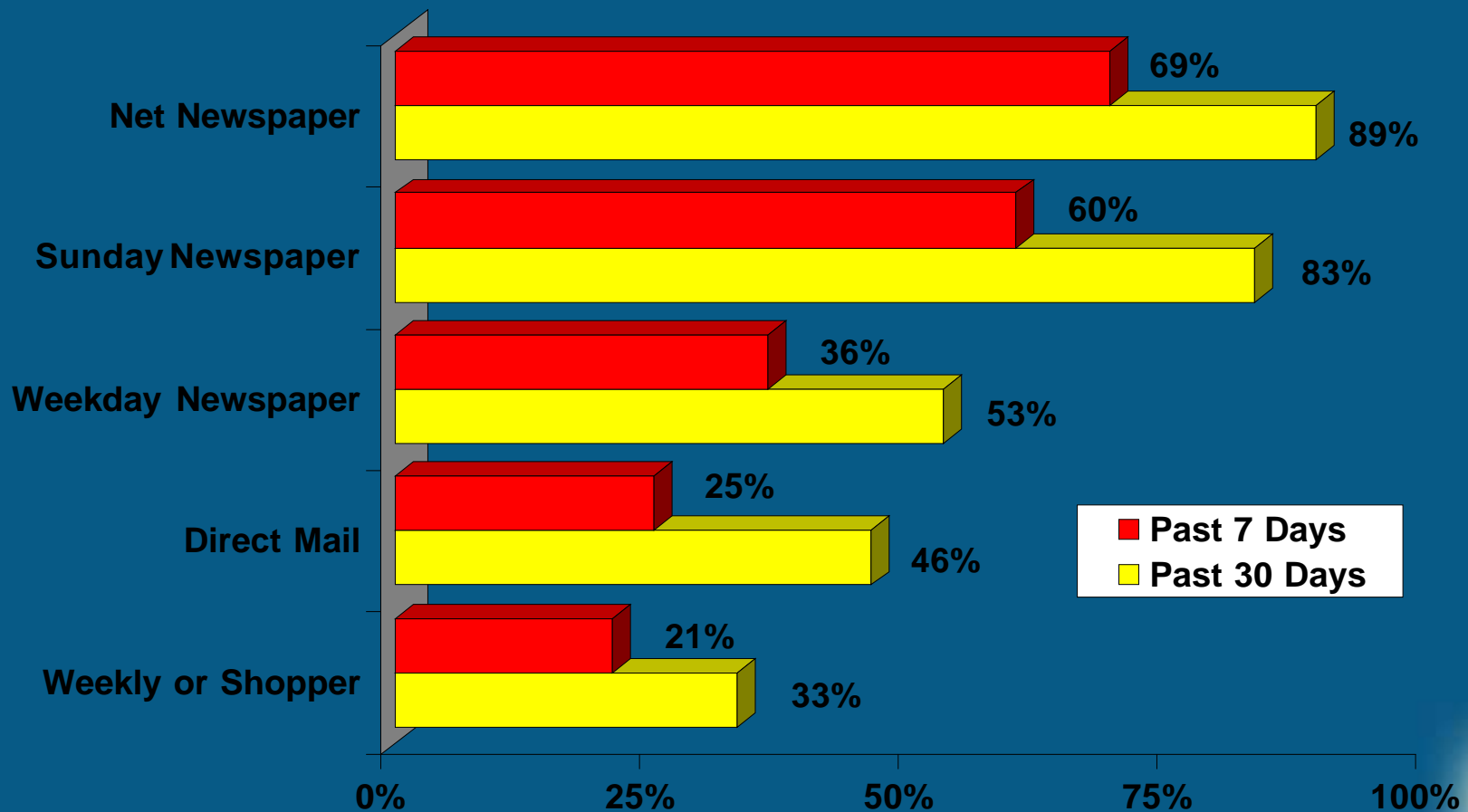


Base: Primary Shoppers in Newspaper Subscribing Households Who Used Inserts in Past 30 Days (960).  
Source: Study of Advertising Insert Use among Newspaper Subscribers, Conducted by Belden Associates.



# 69% of Subscribers Use Newspaper Advertising Inserts, Compared to 25% Who Use Direct Mail Advertising

Used Advertising Inserts to Help Plan Shopping or Make Purchasing Decisions



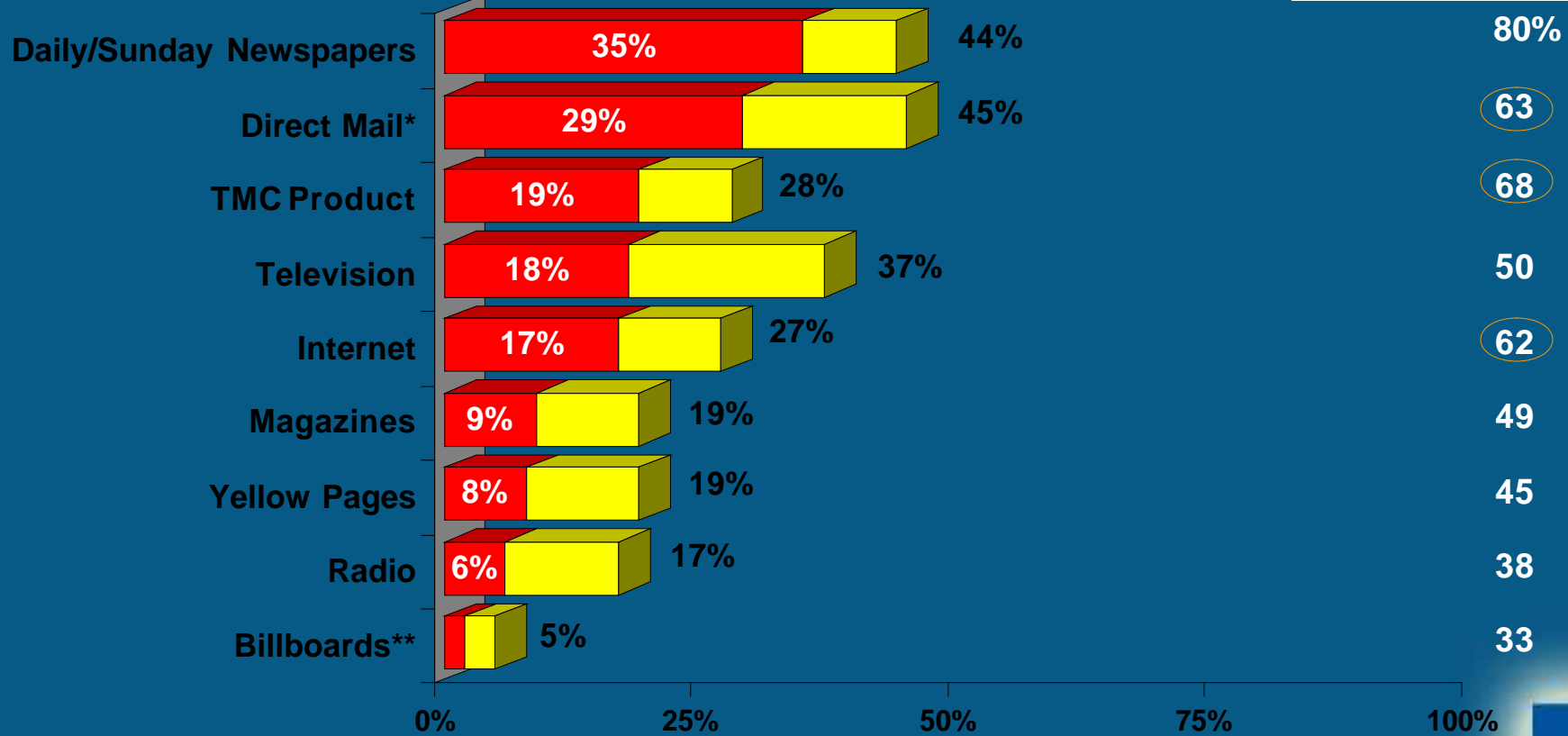
Base: Primary Shoppers in Newspaper Subscribing Households Who Use Advertising (1,091).  
Source: Study of Advertising Insert Use among Newspaper Subscribers, Conducted by Belden Associates.



# Direct Mail Strongly Influences Non-Subscribers, But Newspapers Are More Effective in Driving Purchases

■ Made Purchase as a Result of Advertising  
■ Shopped as a Result of Advertising

Past 30 Days:



\*Excludes TMC product. \*\*Small base; interpret results with caution.

Base: Primary Shoppers in Newspaper Non-Subscribing Households Who Use Advertising (972).

Source: 2006 Study of Advertising Use among Newspaper Non-Subscribers, Conducted by Belden Associates.



# Preprint Usage

- Engagement
- Frequency
- Actions Taken



# Top Reasons Consumers Use Inserts

## GENERATE AWARENESS

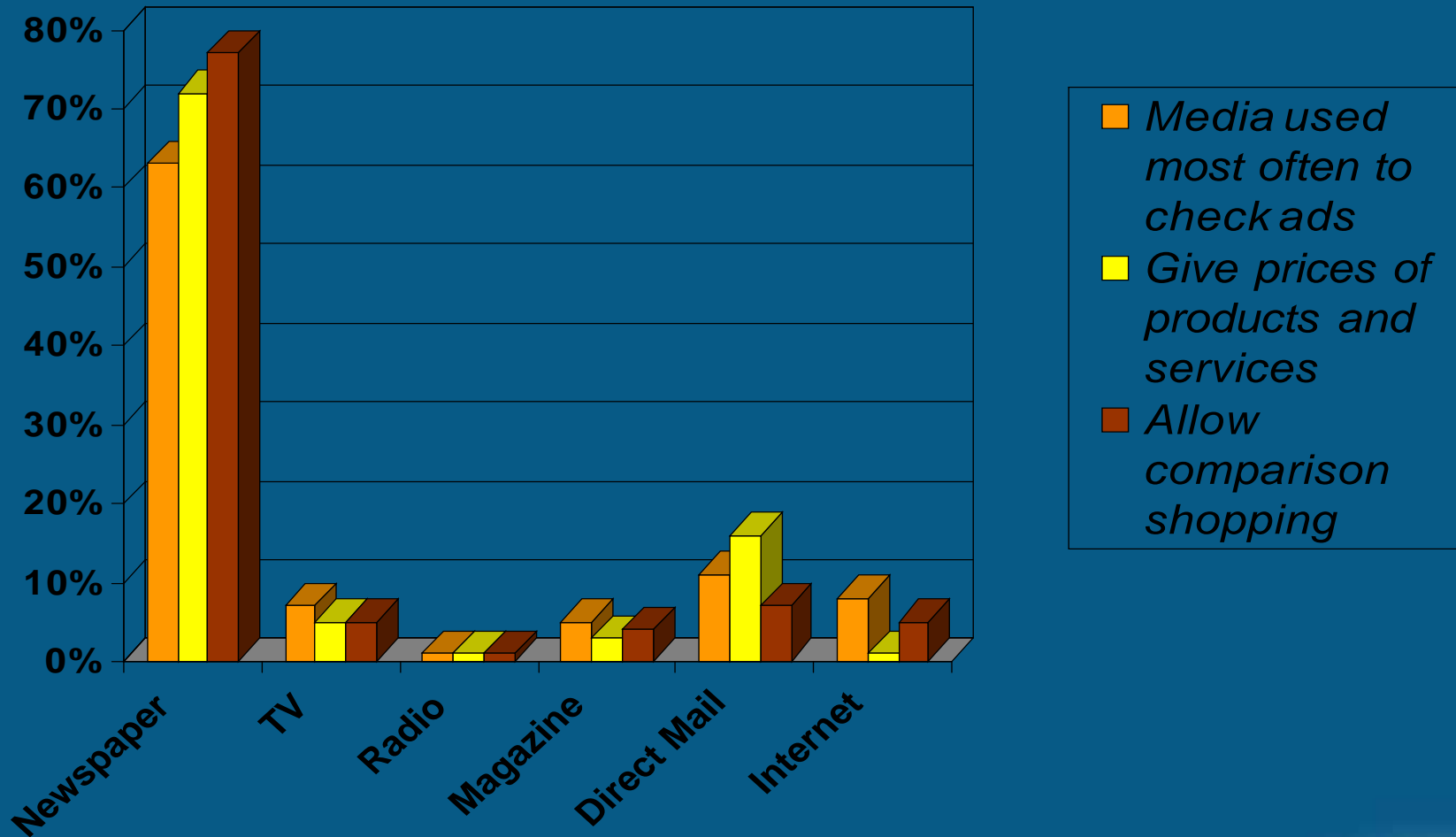
- 84% to find coupons
- 83% to find the best price
- 68% to prepare shopping lists
- ➔ • 65% to get ideas for holiday / events
- ➔ • 61% to find out about new items



Source: Media Usage and Shopping Behavior Study,  
Ipsos 2005 commissioned by Valassis



# Media Comparisons



Source: Media Usage and Shopping Behavior Study, Ipsos 2005 commissioned by Valassis



# Subscriber Men and Women Have Different Sunday Newspaper Insert Interests

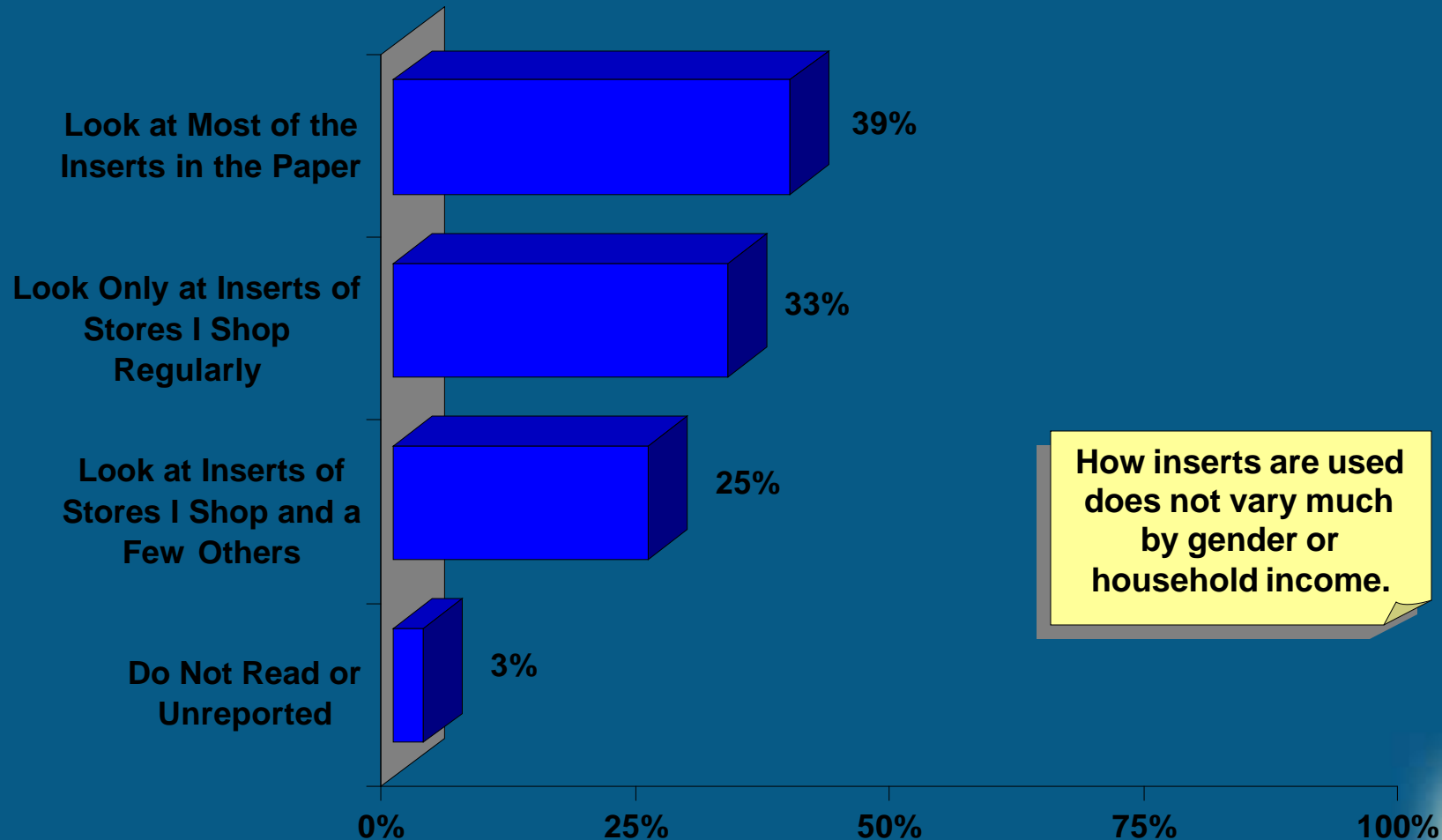
Men Are More Likely to Check Out Ads from:	Women Are More Likely to Check Out Ads from:
<ul style="list-style-type: none"><li>➤ Home improvement or building supply stores</li><li>➤ Appliance stores</li><li>➤ Electronics stores</li><li>➤ Office supply stores</li><li>➤ Sporting goods stores</li><li>➤ Stores selling computers</li></ul>	<ul style="list-style-type: none"><li>➤ Grocery stores</li><li>➤ Department stores</li><li>➤ Discount stores</li><li>➤ Drug stores</li><li>➤ Furniture and home furnishings stores</li><li>➤ Stores selling craft or party supplies</li></ul>

Men and Women Are about Equally Likely to Check Out Ads from:
<ul style="list-style-type: none"><li>➤ Toy stores</li></ul>



# 39% of Subscribers Look at “Most” of the Inserts

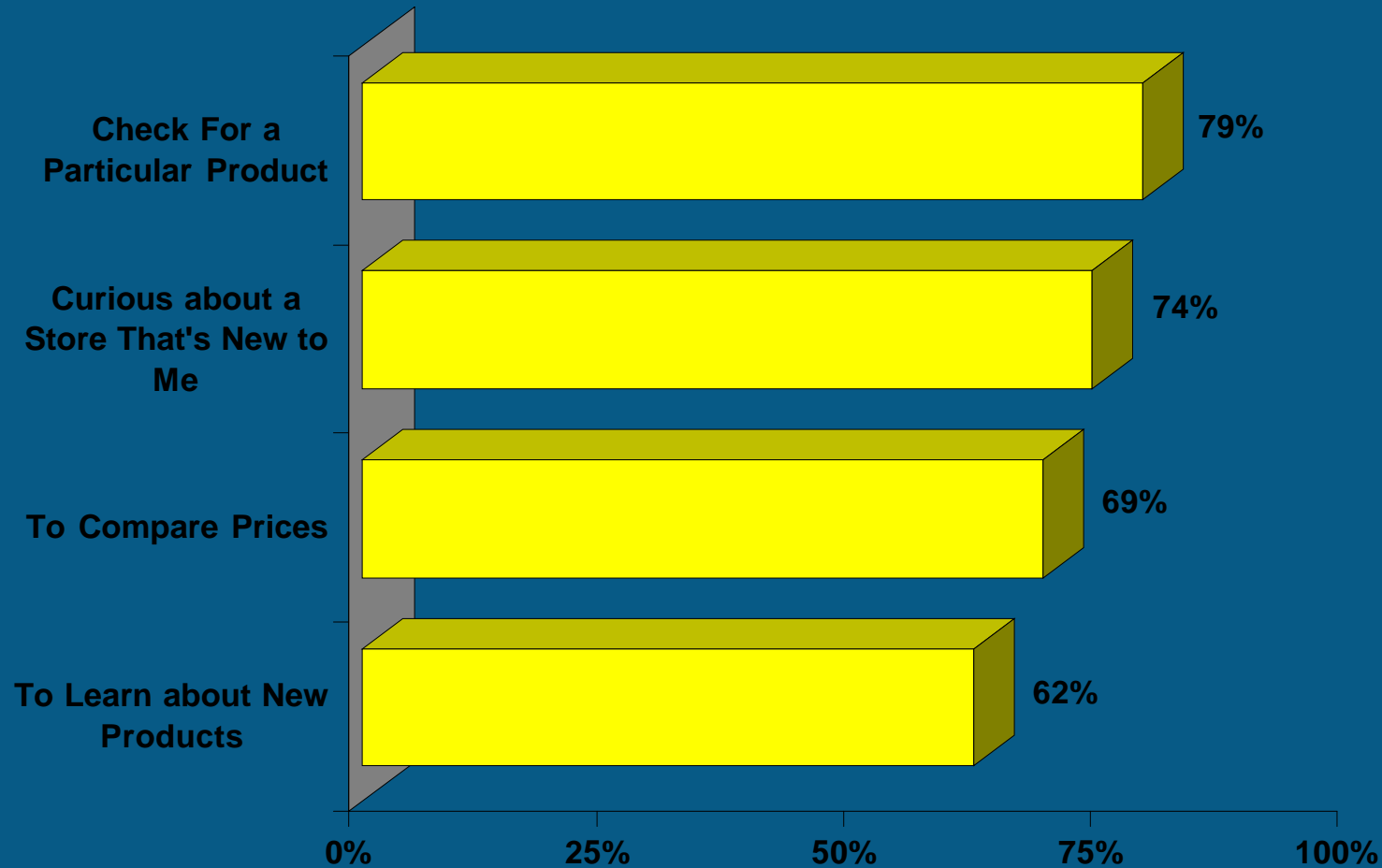
How Inserts in Sunday Newspaper Are Used:



Base: Primary Shoppers in Newspaper Subscribing Households Who Use Advertising (1,091).  
Source: Study of Advertising Insert Use among Newspaper Subscribers, Conducted by Belden Associates.



# Reasons Subscribers Check Store Inserts That They “Don’t Shop”



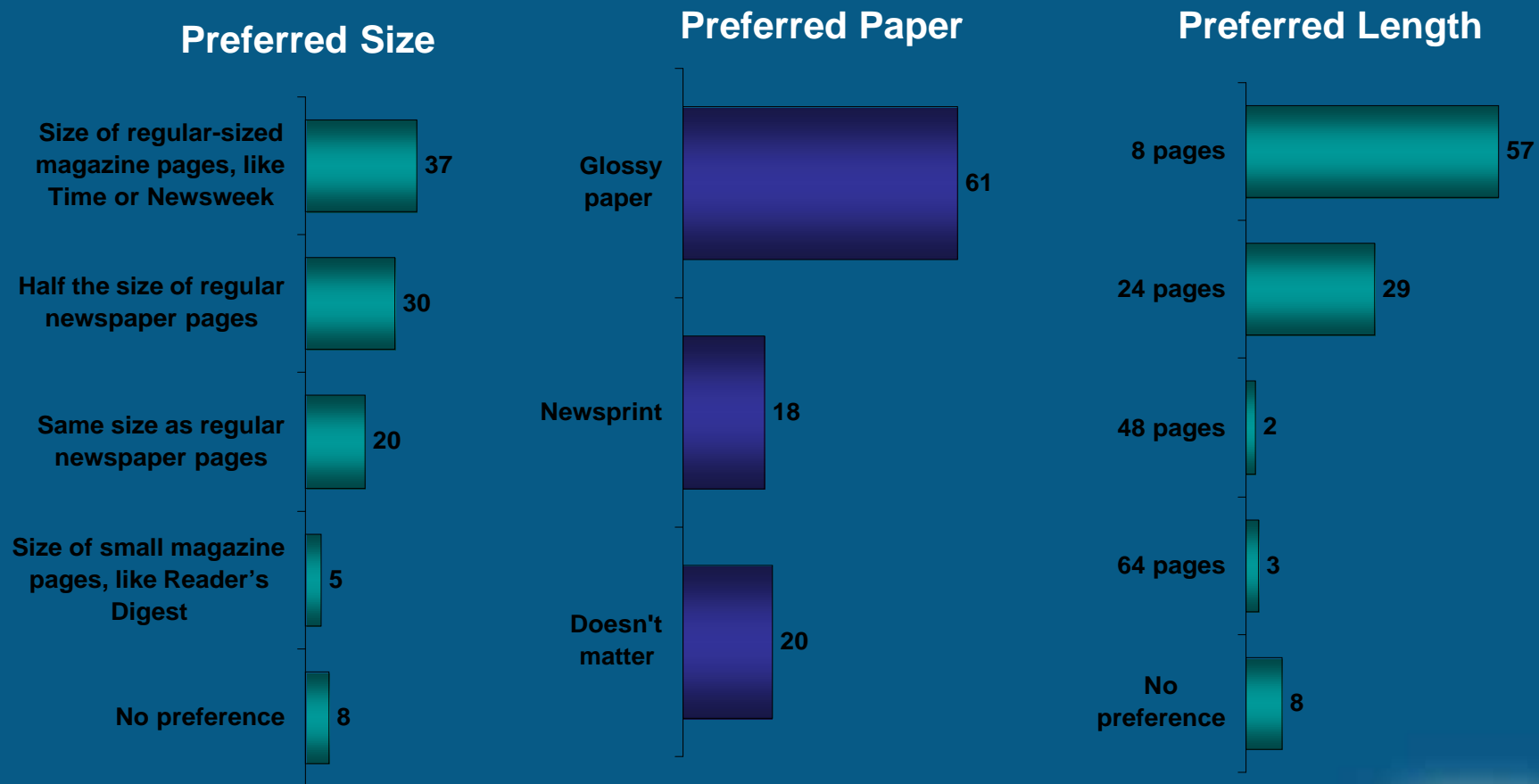
Base: Primary Shoppers in Subscribing Households Who Look at Inserts for Stores Don't Shop Regularly (667).  
Source: 2006 Study of Advertising Insert Use among Newspaper, Conducted by Belden Associates.



# Preprint/Advertising Creative DO'S & DON'T'S



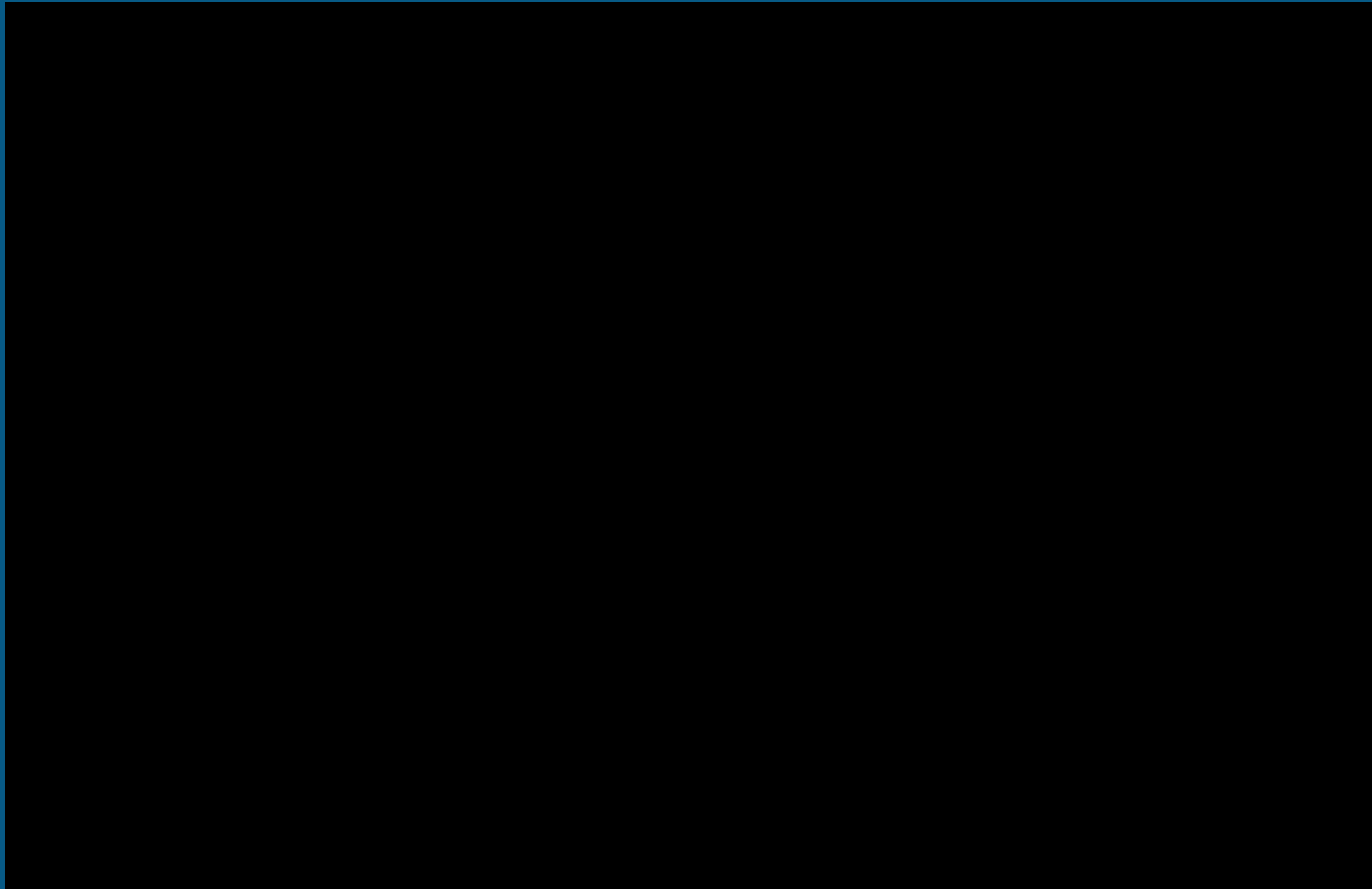
# Advertising Insert Preferences



Base: Adults who ever read or look at newspaper ad inserts

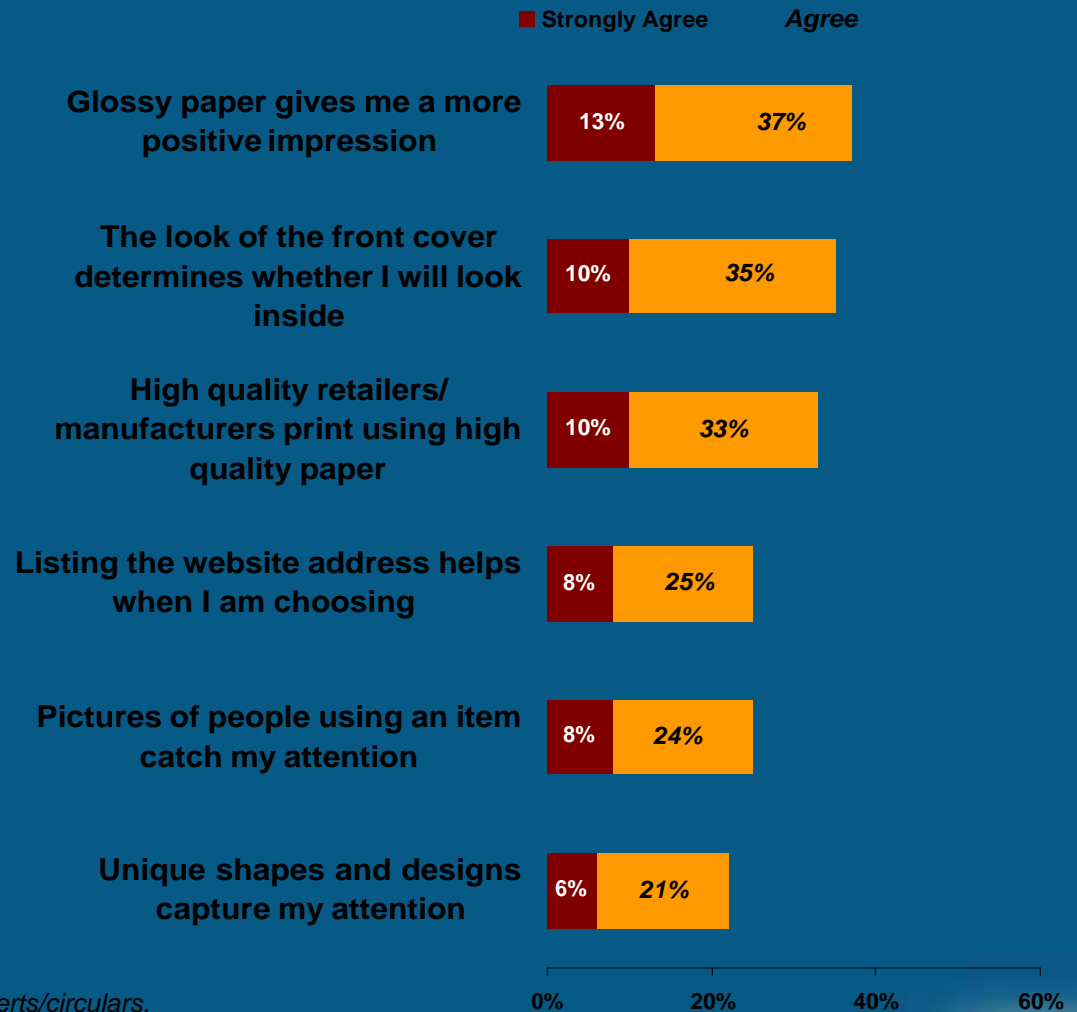


# What makes an insert work Valassis Video



# The Ideal Preprint Creative

- Glossy/high quality paper and front cover creative appeal to consumers



Q36a. - Below is a list of characteristics of advertising inserts/circulars. How much do you agree or disagree with each of these statements? (Strongly Agree/Agree Summary)

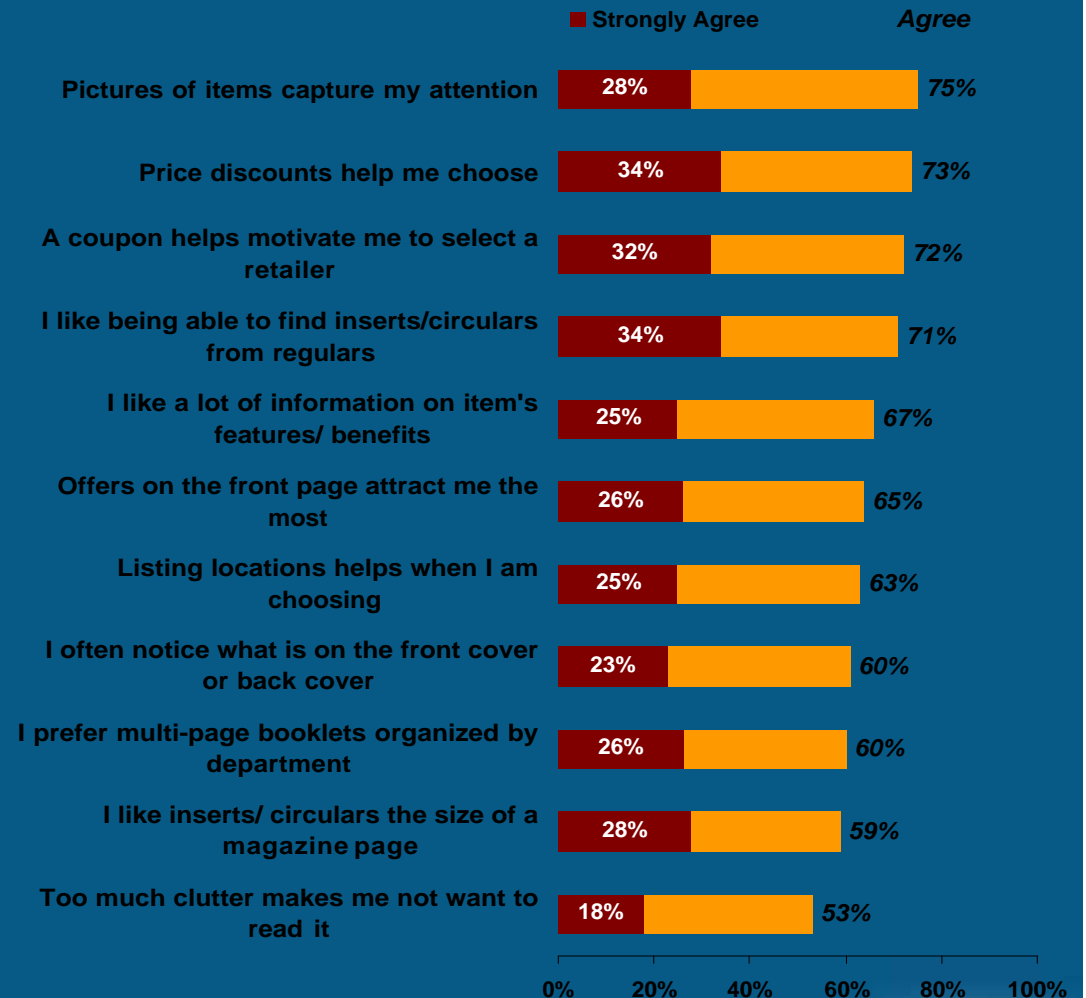
Source: Media Usage and Shopping Behavior Study, Ipsos 2005

Base: Total Answering



# The Ideal Preprint Creative

- Consumers are motivated by a variety of creative factors, with pictures and price discounts having the highest impact
- With 71% agreeing that “I like being able to find inserts from regular stores” frequency is key to assisting consumers with their shopping needs



Q36a. - Below is a list of characteristics of advertising inserts/circulars. How much do you agree or disagree with each of these statements? (Strongly Agree/Agree Summary)

Source: Media Usage and Shopping Behavior Study, Ipsos 2005

Base: Total Answering

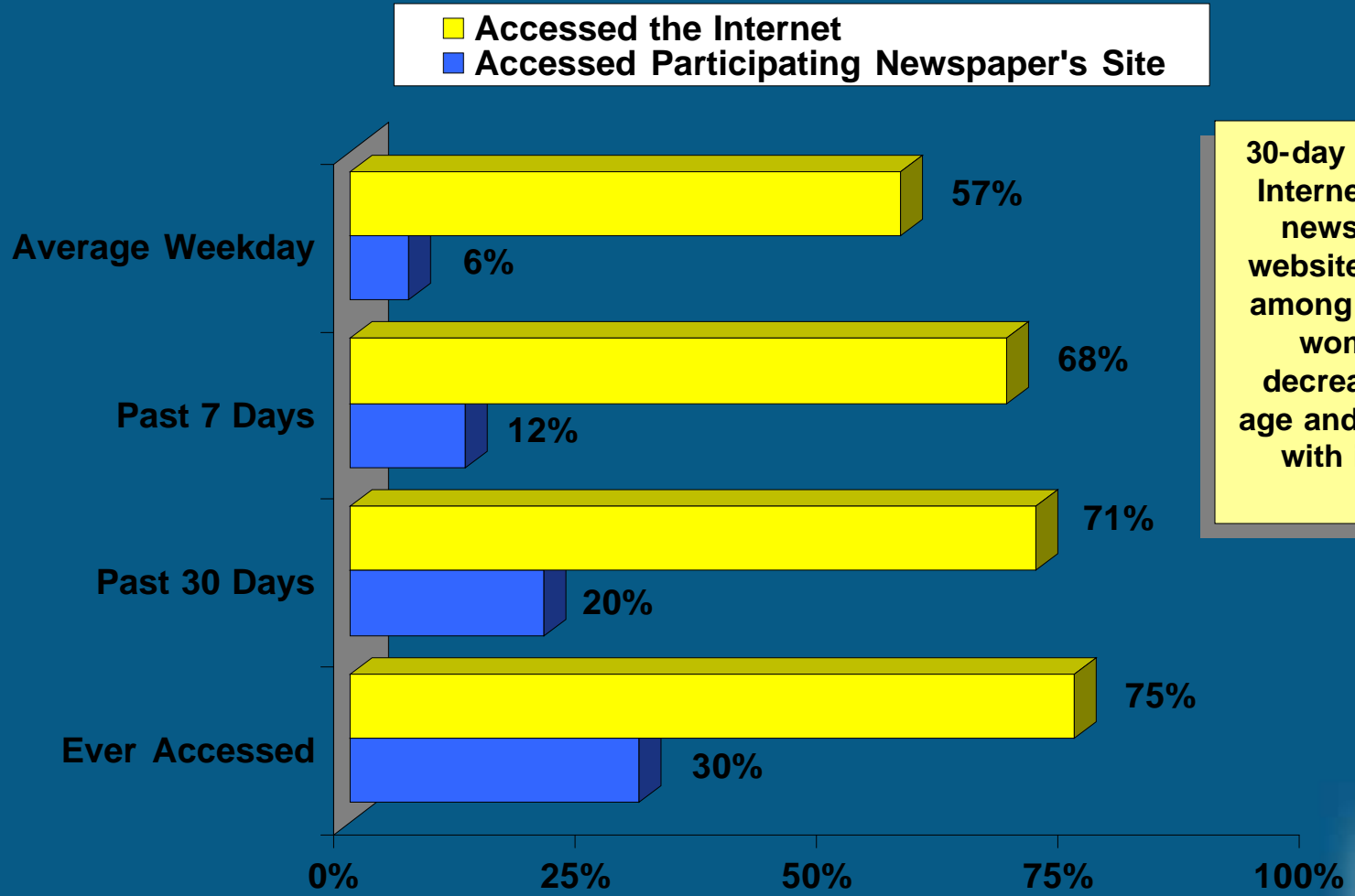


# Newspaper Media Multi - Distribution

- Online
- Direct Mail
- TMC



# 7 of 10 Subscribers Access the Internet in a Month; the Local Newspaper's Website Attracts 2 of 10

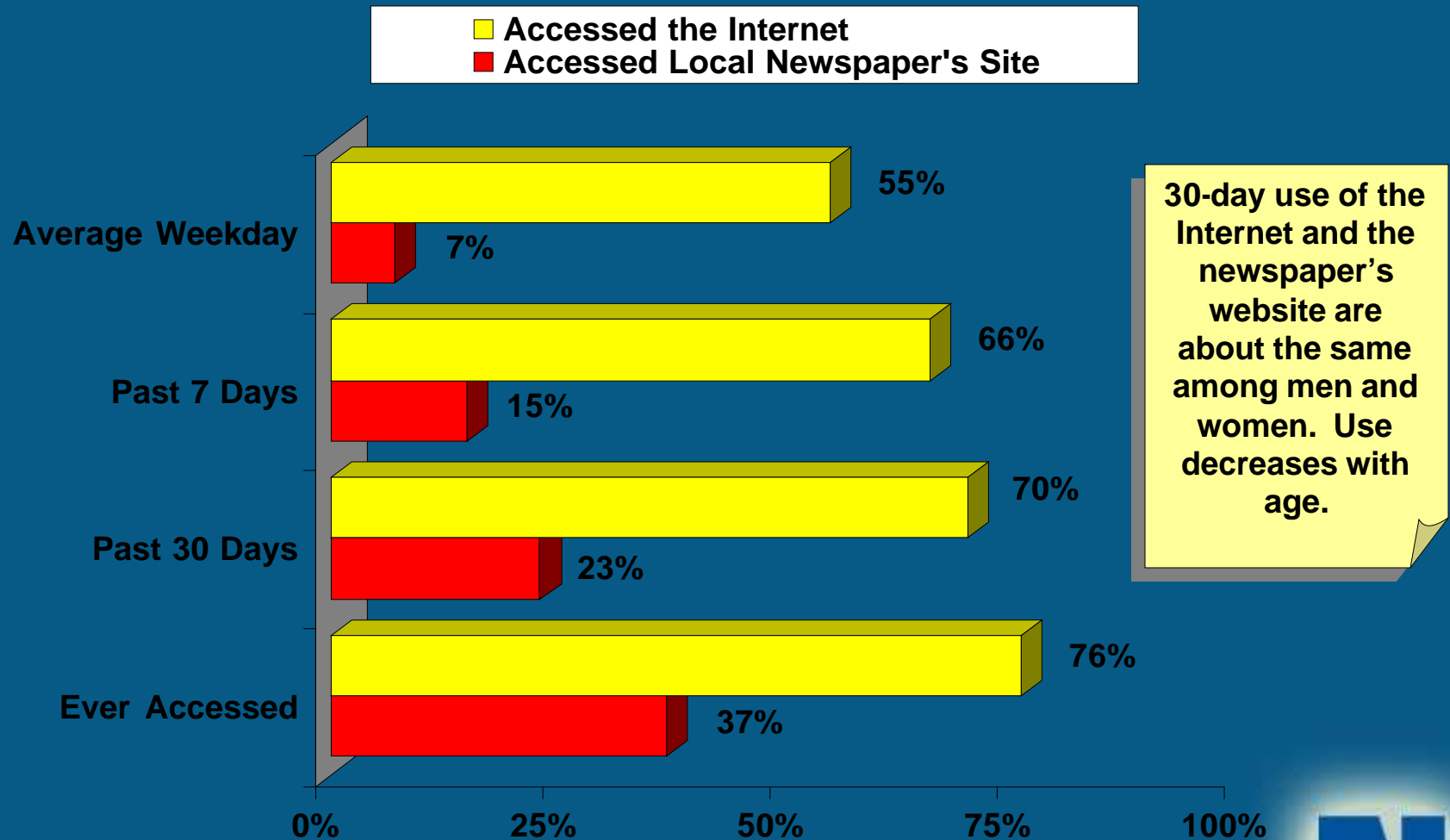


30-day use of the Internet and the newspaper's website is higher among men than women. It decreases with age and increases with income.

Base: Primary Shoppers in Newspaper Subscribing Households (1,215).  
Source: Study of Advertising Insert Use among Newspaper Subscribers, Conducted by Belden Associates.



# 7 of 10 Non-Subscribers Access the Internet Monthly, With 25% Viewing the Local Newspaper's Website



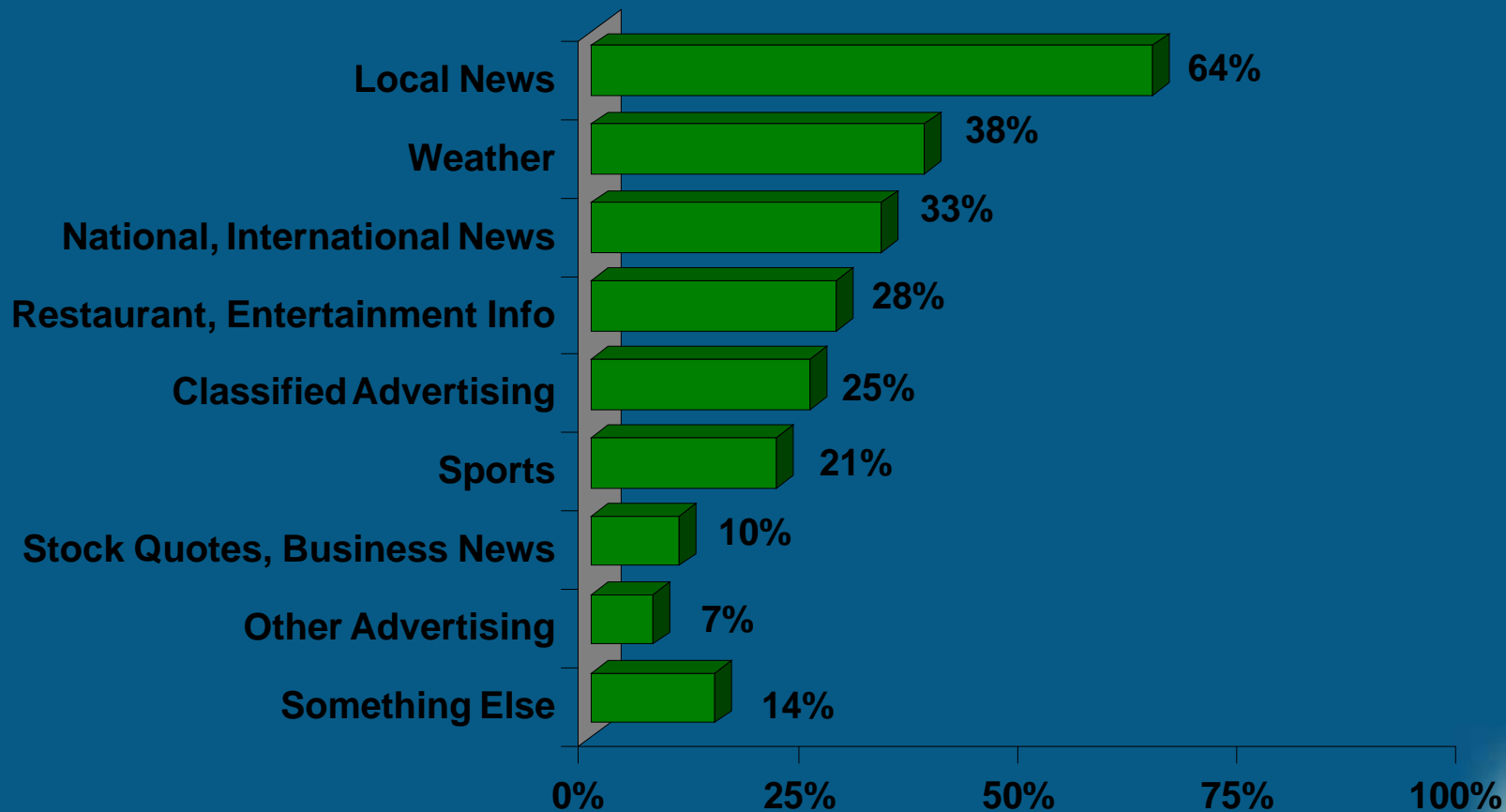
Base: Primary Shoppers in Newspaper Non-Subscribing Households (1,214).

Source: 2006 Study of Advertising Use among Newspaper Non-Subscribers, Conducted by Belden Associates.



# Local Area News Is the Top Attraction on the Local Newspaper's Website

When Access Participant Newspaper's Website, Use:



Base: Primary Shoppers in Newspaper Subscribing Households Who Accessed Participating Newspaper's Website (325).  
Source: Study of Advertising Insert Use among Newspaper Subscribers, Conducted by Belden Associates.



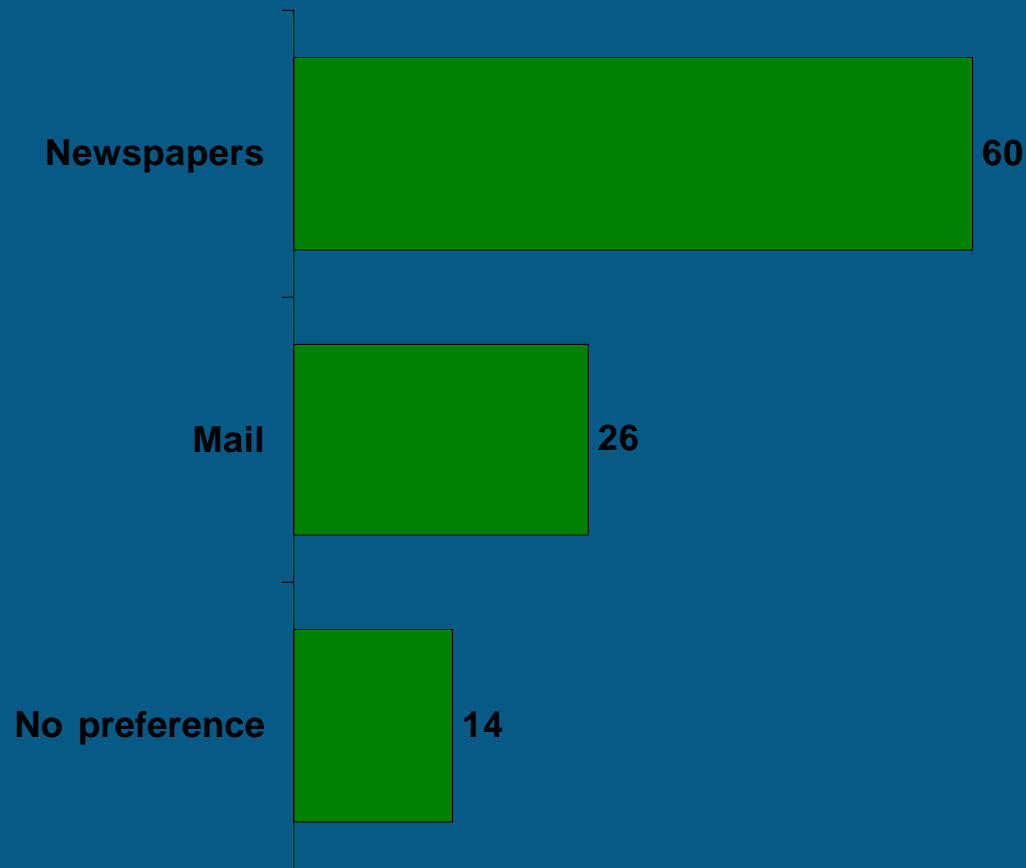
# Newspaper Ad Inserts: Printed vs. Online Version

## Prefer Print or Online Versions of Inserts

<b>Printed version</b>	<b>60%</b>
<b>Online version</b>	<b>33</b>
<b>Both</b>	<b>2</b>
<b>Neither</b>	<b>4</b>



# Preference for Receiving Ad Inserts

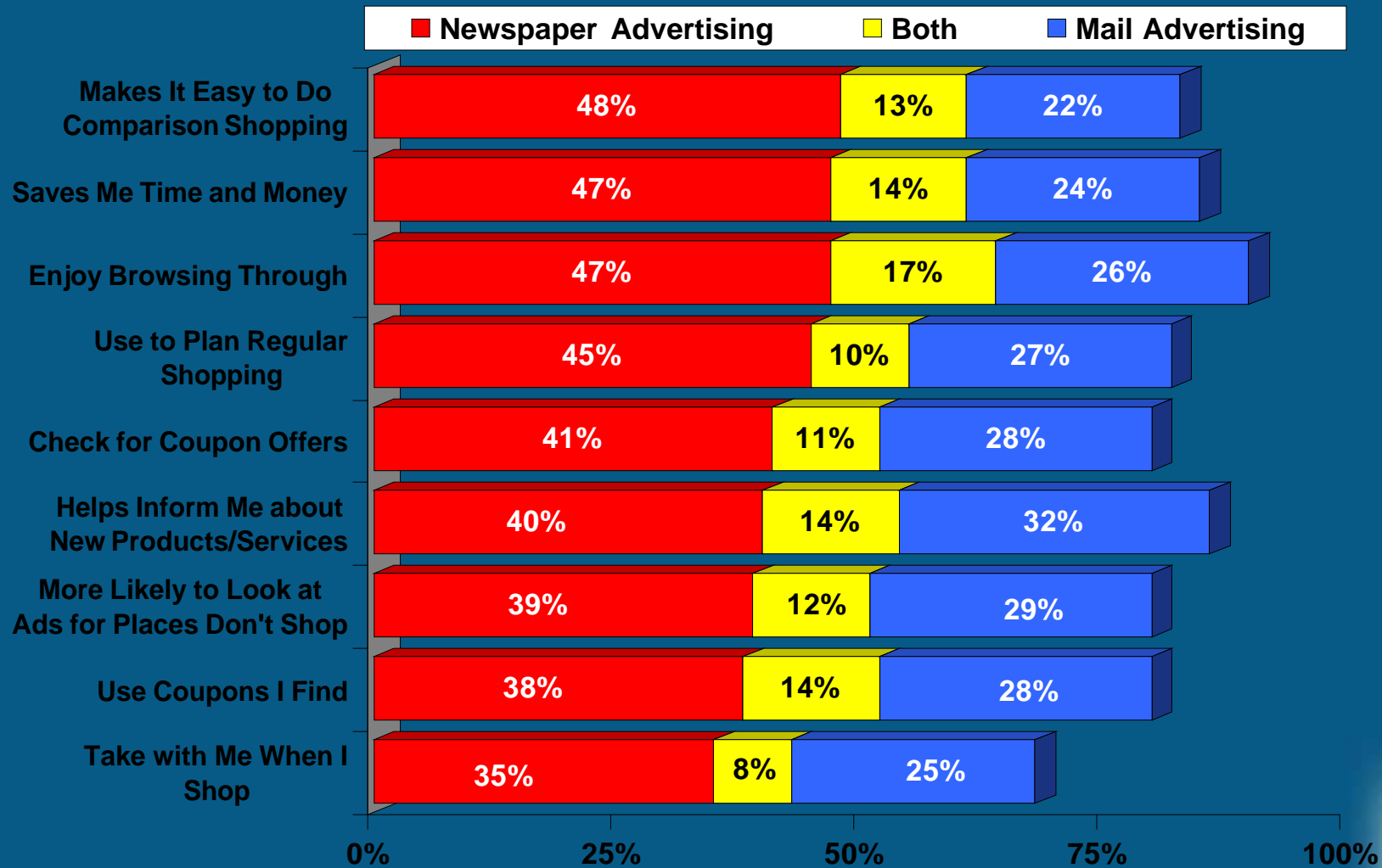


Source: NAA Consumer Usage of Newspaper Advertising



# More Non-Subscribers Like Using Newspaper Advertising Than Direct Mail.

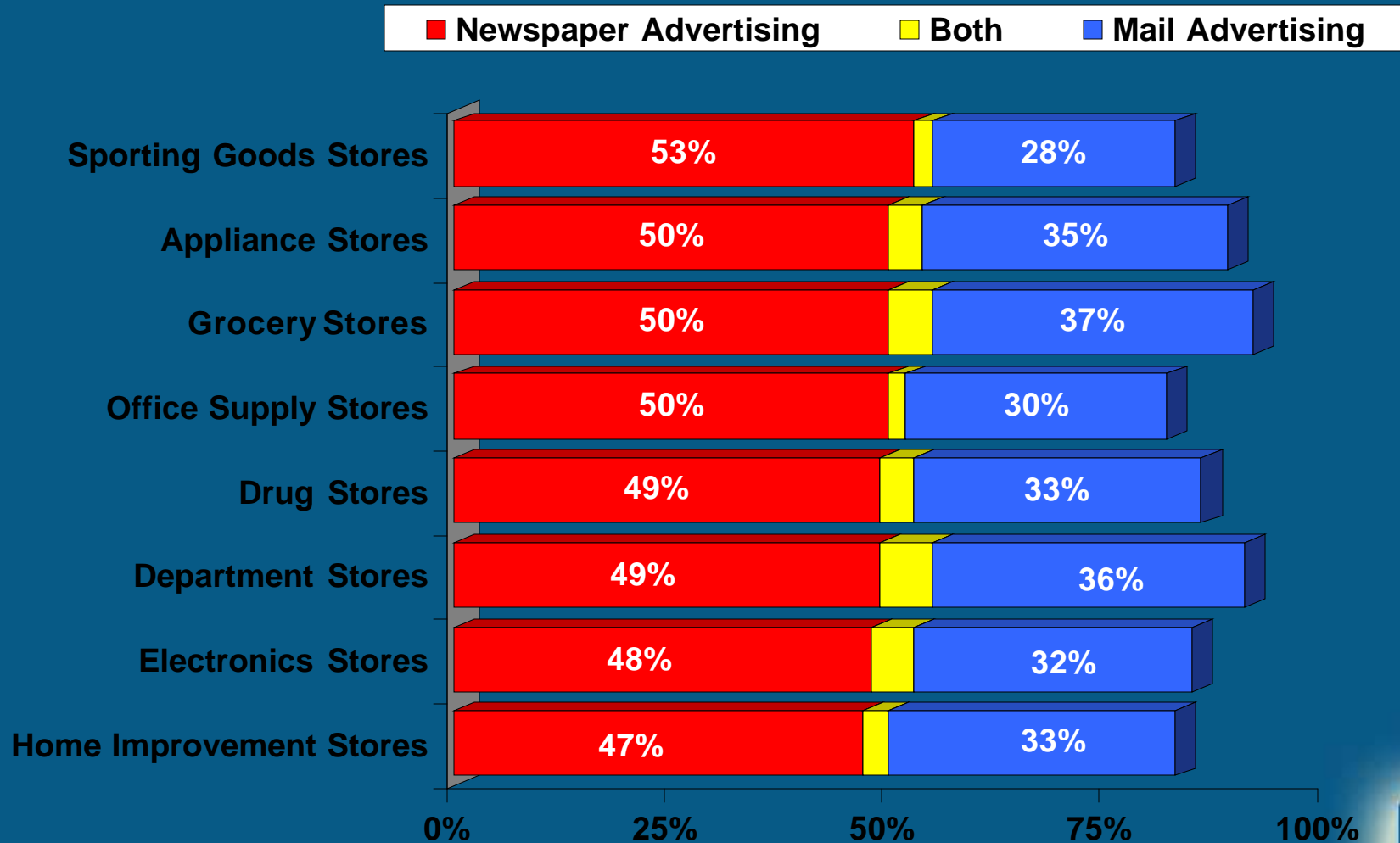
## Twice As Many Say "It Saves Me Time and Money"



Base: Primary Shoppers in Non-Subscribing Households Who Use Advertising and Live in Markets Where TMC Delivered.  
 Source: 2006 Study of Advertising Use among Newspaper Non-Subscribers, Conducted by Belden Associates.



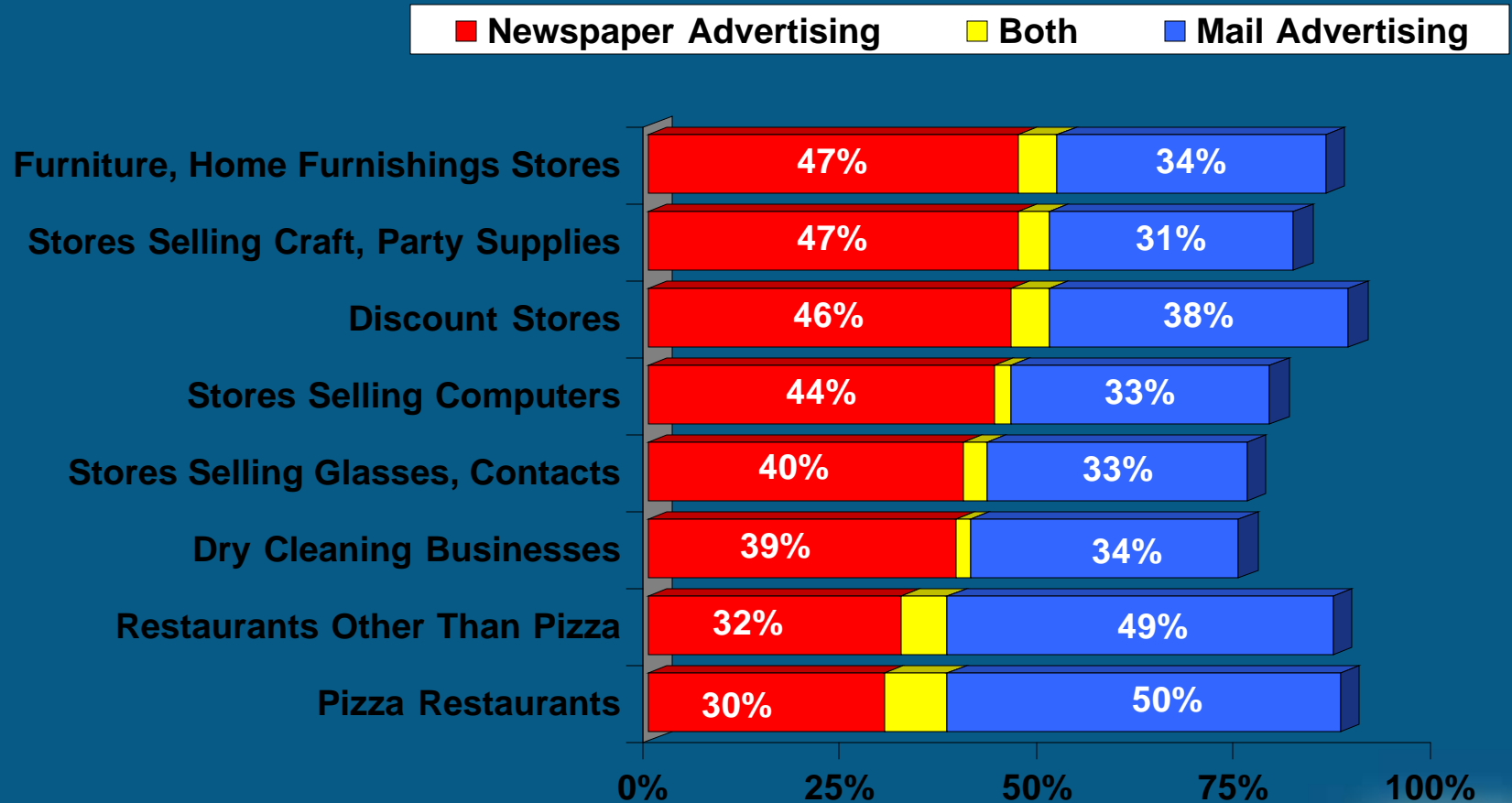
# Non-Subscribers Prefer Newspaper Advertising Over Direct Mail For Most Retail Categories



Base: Primary Shoppers in Non-Subscribing Households Who Use Advertising and Live in Markets Where TMC Delivered.  
Source: 2006 Study of Advertising Use among Newspaper Non-Subscribers, Conducted by Belden Associates.



# Non-Subscribers Prefer Direct Mail Over Newspaper Advertising Only in Restaurant Categories



Base: Primary Shoppers in Non-Subscribing Households Who Use Advertising and Live in Markets Where TMC Delivered.  
Source: 2006 Study of Advertising Use among Newspaper Non-Subscribers, Conducted by Belden Associates.



# Non-Subscribers Consider Sunday Newspaper Advertising the Most Useful & TMC the Least Useful

	Weekday Newspaper	Sunday Newspaper	TMC Product	Direct Mail
Extremely Useful	6%	13%	7%	7%
Very Useful	16	29	16	22
<b>Total Useful</b>	22%	42%	23%	29%
Somewhat Useful	41	31	29	46
Not Useful	32%	19%	35%	22%
Don't Know, Don't Use	5	8	13	3

Base: Primary Shoppers in Newspaper Non-Subscribing Households Who Use Advertising (972).

Source: 2006 Study of Advertising Use among Newspaper Non-Subscribers, Conducted by Belden Associates



# TMC – Drill Down

- Local
- Re-design
- Chicago
- Proprietary Studies
- Advertiser Perspective



# Chicago Tribune

## More Choices and an Enhanced Environment in the Mail

2005

Local Values

2006

ShopLocal

Chicago Tribune October 11-12, 2005 MIDWEEK edition

**Local Values**

In 4 weeks ShopLocal becomes Local Values. New name, new content, same focus on great values!

Look inside for great values from these stores:

Jewel, The Window Guys, Food 4 Less, CERTI SAVER, Miller's Carpet Care, roomplace, ACE, MENARDS, Cub Foods, American Mattress, Dominick's

(Note: Inserts not available in all areas)

---

The Window Guys **LOWEST PRICES of the year!**

Buy 10 windows Save \$1,750  
 Buy 7 windows Save \$1,050  
 Buy 5 windows Save \$625

Plus NO PAYMENTS 0% FINANCING FOR ONE YEAR!

WINDOWS • DOORS • SIGNS • MAINTENANCE FREE • ENERGY EFFICIENT • ONE DAY INSTALLATION

Call Today! 1-800-821-8899 \$129 \$179

Schedule Your Free In-Home Estimate Today & Save!  
 Call Toll Free Or Visit Our Showroom At 7421 W. Irving Park Rd., Chicago, IL

PLEASE DELIVER TUESDAY/WEDNESDAY 435 N. Michigan Avenue, Chicago, IL 60611 Customer Service 600-998-2359

In just 4 weeks, **Local Values** becomes **shopLocal**

New name, new content, same focus on great values!

shopLocal MAILBOX EDITION

To find online deals and local store specials together, go to [www.shoplocal.com](http://www.shoplocal.com)

MIDWEEK EDITION SHOP INSIDE

Domino's, Menards, DirectBuy, LA-Z-BOY, meijer, Food 4 Less, Cub Foods, ACE

READ INSIDE

HOME: Check out the latest furniture designs

FOOD: Leftovers can make a great meal!

SHOPPING: Find out which weekly-figuring products work best

Sudoku! Puzzle on page 3

Chicago Tribune What's in it for you?

PLEASE DELIVER TUESDAY/WEDNESDAY 435 N. Michigan Avenue, Chicago, IL 60611 CUSTOMER SERVICE 600-998-2359

GET IT AT HOME. SAVE MONEY. Call 1-800-311-4530 for subscribe online at [www.shoplocal.com/saveonline](http://www.shoplocal.com/saveonline). Ask about the special 1¢ offer when you call!

Chicago Tribune SUNDAY 99¢

Chicago Tribune What's in it for you?

8 JUN 1930  
 100 100 51  
 0 100 300 400 500



# Chicago Tribune

## More Choices and an Enhanced Environment in the Mail

2005

### Local Values

4 pages

Premium Offset Paper Stock

No Editorial

450+ Sub-ZIPs

Geographic Targeting

7-county Coverage  
(IL Only)

2006

### ShopLocal

8 pages

Magazine Quality Paper

Shopping/Lifestyle CT Editorial

800+ Sub-ZIPs

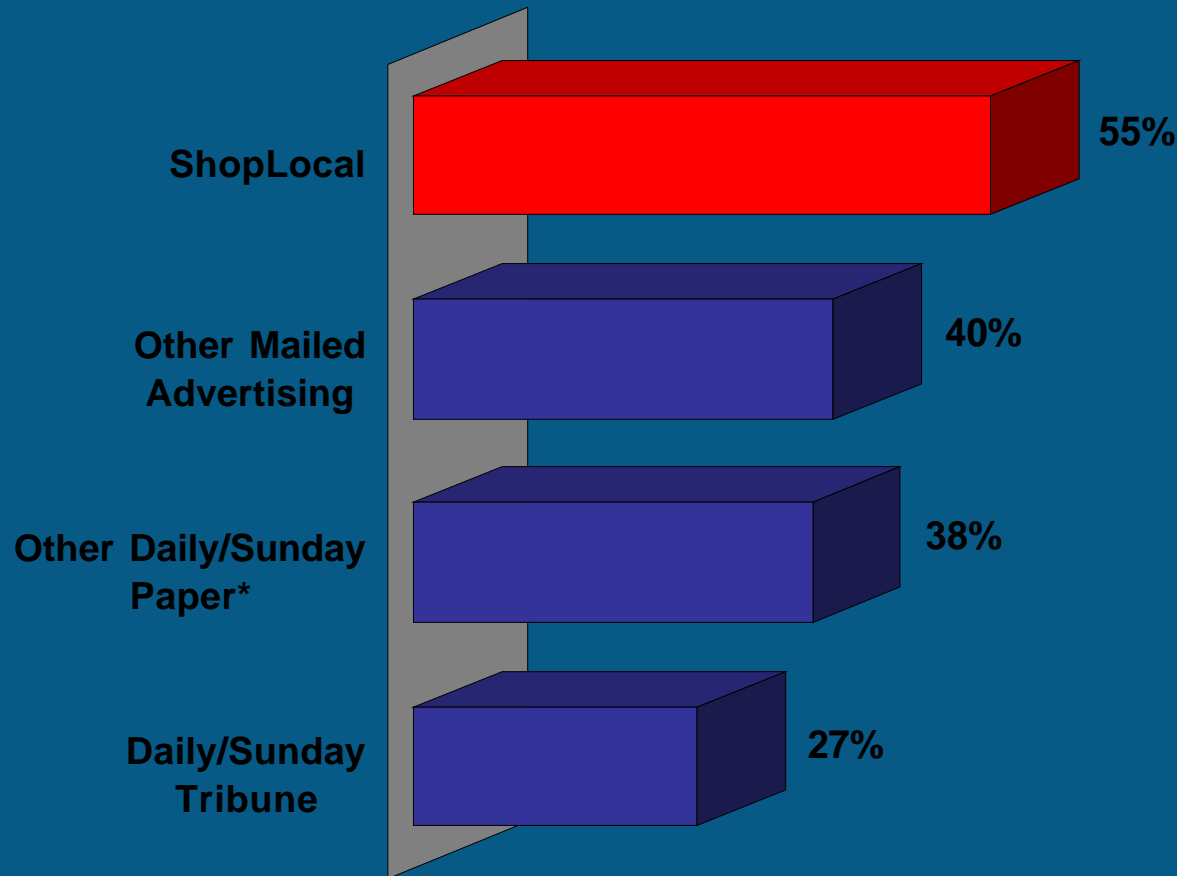
Geo/Demo/Single Family  
Targeting

9-county Coverage  
(Midweek Expansion into NW Indiana)



# 55% of Chicago Tribune Non-Subscribers Shopped in the Past 30 Days as a Result of Advertising in ShopLocal

*Shopped Past 30 Days as a Result of Advertising in:*



In the NSA non-subscriber study, past 30-day shopping as a result of advertising in the medium was:

- 28% for the TMC product
- 45% for other mailed advertising
- 44% for any daily/Sunday newspaper

\* Other than the Chicago Tribune.

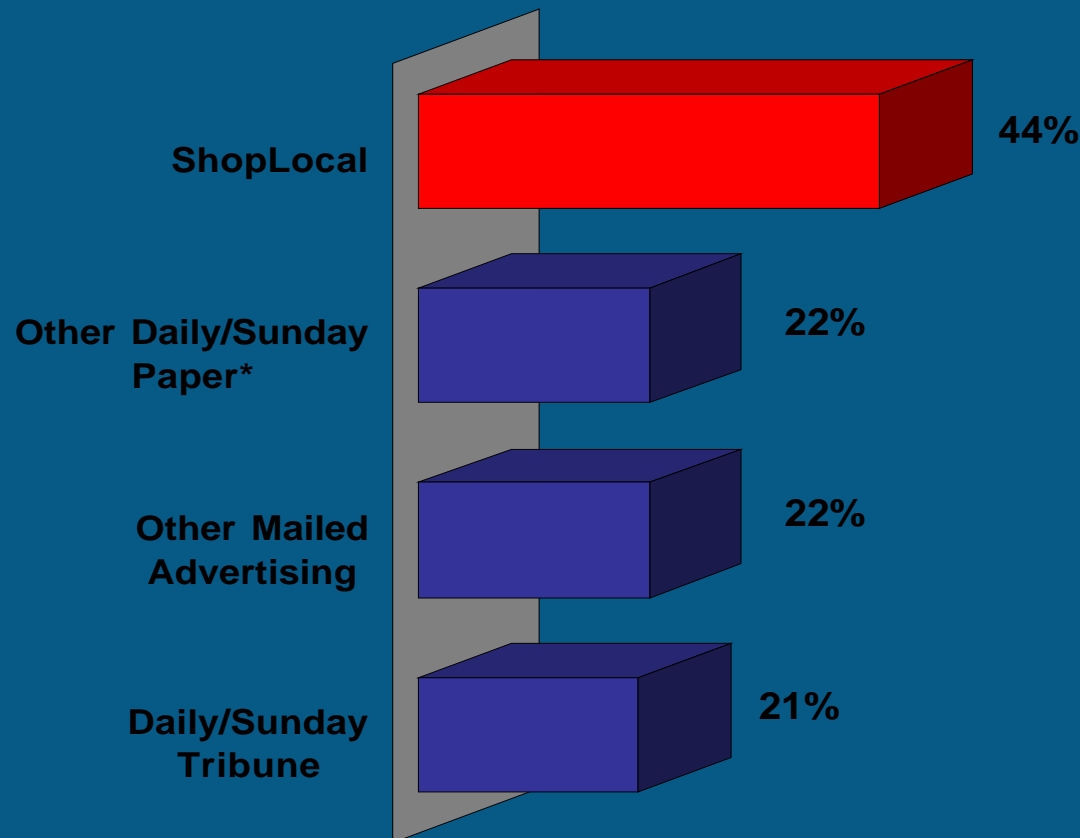
Base: Primary Shoppers in Chicago Tribune Non-Subscribing Households Who Use Advertising (487).

Source: 2006 Study of Advertising Use among Chicago Tribune Non-Subscribers, Conducted by Belden Associates.



# 44% of Chicago Tribune Non-Subscribers Made a Purchase in the Past 30 Days as a Result of Advertising in ShopLocal

Purchased Past 30 Days as a Result of Advertising in:



In the NSA non-subscriber study, past 30-day purchasing as a result of advertising in the medium was:

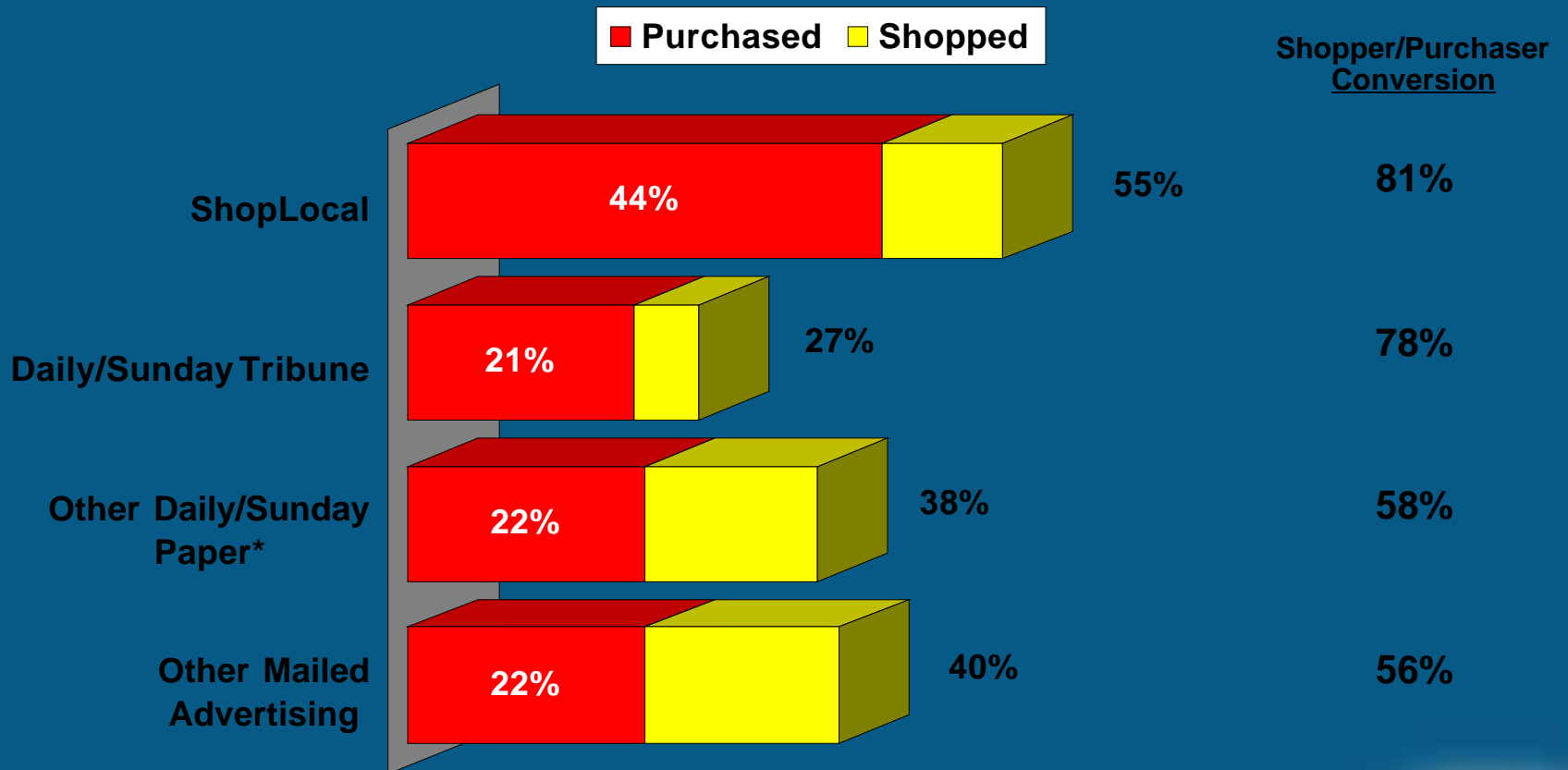
- 19% for the TMC product
- 29% for other mailed advertising
- 35% for any daily/Sunday newspaper

\* Other than the Chicago Tribune.  
Base: Primary Shoppers in Chicago Tribune Non-Subscribing Households Who Use Advertising (487).  
Source: 2006 Study of Advertising Use among Chicago Tribune Non-Subscribers, Conducted by Belden Associates.



# ShopLocal Converts 81% of Its Shoppers to Purchasers - More Than Any Other Preprint Delivery Product in the Market

Shopped vs. Purchased Past 30 Days as a Result of Advertising in:



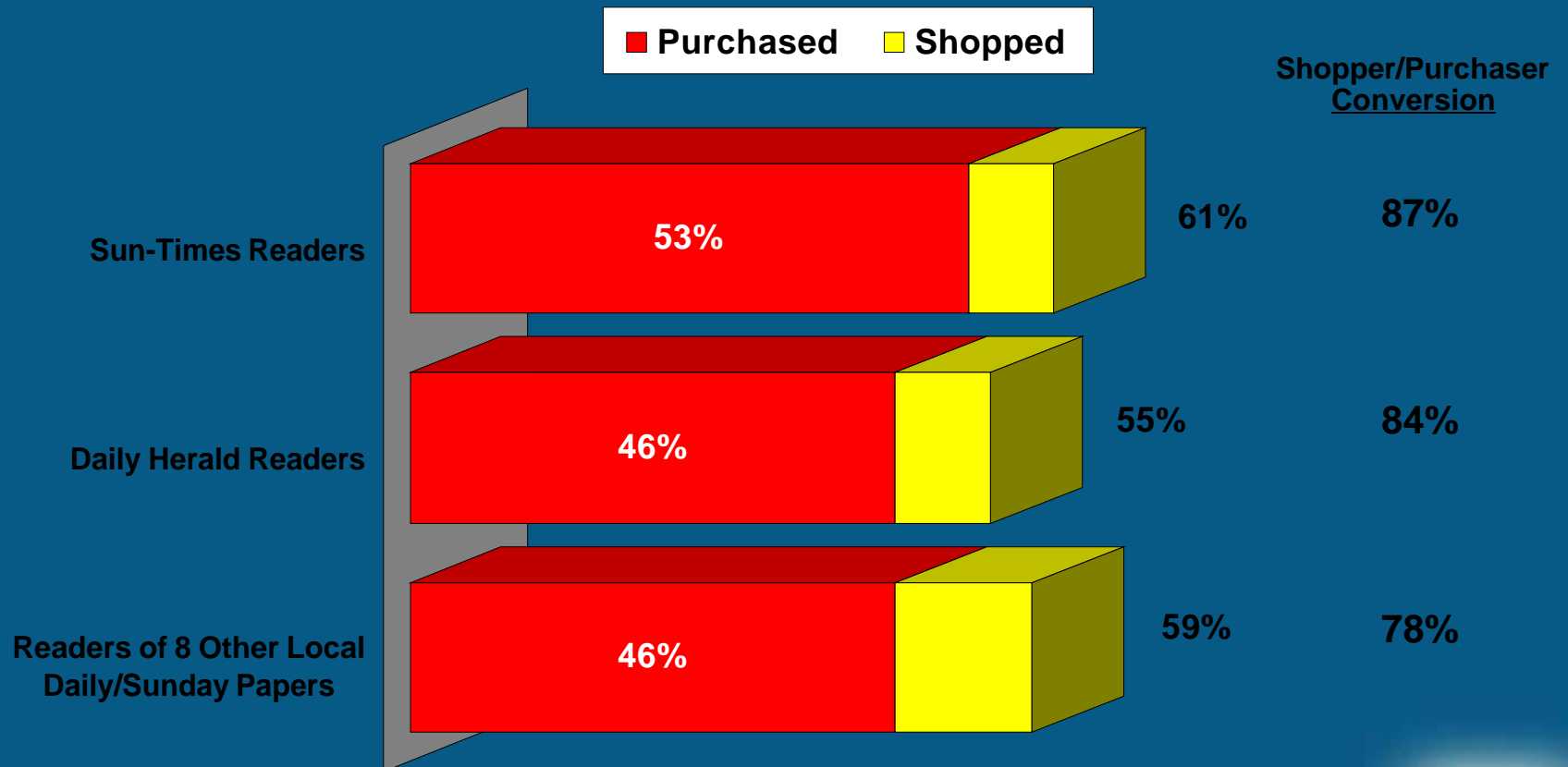
**In the NSA Study, the Shopper/Purchaser Conversion rate was 68% for the TMC product.**

\*Other than the Chicago Tribune.  
 Base: Primary Shoppers in Chicago Tribune Non-Subscribing Households Who Use Advertising (487)  
 Source: 2006 Study of Advertising Use among Chicago Tribune Non-Subscribers, Conducted by Belden Associates.



# ShopLocal Also Drives Significant Shopping and Purchasing Among Readers of Other Local Newspapers

Shopped vs. Purchased Past 30 Days as a Result of Advertising in ShopLocal:



NOTE: The 8 Other Local Newspapers include Aurora Beacon News, Daily Southtown, Elgin Courier News, Joliet Herald News, Kane County Chronicle, Naperville Sun, Northwest Herald, Waukegan News-Sun.  
Base: Primary Shoppers in Chicago Tribune Non-Subscribing Households Who Read Each Paper Past 5 Weekdays and/or Past 4 Sundays.  
Source: 2006 Study of Advertising Use among Chicago Tribune Non-Subscribers, Conducted by Belden Associates.

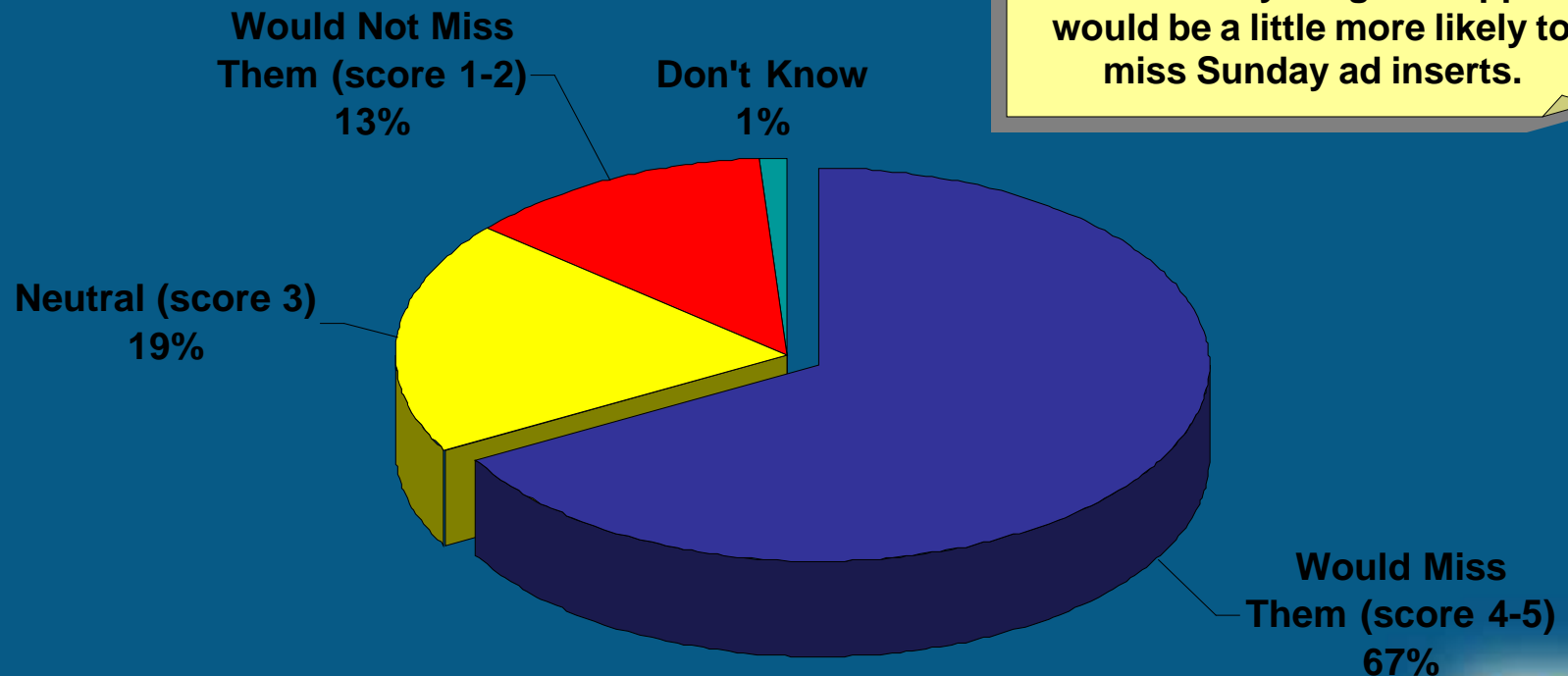


# What If Newspaper Inserts Went Away?



# Two-Thirds of Subscribers Would Miss Advertising Inserts if They Were No Longer in the Sunday Newspaper

If Sunday Paper No Longer Included Advertising Inserts:



NOTE: Shoppers used a 1 to 5 scale to answer.

Base: Primary Shoppers in Newspaper Subscribing Households Who Use Advertising (1,091).

Source: Study of Advertising Insert Use among Newspaper Subscribers, Conducted by Belden Associates.



# If Newspaper Inserts Went Away Valassis Video



# Final Words of Wisdom



# Audience Q&A



THANK YOU!!

