Mega-Conference
2.23.16

Time to Review Your Insert Strategy?
Strategies You Can Implement Now

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Data + Expertise + Workshop = Leverage

Why are you leaving money on the table?

Agency Perspective	Newspaper Perspective
Gather and Analyze Data	Difficulty gathering internal data
Working from an offensive position	Working from a defensive position
Clearly defined goals by account	Absence of goals by account and overall
Clearly defined negotiation strategy by account	Absence of strategic planning
Highly trained team only focused on contract negotiation (narrow and deep)	Sales team has multiple responsibilities and little time to focus on contract negotiation (shallow and broad)
Full data insight into how each paper’s rates compare to all others used by an advertiser	No data to compare with others

Wendy Wade

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- 18 years senior leadership experience NSA
- Led and created NSA Training
- Sat across the table from most newspapers
- 12 years corporate retail advertising experience
- President, Prism XL

Mike Petrak

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- Corporate VP Sales: Knight Ridder, Media News, Gatehouse Media
- Publisher: Two state capital newspapers (Boise, Springfield)
- GM: Kansas City Star
- EVP Tactician Media

Agenda

Problem

Why aren't our current insert strategies working?

Solutions

Data

Getting Leverage: Internal Data, External Data, Field Evaluation, Industry Information

Expertise

What we can learn about working with agencies and retailers

Workshop

Strategies for you now

"How much money am I leaving on the table?"

Data + Expertise + Workshop = Leverage

Insert profitability: An outsize impact

Preprint revenue and profit contribution
Ex: $100,000 revenue at 20% margin = $20,000
Ex: $100,000 of preprint rate = $100,000

No additional cost inserting $60/M pieces vs. $40/M

Saving/retaining/growing preprints contributes disproportionately to your bottom line.
Losses hurt more.
Gains grow faster.

Insert rate gains contribute 100% to profit yield and lessens your digital hill to climb.

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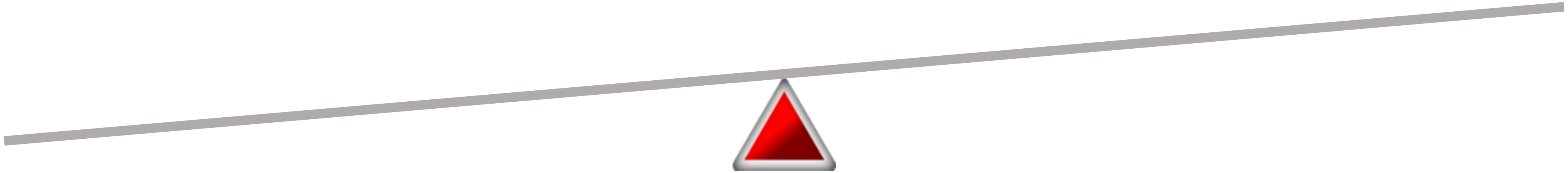
Leverage – Why is one party in control of the leverage?



Harvard, Michael Porter's Five Forces Model

- ✓ Buying Power Leverage
  - ✓Buyer concentration
  - ✓Buyer volume
  - ✓Buyer information
- ✓Threat of substitute products

Which elements of leverage apply to our industry? To you?

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Current State of Preprints

Newspapers Feel Pressure…

How many of these have you heard?

- ✓ Preprints don’t work.
- ✓ Preprints are too expensive.
- ✓ Your rates are the highest in the country.
- ✓ Budgets are being cut.

Why do you give up rate?

- Fear of pulling business?
- Believe that preprints don’t work?
- Make the customer (agency) happy?
- Rather get some money than none?
- Tired. Ran out of time. Other priorities so I settled?

Which of five reasons to give up rate is the most common response?

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Data

Internal Data
External Data
Local Market Data
Case Studies
Industry Research
Coupon Usage

Data supports negotiation goals.

Internal Data

Accounting Department

- ✓ Gather spending and usage details by account
- ✓ Contract commitment and fulfillment
- ✓ Rate changes compared to previous contract rates

Audits

- ✓ Circulation changes
- ✓ Reasons for changes

Advertiser Distribution Patterns/Buy Sheets

- ✓ Understand the current and previous distribution patterns
  - Changes in desired distribution Zip Codes/Zones
  - Potential reasons for these changes

Key data you already have that you should be using.

Do you have a pricing philosophy?

Department Stores	2015 1st half Revenue	Spend Rank	CPM	CPM rank	correlation
A	$463k	1	$53.73	3	**1:3**
B	$347k	3	$41.52	2	**3:2**
C	$458k	2	$37.30	1	**2:1**

Drug/Liquor/Pharmacy	2015 1st half Revenue	Spend Rank	CPM	CPM rank	correlation
A	$355K	2	$42.52	1	**2:1**
B	$391K	1	$45.28	2	**1:2**

General Merchandise	2015 1st half Revenue	Spend Rank	CPM	CPM Rank	correlation
A	$ 44k	3	$42,29	1	**3:1**
B	$419K	1	$45.99	2	**1:2**
C	258K	2	$55.46	3	**2:3**

Internal data shows revenue/price not in alignment.
Possible lift from "Fairness" strategy?

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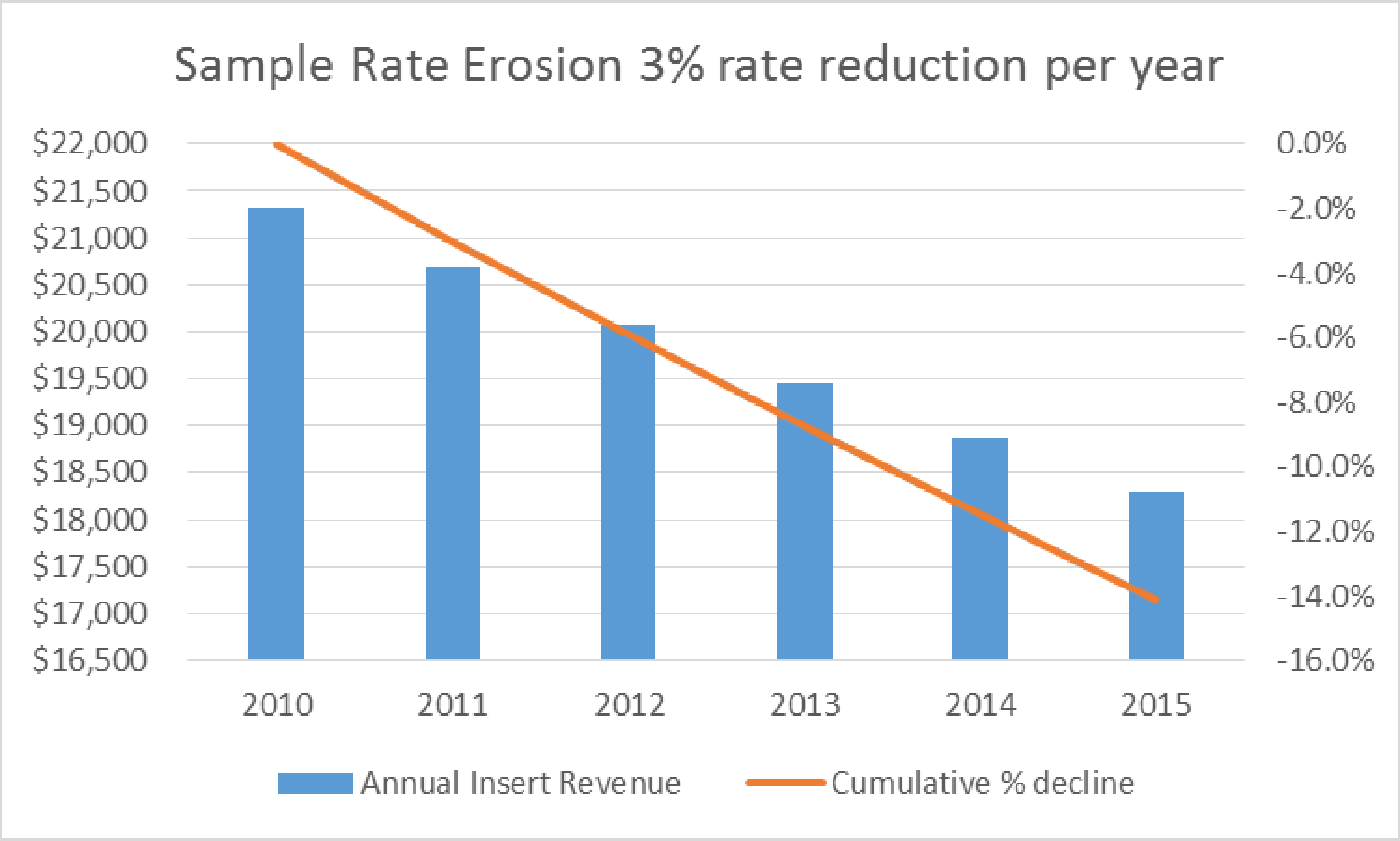
Do you understand the dangers of Rate Erosion?



Have you evaluated the long term impact of rate reductions?

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External Data Sources

Several Companies aggregate data and supply blind rate comparisons

Tactician Media Consulting

Industry and Field Research

- ✓ Triad Coda Ventures
- ✓ Media Insight Project (An initiative of the American Press Institute and the Associated Press-NORC Center for Public Affairs Research)
- ✓ Market Track
- ✓ Borrell

Retail Investment Reports

- ✓ Quarterly reports for publicly traded retail companies
- ✓ Annual reports
- ✓ Company websites – press releases, store locations

External Data Sources help you pinpoint areas of opportunity.

Tactician Media Consulting Sample Data

TacticianMedia

Market (All) | Vertical (All) | Advertiser (All)

Business Intelligence Dashboard
Summary

	Insert Date												
	2014	2015											
	Total				Q2			Q3			Total		
Vertical	Market CPM	Volume (Market)	Revenue (Market)	Market CPM	Volume (Market)	Revenue (Market)	Market CPM	Volume (Market)	Revenue (Market)	Market CPM	Volume (Market)	Revenue (Market)	Market CPM
Department Stores	$41.94	87,583,802	$3,508,023	$40.05	99,408,989	$4,058,067	$40.82	95,572,000	$3,829,631	$40.07	282,564,791	$11,395,721	$40.33
Drug/Liquor	$44.10	55,679,647	$2,447,740	$43.96	51,273,518	$2,174,912	$42.42	51,280,587	$2,188,309	$42.67	158,233,752	$6,810,962	$43.04
Electronic/Appliance	$39.55	20,225,191	$694,400	$34.33	13,865,678	$478,013	$34.47	15,222,265	$524,041	$34.43	49,313,134	$1,696,454	$34.40
Furniture/Mattress/Flooring	$33.46	17,081,881	$533,565	$31.24	16,527,405	$529,555	$32.04	15,917,327	$533,773	$33.53	49,526,613	$1,596,893	$32.24
General Merchandise	$42.34	41,745,567	$1,743,436	$41.76	38,885,600	$1,558,745	$40.09	33,413,980	$1,326,948	$39.71	114,045,147	$4,629,129	$40.59
Grocery	$38.80	43,970,413	$1,775,855	$40.39	41,751,150	$1,565,108	$37.49	33,178,304	$1,188,981	$35.84	118,899,867	$4,529,944	$38.10
Home Improvement	$37.70	20,521,991	$729,246	$35.53	42,645,163	$1,529,085	$35.86	27,763,205	$1,023,996	$36.88	90,930,359	$3,282,327	$36.10
Local Services/Retail	$40.05	24,652,374	$1,041,916	$42.26	27,603,941	$1,144,539	$41.46	22,825,390	$878,762	$38.50	75,081,705	$3,065,216	$40.83
Office Supply	$48.17	11,109,113	$510,797	$45.98	6,892,060	$309,536	$44.91	16,463,452	$776,703	$47.18	34,464,625	$1,597,036	$46.34
QSR/Restaurant	$32.51	8,702,032	$279,318	$32.10	7,150,942	$220,932	$30.90	6,691,768	$225,503	$33.70	22,544,742	$725,753	$32.19
Specialty Retail	$38.74	78,065,935	$2,864,430	$36.69	78,758,620	$3,034,162	$38.52	76,121,362	$2,880,197	$37.84	232,945,917	$8,778,789	$37.69
Telecom/ISP	$34.97	8,728,890	$284,926	$32.64	8,966,377	$294,729	$32.87	9,335,803	$270,875	$29.01	27,031,070	$850,530	$31.46
Third Party Brokers/Other	$30.33	74,004,241	$2,146,486	$29.00	60,081,550	$1,711,233	$28.48	60,372,991	$1,679,798	$27.82	194,458,782	$5,537,517	$28.48
Grand Total	$39.11	492,071,077	$18,560,137	$37.72	493,810,993	$18,608,617	$37.68	464,158,434	$17,327,517	$37.33	1,450,040,504	$54,496,271	$37.58

1 **Volume (Market)** – Total aggregated quantity of distribution
2 **Revenue (Market)** – Total aggregated revenue of distribution for a specific publisher or group of publisher
3 **Market CPM** – Aggregated CPM for a specific publisher or group of publishers

Quickly summarize usage/revenue and calculate actual CPM.

Tactician Media Consulting Sample Data

TacticianMedia

Market (All) | Vertical (All) | Advertiser (All)

Business Intelligence Dashboard
Gain/Loss Comparison Summary

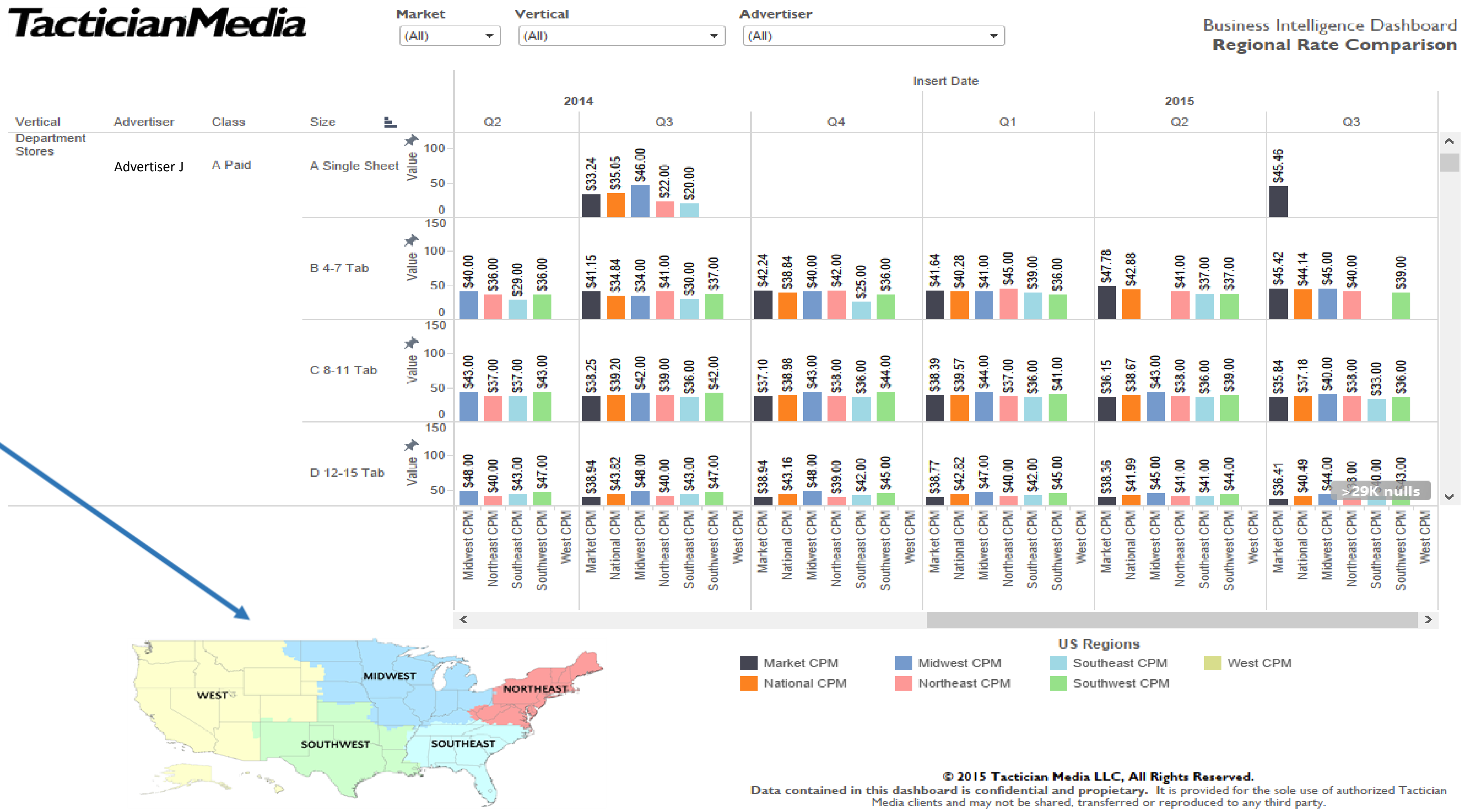
1. **Volume (Market)** – Total aggregated quantity of distribution
2. **Revenue (Market)** – Total aggregated revenue of distribution for a specific publisher or group of publisher markets
3. **Market CPM** – Aggregated CPM for a specific publisher or group of publisher markets
4. **Nat Est Revenue** – Aggregated estimated revenue utilizing the National Estimated CPM
5. **National CPM** – National average of aggregated CPM across all publisher markets
6. **Gain/Loss Revenue** – Difference between Market Aggregated Revenue and National Estimated Aggregated Revenue

			Insert Date									
			2015									
			Q3						Total			
							1	2	3	4	5	6
Vertical	Advertiser	Class	Market CPM	Nat Est Revenue	National CPM	Gain/Loss Revenue	Volume (Market)	Revenue (Market)	Market CPM	Nat Est Revenue	National CPM	Gain/Loss Revenue
Department Stores		A Paid										
		A Paid	$40.38	$76,764	$44.51	($7,125)	5,430,015	$221,889	$40.86	$242,894	$44.73	($21,006)
		A Paid	$97.45	$248,076	$75.90	$70,441	7,879,219	$763,145	$96.86	$550,185	$69.83	$212,958
		D Total Mark..					2,049,631	$198,862	$97.02	$115,991	$56.59	$82,871
		A Paid	$47.21	$4,068	$48.43	($102)	112,000	$5,159	$46.07	$5,158	$46.06	$1
		A Paid	$36.82	$569,626	$40.39	($50,356)	42,954,423	$1,631,474	$37.98	$1,771,722	$41.25	($140,259)
		B Community..	$30.00	$174	$32.58	($14)	386,465	$14,128	$36.56	$12,652	$32.74	$1,476
		C Select Mar..	$27.13	$11,299	$28.61	($582)	1,011,502	$29,114	$28.78	$29,691	$29.35	($577)
		D Total Mark..	$39.82	$5,108	$37.59	$303	2,694,147	$76,893	$28.54	$106,515	$39.54	($29,622)
		E Speciality	$39.82	$1,859	$25.70	$1,021	245,898	$9,792	$39.82	$6,376	$25.93	$3,415
		A Paid	$40.62	$1,082,831	$45.93	($125,051)	68,404,078	$2,753,806	$40.26	$3,084,329	$45.09	($330,536)
		B Community..	$42.60	$10,983	$35.24	$2,293	1,178,686	$51,792	$43.94	$42,061	$35.68	$9,731
		C Select Mar..	$54.51	$8,908	$46.87	$1,451	678,874	$38,362	$56.51	$31,365	$46.20	$6,997
		D Total Mark..	$38.52	$157,305	$39.07	($2,217)	7,851,543	$316,624	$40.33	$327,337	$41.69	($10,714)
		E Speciality	$30.00	$2,686	$37.14	($517)	227,163	$6,815	$30.00	$8,229	$36.23	($1,415)
		A Paid	$42.90	$20,820	$51.07	($3,331)	1,111,761	$48,453	$43.58	$54,999	$49.47	($6,546)

We identify specific dollar opportunity by advertiser by market.

Tactician Media Consulting Sample Data

COMPARISONS
PUBLICATION
ACTUAL
NATIONAL
MIDWEST
NORTHEAST
SOUTHEAST
SOUTHWEST
WEST



Make comparisons by region.

Local Market Data

Arm yourself with local insights

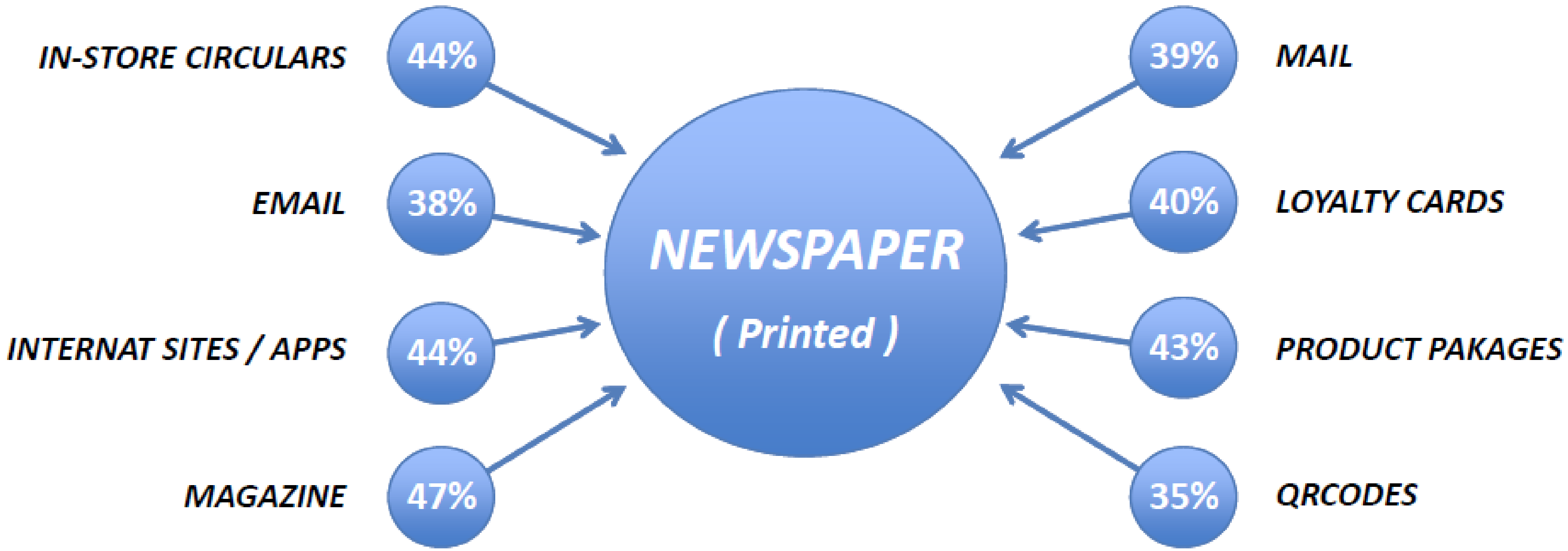
- Store/District/Regional Managers
  - ✓ Gather Case Studies
  - ✓ Understand store performance – track retailers' earnings releases
  - ✓ Store openings/closings
- Scarborough Coupon Usage

Be the expert on your market and retailers.

Industry Information - Ways Coupons Obtained

Newspaper the #1 source of Coupons, and Used Secondarily to All Other Sources

Monthly Coupons Users



Scarborough USA+ Fall 2014

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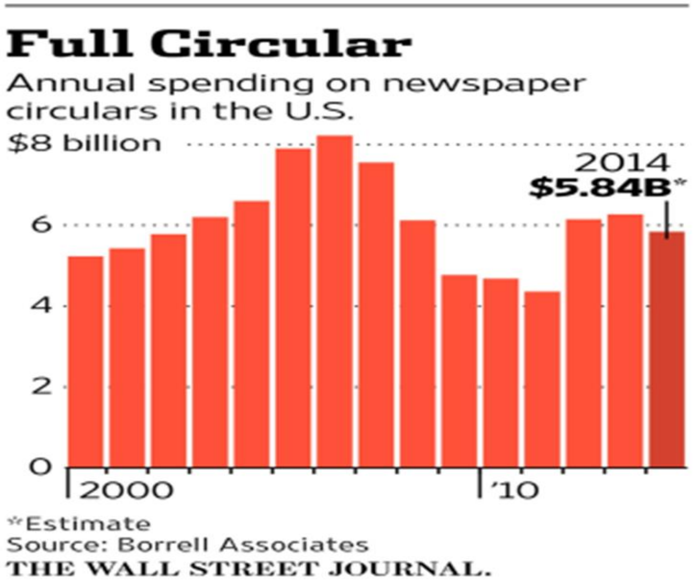
Industry Information - Reality of Preprints

Current issues we face –

- Volume: Circulation Volumes Down
- Product: TMC, SS not replacing lost circulation
- Pricing: Downward price pressure.
- Testing: Retailers willing to "test"
- But how does that compare to overall spend on newspaper preprints?

Data shows -



- Widely used
- Accepted
- Price and item results
- No digital replacement readily available

Borrell Associates show growth and stability since 2010

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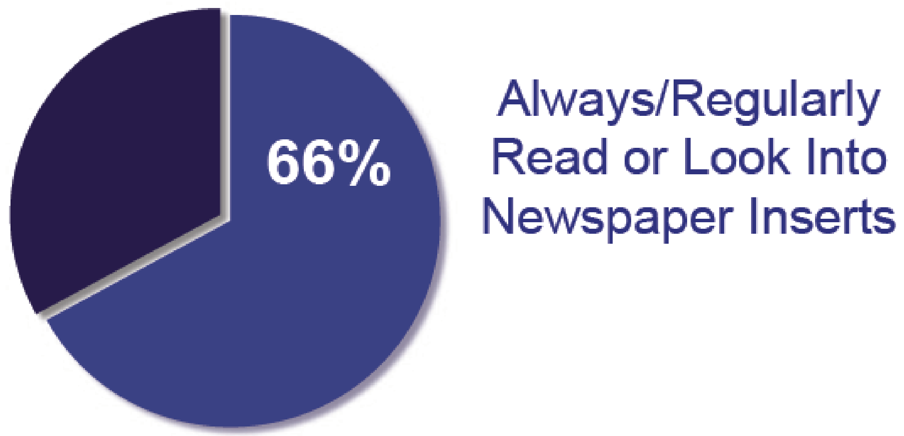
Industry Information – Insert Readership

According to the *Triad Newspaper Insert Study*, two-thirds of American newspaper readers report that they "always" or "regularly" read or look into preprinted inserts when they appear with issues of their regular newspapers.



Total Newspaper Readers

Frequency of Reading Inserts

Always	29%
Regularly	37%
Sometimes	25%
Seldom	7%
Never	2%

Base: Total newspaper readers (3,619)

Triad Coda Ventures 2015 study shows strong readership of preprinted inserts

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Industry Information – Newspapers are the preferred delivery method for inserts

Preferred Delivery

76% of readers prefer to receive preprinted inserts in their regular newspaper, followed by circulars delivered in their mailboxes.

Preferred Distribution	
Inserted into my newspaper	76%
Delivered in my mailbox	50%
Picked up at the store	46%
Coupons I download/print	31%

The Best Deals

65% of readers believe that the best deals on products can be found in newspaper inserts, followed by direct mail.

Perceived Bargains	
Inserted into my newspaper	65%
Delivered in my mailbox	39%
Picked up at the store	37%
Coupons I download/print	29%

Triad Coda Ventures 2015 study shows newspapers are the preferred delivery method for inserts

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Industry Information – Most Trusted Media Source – Across Generations

Millennials	
Newspapers	41%
Websites	20%
Television	17%
Social media	12%
Magazines	4%
Radio	2%
Online blogs	2%
Emails	1%
Mobile apps	1%

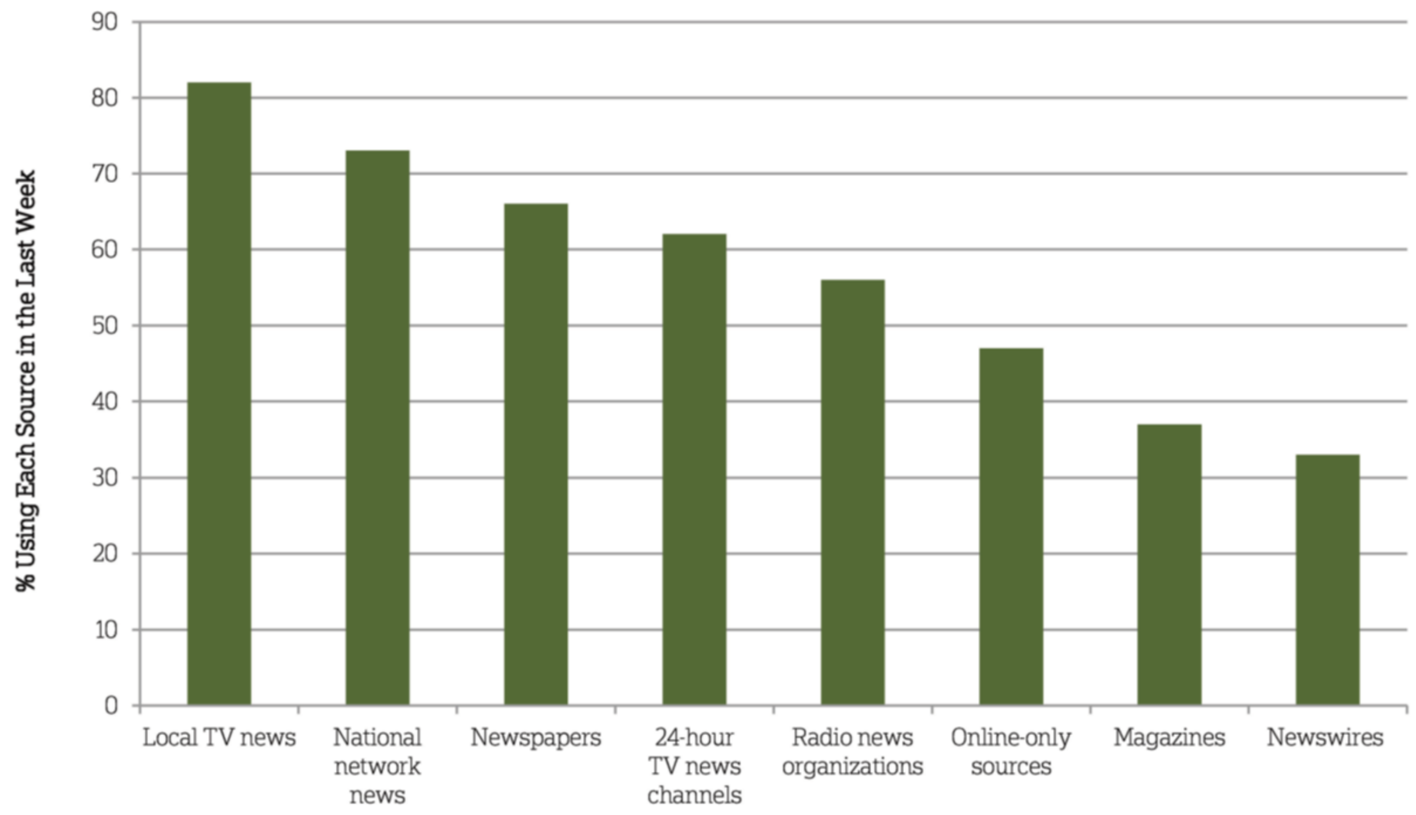
Gen Xers	
Newspapers	46%
Television	23%
Websites	16%
Social media	6%
Magazines	4%
Radio	3%
Online blogs	1%
Emails	1%
Mobile apps	-

Boomers	
Newspapers	44%
Television	33%
Websites	11%
Radio	5%
Social media	3%
Magazines	2%
Emails	1%
Mobile apps	1%
Online blogs	-

Triad Coda Ventures 2015 study shows newspapers are a trusted information source across generations.

Data + Expertise + Workshop = Leverage

Industry Information – Newspapers are a key source of news information



The Media Insight Project shows newspapers are still a key source of news information

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Expertise

Outsourcing to Agencies

Roles of Buying and Planning Agencies

Who, what, why, when?

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Why Outsource to a Buying Agency

- Retailers outsource to agencies to reduce costs
  - Print advertising is one of the largest line items on a retailer's annual budget followed by Human Resource expenses
  - Print is a target for procurement consultants and internal accounting departments due to the volume
  - Retail runs on very low margins so they watch every penny!
  - Reduce staff

Retailers need help to focus on their core business objectives.

Agencies: The Buying Process

Buying Agency	Planning Agency	Advertiser/Client
• negotiate contracted rates at client set savings targets • eliminate ineffective/unproductive distribution • track accuracy of placement • find and resolve billing discrepancies	• create recommended media strategies • allocate advertiser media funds to multiple channels	• create and/or approve all advertising plans • Create/control advertising budget • Create and/or approve all creative designs and messages • Determine items and prices to be featured

Agencies all get paid to provide services and the format can vary – *each client relationship and agency is different*

Agencies take care of less important tasks allowing retailers to focus on running their stores effectively

All have performance targets to meet to be considered successful!

Have you been selling to the wrong audience?

Mission Statements of Two Buying Agencies

NSA	Novus
Media Buying / Rate Negotiations Optimized media performance is a function of driving measurable results at a cost that ensures favorable ROI. Great results should not be offset by high media costs… We make sure of that. Our expert media buyers consistently deliver the most competitive media rates available, regardless of market conditions. Our broad base of industry intelligence informs our negotiations, and we leverage this knowledge to provide our clients with best-in-class rates.	Media Research • Better information for superior planning. Strategic Planning • Maximum exposure for your print media expenditure. Buying • Low rates with better ROI through strong publisher relationships, high flexibility and efficiencies of scale. Operations & Logistics • Solid systems, streamlined processes and simplified ad trafficking.
Source: NSAMedia.com/solutions/media buying, rate negotiations	Source: NovusMediainc.com/print

Similar message? If you are a top performer, shouldn't this justify higher rates?

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Workshop

Sample Negotiation Strategies For You To Use Now

- ✓ Collect "no's"
- ✓ A Better Middle
- ✓ Fairness
- ✓ Start Early
- ✓ Impasse: Negotiations failed to resolve gap

Data supported strategies improve the results of your negotiations.

Are you going to use the same failed strategies…
or, are you ready to change your actions and outcomes?

Others are turning data into dollars, why not you?

Data + Expertise + Workshop = Leverage

Are you prepared with data?

- Is all of your insert data organized and visible to those who need it in one place?

Others are turning data into dollars, why not you?

Are you prepared with data?

- Is all of your insert data organized and visible to those who need it in one place?
- Do you know which accounts are at risk, and by how much?

Others are turning data into dollars, why not you?

Are you prepared with data?

- Is all of your insert data organized and visible to those who need it in one place?
- Do you know which accounts are at risk, and by how much?
- Have you calculated how much money have you given away?

Others are turning data into dollars, why not you?

Are you prepared with expertise?

- Do you fully understand the difference between client and agency roles?

Others are turning data into dollars, why not you?

Data + Expertise + Workshop = Leverage

Are you prepared with expertise?

- Do you fully understand the difference between client and agency roles?
- Are you prepared to stop rate erosion, or are you a rate reduction target?

Others are turning data into dollars, why not you?

Are you prepared with expertise?

- Do you fully understand the difference between client and agency roles?
- Are you prepared to stop rate erosion, or are you a rate reduction target?
- Do you understand the differences between Analysis cycles and Contract Negotiation cycles?

Others are turning data into dollars, why not you?

Data + Expertise + Workshop = Leverage

Are your people prepared through workshop?

- Are you ready to shift from defense to offense?

Others are turning data into dollars, why not you?

Are your people prepared through workshop?

- Are you ready to shift from defense to offense?
- Are your people trained to create and implement new strategies?

Others are turning data into dollars, why not you?

Are your people prepared through workshop?

- Are you ready to shift from defense to offense?
- Are your people trained to create and implement new strategies?
- Are you ready to hear your people say "I feel more confident"; "I am ready to gain back losses when I negotiate"?

Others are turning data into dollars, why not you?

Data + Expertise + Workshop = Leverage

Upcoming Training Summits

- April 12th and 13th
- May 10th and 11th
- June 7th and 8th

- 2 days of interactive training and discussion in Oak Brook, IL
- In depth understanding of working with agencies, data driven strategy creation, and practice negotiation role play
- Participant workbook to keep as a reference so you can train other members of your team
- Within a few minutes drive of the NSA Media offices or a reasonable commute to the Novus Michigan Avenue Chicago office
- Space is limited with a minimum of eight participants per session

Others are turning data into dollars, why not you?

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Questions/Comments

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