

**9. CLASSIFIED NEWSPAPER ADVERTISING
FOR THE COUNCIL**

RR 11066

Officer responsible Director of Operations	Author Grant McSherry
Corporate Plan Output: Various Advertising Outputs	

The purpose of this report is to review the placement of classified newspaper advertisements in the Press and/or the Star. The 1999/2000 Annual Plan provides for the achievement of savings of \$400,000 in our costs for advertising and publications. Savings in the way we undertake our classified newspaper advertising can contribute a significant amount towards these savings.

CURRENT SITUATION

There are two major categories of newspaper advertising, classified and run of paper (ROP). This report focuses on classified advertising as the advertising rates, reasons for placement and flow of information differ significantly from ROP advertising.

Our current annual newspaper advertising expenditure between the Press and Star totals \$607,193 of which classified advertising makes up \$288,881. The detailed breakdown is as follows:

Press ROP	\$151,312	
Press classified	\$245,881	
Star ROP	\$167,000	(a further \$40,000 is spent in the Star's community newspapers)
Star classified	\$43,000	

The breakdown of our most recent four months of classified advertising (excluding agency advertising) in the Press is as follows:

Public notices	64%
Tenders	28.5%
Resource consents	5.5%
Property sell	2.0%

The Council places approximately 52% of its Press volume in Saturday issues and 48% in Wednesday issues.

In placing our classified advertising we use an accredited advertising agency (Brema Advertising). Brema collect advertising messages from the Council, group information into advertisements, book the advertisements into the media and typeset the advertisements. Advertisements are sent to the media by Brema via ISDN. Brema can also redirect a copy of each advertisement in finished form back to the Council for publication on its website. Brema charge the Council a fee for their service.

We have recently worked with Brema to decrease the average size of Council advertisements by 25%, saving the same amount on the cost of advertising.

CONSIDERATIONS IN MAKING CHANGE

It is necessary to consider a combination of elements when selecting advertising media. In this instance our focus has been:

- Readership within the geographic and demographic areas that the Council needs to reach
- Credibility of the medium
- Price

A price/readership combination gives a cost per thousand formula which is usually the major criterion used when buying media as a gauge of cost-effectiveness.

READERSHIP

It is important that the medium used delivers the message to the Council's target audience. This involves considering both readership and circulation. The standard provider of readership research for the newspaper advertising industry is AC Nielsen, an independent market research company.

When considering the results from AC Nielsen it should be noted that readership has been defined as reading a publication for a time period of two minutes or more, so quality of readership is not part of the equation. However, it can be assumed that if people were to read a publication for only 2-3 minutes each time, readership would also show as a decline over a period of time as readers would fall away altogether from an uninteresting publication.

The Press and Star often refer to two different geographical zones when quoting readership. While the Star use Christchurch urban area, which matches the Council's catchment area, the Press prefer to talk about its retail catchment area. This boosts readership through a larger geographical base from which to draw readers. The Press retail catchment area extends from north of Hanmer Springs to Rakaia in the south and the Alps in the west.

The Star's circulation area includes Rangiora and Kaiapoi, and the townships of Yaldhurst, Templeton, Halswell in the west, down to Lincoln in the south, and across to Governors Bay and Lyttelton.

The Star has a greater circulation within the Council's Christchurch urban area. The Star circulation in this area is 117,707 versus the Press 77,731. (Source: ABC 1999)

More relevant is that the Star has a greater readership within the Council's catchment area. Readership of the Star is 182,000 versus the Press 155,000 for all people age 15+ Christchurch urban. (Source: AC Nielsen 1998/99 readership)

When the readership is broken into demographics, the Star again is higher than the Press in almost every category within the Council's catchment area. Some basic demographics are listed below:

All people 10–19 years old	Press 43%,	Star 53%
All people 20-44 years old	Press 54%,	Star 68%
All people 45-59 years old	Press 69%,	Star 71%
All people 60 years plus	Press 68%,	Star 74%
Females 20 years +	Press 59%	Star 68%
Males 20 years +	Press 62%	Star 72%
Main income earner	Press 61%	Star 72%
Socio economic level 1 (<i>Top professional including doctors, lawyers, accountants, scientists etc</i>)	Press 73%	Star 69%
Socio economic level 2 (<i>Managerial/executive including managers, directors, computer programmers etc</i>)	Press 62%	Star 65%
Socio economic level 3 (<i>Clerical/supervisory including draughtsmen, clerks, real estate agents etc</i>)	Press 60%	Star 64%
Socio economic level 4 (<i>Skilled/technical - boilermakers, butchers, sales reps, hairdressers etc</i>)	Press 61%	Star 68%
Socio economic level 5 (<i>Semi-skilled including dry cleaners, truck drivers, postmen etc</i>)	Press 56%	Star 71%
Socio economic level 6 (<i>Unskilled workers including dustmen, labourers, packers, warehousemen etc</i>)	Press 47%	Star 65%
No paid employment	Press 52%	Star 66%

CREDIBILITY OF THE MEDIUM

Having considered readership, content and the history of both the Press and Star, both would qualify as a credible advertising choice for the Council. The Council is currently advertising in both publications, although most in the Press.

The Press has been the traditional medium for classified advertising. 91% of people in the Christchurch urban area consider the Press to be the most helpful medium for public notice advertising against 8% Star. (Source: AC Nielsen consumer pulse June 1998)

For employment advertising 96% of people find the Press to be most helpful against 3% Star and for entertainment advertising 88% Press to 12% Star. (Source: AC Nielsen consumer pulse June 1998)

The Press have the largest market share of classified advertising not including employment advertising, 87% against 12.4% Star.

The Press dominate the employment advertising market 94.7% against 5.3% Star. (Source: The Press statistics)

However, it should also be considered that Star currently publishes large volumes of Council news as editorial and therefore people already look to the Star for Council news.

COST

Based on negotiations with both newspapers, it is highly likely that the Council can obtain a significant reduction in the advertising rate for classified advertising from both the Star and the Press. The best and fairest way of testing this will be to call for tenders from the two newspapers.

It is appropriate to decide (in advance) whether any weighting should be given to either the Press or the Star when evaluating these tenders. Price may not be the best determinant. The accessibility of each medium to the people the Council needs to communicate with may be more important. The Star has higher circulation and readership, while the Press has been the traditional and expected place to find classified advertisements. Shifting our classifieds will require an education programme. The Star have offered to contribute to that cost.

It is anticipated that by a combination of the 25% reduction in space per advertisement, the removal of duplication, and the tendering process that our existing costs for classified advertising (\$288,000) are likely to be reduced by a figure in the range of \$120,000 to \$180,000.

DUPLICATED ADVERTISING

Currently we duplicate some advertisements in both the Press and the Star (\$43,000 of classifieds in the Star). From an analysis of a period between June and September 1999, most (80%) of this duplication was for tender advertisements. The rest were public notices regarding community services awards, arts funding, art gallery donations and road closures. It appears that most of this duplication is unnecessary and could be discontinued.

There are some advertisements that will or should remain in the Press if we shift to the Star. They are employment advertisements (that is where people look) and abandoned cars (required by statute to be in a 'daily' newspaper).

Recommendation: That the Council call for tenders from the Press and the Star for the placement of classified advertisements, for a one year term, subject to:

- (i) The tenders differentiating the categories of classified advertising.
- (ii) An analysis of the tenders being reported to the Strategy and Resources Committee.