

BUILDING CUSTOMER LOYALTY: CONVERTING CASUAL NEWSPAPER  
PURCHASERS TO DAILY SUBSCRIBERS

by

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## ABSTRACT

This study examined casual newspaper buyers as a potential target market in order to help the industry reverse a trend of declining circulation numbers relative to the population. Various factors relating to a casual buyer's self-rated likelihood to become a daily subscriber were evaluated, both in the current situation and in response to various hypothetical changes in the newspaper's marketing mix. These included improved editorial quality, a discounted subscription offer, improved color and graphics, a return to afternoon publication, and conversion to tabloid format. The variables studied pertained to consumer demographics, behavior, and attitudes towards newspapers and other media.

Research methodology consisted of a telephone questionnaire administered to a proportional sample of casual buyers of *The Vancouver Sun*. These consisted of both single copy purchasers (random telephone dialing) and weekend subscribers (from random computer-generated subscriber lists). A total of 302 usable surveys resulted.

Various significant variables were found in regression analysis against the proposed changes in the newspaper's marketing mix, but these proved to be fairly weak in nature. Paired t-tests showed small but significant gains in the aggregate likelihood to subscribe with all proposed marketing mix changes. Cluster analysis was then successfully employed to segment a group of casual buyers who were likely to become daily subscribers and the changes most desired by them to convert to daily home delivery. Further discriminant analysis isolated the variables that served as effective predictors for membership in this target group. From this a target market for the newspaper was defined that offered a potential increase of approximately 9% in average weekly circulation levels.

The predictive power of the model was found to be much greater in classifying those who were likely to subscribe daily, rather than those who were not. It was concluded that this was probably the result of a subset of casual buyers who were

atypically unlikely to subscribe, similar to atypical non-readers identified in a previous study.

Given these findings, it was also concluded that casual newspaper buyers should be thought of in dichotomous terms (either likely or unlikely to subscribe daily). The apparent existence of casual buyers atypically unlikely to subscribe further suggests more AIO research among this group and atypical non-readers in order for the industry to expand its target marketing beyond the minority of casual buyers who are likely to subscribe at present.

## EXECUTIVE SUMMARY

This thesis studied ways for newspapers to counter the prevailing trend of circulation declines common to the industry in both relative and absolute terms. It concluded the best course of action was to treat casual newspaper buyers (single copy purchasers and weekend subscribers) as a target market for conversion to daily subscription. By doing this, circulation and readership rates could be increased, making *The Vancouver Sun* a more attractive medium for advertising dollars.

The study attempted to formulate a model to determine which characteristics of subscribers would serve as the best predictors of the likelihood to subscribe daily in response to hypothetical changes in the newspaper's marketing mix. From these, an appropriate target market and strategy could be defined. Buyer characteristics considered fell into three major groups:

- demographics (age, gender, marital status, income, education, residency, etc.)
- behavioral variables such as frequency of purchase, use of other newspapers, subscribing history, number of features regularly read
- consumer attitude factors that included product satisfaction, reliance on other media, benefits sought from the newspaper.

The hypothetical marketing mix changes tested were improved editorial quality, discounted subscription offers, better color and graphics, a return to afternoon publication, and a switch to tabloid format.

Through the use of statistical analysis, a suitable target market was defined which comprised approximately 27% of casual buyers. This group was consisted largely of people who were recent arrivals to the area, with a high school education, who bought the *Sun* fairly frequently, and regularly read a wide variety of features in the paper.

The marketing mix changes most likely to entice them into subscribing were editorial improvements (particularly to national and international news coverage) and a discounted subscription offer. These changes were seen as feasible since they did not entail radical shifts in direction for the newspaper. It was estimated that if *The Vancouver Sun* implemented such moves, there would be a potential increase in circulation of approximately 9%.

The composition of the target group suggests the *Sun* should promote itself as a way for newcomers to the Lower Mainland to integrate themselves into the community. This implies the need for local news coverage that appropriately meets the needs of this target market and is perceived as such. While the potential gains from such a program seem quite worthwhile, it must be kept in mind that only a minority of casual buyers can be presently considered to be possible conversion targets. It is therefore recommended that more intensive research into the attitudes of casual buyers (and non-readers) be conducted to increase the size of the potential market.



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# **BUILDING CONSUMER LOYALTY: CONVERTING CASUAL NEWSPAPER BUYERS TO DAILY SUBSCRIBERS.**

## **Chapter 1**

### **Introduction**

#### **1.1 The Problem Facing the Newspaper Industry**

Since the mid-1970s, managers of North American newspapers have been worried about the failure of their industry to match population growth with corresponding increases in circulation and readership. Bogart (1989) charts the steady decline in the household penetration rate of newspapers from a high of more than 1.3 copies per day in the late 1920's to less than 0.7 in 1986. From 1960 to 1982 the proportion of adults reading a newspaper on a typical day declined from 80% to 67%. During this time frame the proportion of the population with at least a high school education increased from approximately 40% to more than 70% (McCombs, 1983). The steepest decline, however began in the mid-1970's (Editor and Publisher Yearbook; 1975, 1991) and has continued to the present.

While circulation for weekday editions of newspapers have lagged substantially behind population growth, the situation with Sunday newspapers is markedly better as they have declined much less in market penetration (Gollin, 1987). In addition, the proportion of newspapers bought through single copy purchase has increased through the first half of the 1980s, with a corresponding decline in the share of subscription sales. This is indicative of the increased proportion of newspaper readers who are not committed enough to the habit to become daily subscribers (Gollin, 1987). For the purposes of this work, those who are not daily subscribers (either single copy purchasers or weekend subscribers) may be considered together as casual purchasers.

The relative decline in newspaper circulations has not been as great in Canada as in the United States. Between 1975 and 1991 total circulation increased by only 0.05% in the U.S. and 3.9% in Canada<sup>1</sup>. In both instances, this growth lagged substantially behind the increases in total national populations. Similarly, the newspaper industry's share of total media advertising expenditures declined during this period from 29.1% to 22.5% in Canada<sup>2</sup>, and from 29.9% to 24.1% in the U.S.<sup>3</sup>. While the growth of cable television was responsible for some of the decline, the failure of newspaper readership to keep pace with population growth undoubtedly made the medium a less attractive venue to invest advertising dollars.

## **1.2 Newspapers and Their Customers**

When examining the buying and reading habits of consumers, it is clear that they are far from homogeneous in either their patterns of newspaper purchase or use. Furthermore, there may be greatly different underlying motivations for outwardly similar behaviors. At one extreme, there are people who rarely or never read a newspaper. Some may not read for obvious reasons such as poor eyesight or lack of access to the product, while others have the attributes normally associated with newspaper readership but who, for various subtle reasons, choose not to do so (Poindexter, 1978).

Another group consists of persons who read the newspaper on an infrequent (less than three times per week) or irregular basis. Among these are consumers who subscribe, but only to weekend editions. Reasons for this usually center around the extra features of the weekend paper, a lack of time during the week, or access during the week to a paper purchased by someone else. At newsstands or vending boxes some buy on certain days because a favored feature appears, and there are those who buy on impulse, often because of an interesting story on the front page.

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<sup>1</sup> *Editor and Publisher Yearbooks*, 1976, 1992.

<sup>2</sup> *A Report of Advertising Revenues in Canada*, Mclean Hunter Publishing.

<sup>3</sup> *Standard & Poor's Industry Surveys*, 1975, 1991.



Daily subscribers may also occasionally be included among casual readers, as there might be days when they lack the time to read or nothing in the paper interests them. Yet they subscribe daily for the convenience of home delivery, the knowledge that the paper is there if they want it, and possible price savings compared to buying at the vending box more than three or four times a week.

Lastly, there are those who read the newspaper every day or nearly so. They are usually assumed to be daily subscribers, though this is not always the case. Some could buy from the vending box every day. Despite price savings, they may not subscribe daily because home delivery does not arrive early enough, they live in an apartment building to which the newspaper carrier does not have access, or they have suffered poor service in the past. Frequent readers are also not necessarily purchasers of newspapers, because they could have access to a paper bought by someone else.

### **1.3 Possible Solutions**

Since newspaper publishers are concerned with declining market penetration, an obvious solution would be to seek ways to increase circulation (the number of copies sold) and readership (the total number of people reading the publication). As a mature or declining industry, newspapers could attempt to implement one of three alternative strategies in trying to ensure their survival. The first would be purely defensive in nature, with emphasis on maintaining the current loyal base of readership with little or no effort to broaden the appeal of the product. A second plan of action would see dailies reach out through large-scale changes in their marketing mix to attract both casual and non-readers to become frequent readers. This could entail radical measures such as a change in publication cycle or format, and major changes in editorial styles or priorities. The third alternative would be to hold on to the existing base of circulation, while at the same time selectively reaching out (through careful refinements of the marketing mix) to those

segments of the population that are most likely to become frequent readers and who have the necessary demographic appeal to advertisers to make such efforts worthwhile.

A purely defensive posture is risky in that the industry can hope to do no better than the current situation. As will be discussed later, industry profits as a whole are down from typical historic levels (Lacy, 1992). This has caused much concern, and therefore no improvement over the current situation would probably be unacceptable to most publishers.

In the second case, major alterations in product content may antagonize current readers without guaranteeing at least a corresponding increase in new readers. Furthermore, the overall demographic desirability of the readership to advertisers may decline as a result. An example of such would be the replacement of higher income readers with those having lower income levels.

It seems likely that some form of the third strategy would have the best chance of improving the industry's fortunes, or at least enable its survival. Such a plan would not put the existing base of readers at risk, nor would it preclude opportunities for growth. A likely first target group would be casual purchasers of the newspaper, whether they be weekend subscribers or single copy buyers. As these consumers are not averse to newspapers, they would probably be easier to convert (or win back) to frequent readership than would non-readers. From the industry's standpoint, the most attractive route would likely be through an increase in daily subscribers from this group. There are three reasons for this:

- 1) Daily subscribers represent a stable base of circulation, that is guaranteed business. Acton (1987) found subscribers much more likely to have read all the previous five editions of the daily newspaper than single copy buyers. It means the purchase of the newspaper is not dependent on such factors as whether the news seems interesting on that particular day, if the reader has the correct change for the vending box or if the box has sold out, the weather, or the mood or physical wellness of the prospective customer. In

addition, the increased circulation that typically occurs on weekends can cause problems in terms of lengthened production times. It can create difficulties for carriers as the number of customers they deliver to on their routes may rise dramatically over weekday norms. The quality of delivery service might suffer too, as carriers are less familiar with their weekend customers and may be more likely to miss delivery.

2) Home delivery is also advantageous from a readership standpoint as each subscription copy can often be read by more people, on average, than a single copy purchase. A newspaper delivered to the home can be read by other members of the household as well as visitors, but one bought on the street may well be discarded before the purchaser goes home. Thus the reach of advertisers is increased, making the medium more attractive as a promotional vehicle. Acton (1987) found subscribers citing use of newspaper ads in making shopping decisions more frequently than single copy readers. It is advertising that is the lifeblood of most newspapers, typically accounting for the bulk of all revenues (Picard, 1981). The rates paid by advertisers for space is naturally dependent on such factors as circulation, readership, and audience demographics. Consequently, the loyal daily subscriber is a valuable asset to any newspaper.

3) The management of single copy sales can be problematic. In the ideal, every vending outlet should be stocked with just enough papers to meet demand, with no copies left unsold and no potential customers turned away by a sellout. However, because demand can vary greatly from day to day, the publisher risks losses from either unsold papers or missed business.

4) A larger, stable base of daily subscribers gives the newspaper access to more information about its readers. As a result newspapers will be better able to serve as conduits between advertisers and potential consumers through a more precisely defined audience.

Consequently, a primary marketing challenge the industry faces is how to convert casual buyers of their product into daily subscribers. Aware of the advantages of daily

subscribers, newspapers frequently offer subscription rates that are considerably discounted over the cost of everyday single copy purchase. *The Vancouver Sun*, for example, charges \$10.50 per month for daily delivery, little more than half the newsstand price. On top of this, publishers frequently offer introductory subscriptions with even deeper discounts (the *Sun* has recently offered three months for \$19.92). In addition, most newspapers willingly bear the burden of higher costs associated with home delivery through carrier supervision, customer service, and invoicing.

Another alternative has been editorial changes to make the product more visually attractive and interesting. Publishers are frequently seeking to emulate the success of *USA Today* and its pioneering use of color and graphics (Hartman, 1987). The 1970s and 80s saw the successful introduction of several tabloid newspapers in Canadian cities such as Toronto, Edmonton, Winnipeg, Vancouver, and Ottawa. This format was often found to be more convenient (especially for transit commuters) than the traditional broadsheet format.

Finally, many newspapers have tried to make their product more compatible with modern lifestyles by switching from afternoon to morning publication, thus allowing consumers more time to read during the day, and to provide more up-to-date reporting of the news (Vivian, 1982; Rarick and Lemert, 1986). Yet little has been done to delve into consumer attitudes towards such conversions or to study various demographic factors that may impact on the degree of acceptance by both regular and casual newspaper readers. Consequently, it is not known which of these strategies, either singly or in combination, is most effective in attracting casual readers into becoming daily subscribers, nor the motivations to be a casual purchaser or subscriber.

The purpose of this study is to examine casual newspaper purchasers as a target market group and determine which characteristics (if any) they possess that may be useful in determining an appropriate marketing strategy. In doing this, five central issues will be dealt with: Firstly, are there demographic differences among casual purchasers that

can be usefully employed by marketers in terms of segmentation to establish and prioritize target markets?

Second, do casual purchasers differ from one another in terms of benefits sought from the newspaper? If this is indeed the case, perhaps these differences may serve as valid predictors of the likelihood to subscribe. In addition, they may point in the direction of needed editorial improvements to make the product more attractive to the casual buyer.

Third, are there variables in consumer behavior related to the frequency and method of purchase that act as useful indicators of the likelihood to subscribe? For example, one may speculate that people who are exclusively single copy purchasers differ in some ways from weekend subscribers. If so, then these may again be used by marketing managers within the industry to plan strategy.

Fourth, we must consider the competitive context in which daily newspapers exist. Not only may they face competition from national daily and local weekly publications, but from the electronic media (primarily television) as well. The extent of a consumer's reliance on alternative sources of news may well affect the likelihood that he or she will subscribe.

Lastly, to what extent can alterations to a newspaper's marketing mix improve the likelihood to subscribe on a daily basis? Specifically, these relate to pricing (such as discounted subscription offers) and product (improved news coverage, better layout and graphics, more "soft" news features). If there is no appreciable change in the casual purchaser's intention to subscribe, then such efforts might entail unnecessary costs and risks.

As such, it is important to remember that net gains in the subscriber base can only occur if there are more customers commencing subscriptions than stopping. Not only must industry managers endeavor to attract new business, they must be careful to hold on to what they currently have. Grotta and Babbili (1983) found differences in the level of

commitment among subscribers to the newspaper habit. Many customers are in fact marginal subscribers who are primarily interested in the price and content of the newspaper, and usually have subscribed for only a relatively short period of time. Determining what will keep them as subscribers over the long term will greatly influence the ultimate success of any strategy designed to increase circulation.

## Chapter 2 Review of the Literature

### 2.1 Attitude, Lifestyle, and Newspaper Marketing

Marketing research has long recognized the importance of attitude as a determining factor in consumer behavior. Attitude has been defined as "an overall evaluation that enables one to respond in a consistently favorable or unfavorable manner with respect to a given object or alternative" (Engel et al., 1990). Positive relationships have been established between attitudes, intentions, and behavior (Rosenburg, 1956; Fishbein, 1963). As a result, consumer attitudes towards a product or its purchase may ultimately have an impact on their buying behavior (Bass and Talarzyk, 1971).

A manifestation of attitudes is an individual's lifestyle. The 19th century German sociologist Max Weber is generally credited with the invention of the term (Schweitzer, 1977). Adler (1952) used it to define a person's motivation towards living a certain kind of life. To him, defining a person's lifestyle could be used to predict behavior. However, neither Weber nor Adler had a systematic measurement system for the construct.

Ansbacher (1967) identified three key properties of lifestyle:

- 1) Unity of behavior in a consistent and predictable pattern.
- 2) Uniqueness, in that persons of the same social background could have different lifestyles.
- 3) It is operational in that it can be observed and measured.

Further refinement of lifestyle measurements were done by Wells and Tigert (1971) in devising inventories of activities, interests, and opinions (AIO), a line of research that eventually came to be known as psychographics. Plummer (1974) categorized lifestyles by activities (vocational and avocational), interests, opinions and demographics. Marketing practitioners have made extensive use of these measurements

for purposes of market segmentation. These have ranged from efforts of social marketers to effect changes in behavior such as drinking and driving (Lastovicka et al., 1987) to the marketing of ordinary consumer products (Andreason, 1984).

Social trends affecting lifestyle could have a significant influence on the marketing process. Cetron et al. (1988) list major trends in U.S. society that impact on people's ways of living. Among them are urbanization, greater personal and career mobility, the rise of the service and knowledge economy, increasing female participation in the workforce, the aging of society, consumerism, and the leisure society. For the newspaper industry in particular, trends such as greater personal mobility and urbanization could be seen as threats since they may lessen an individual's sense of identification with the community and reduce the believed importance of staying informed about local events. By the same token, the increase in households where both heads work outside the home may have lead to problems with a perceived lack of time for reading a newspaper on a regular basis. As such, marketers must endeavor to stay on top of these societal shifts as they may greatly influence patterns of consumption.

The newspaper industry in the United States has also studied lifestyle (Schwartz et al. 1979; Schweitzer, 1977) and attitude (Barnhurst and Wartella, 1991; Meyer, 1982) characteristics in order to analyze the behavior of both readers and non-readers. Much of this research has been prompted by worry over the relative decline in both circulation and readership rates among daily newspapers in the United States. Publishers have been concerned as smaller audiences for their product means less appeal to advertisers from whom newspapers derive most of their operating revenue. Consequently, they have experimented with various strategies including a widespread switch to morning publication, content changes, and greater use of color and graphics.



## 2.2 Explanations for the Newspaper Industry's Problems

Stone (1987a) discusses various explanations that have been offered for lagging circulation and readership trends. Among these were the following:

- A preponderance of negative news coverage as crime, political corruption, international conflict that tend to depress people and create aversive attitudes towards newspapers. The frequent repetition of stories along these themes would likely create a sense of fatigue among some readers, who would begin to tire of a continuous succession of depressing stories with only minor variations in setting and characters.
- Changes in people's lifestyles, specifically an increase in the proportion of working women, a general lack of time to read that may be a result of two-income families, an increase in the number of young (18-24) adults leading "unsettled" lives. This is frequently manifested as a lack of concern for community issues and indifference to, or alienation from, the political process in general. Characteristic of an unsettled lifestyle would be postponement of marriage, decisions not have children, frequent changes of residence, living a great distance from the area one was raised as a child, and a lack of steady employment.
- The effect of competing mass media, particularly television. As the broadcast media tend to be less intellectually demanding, they are perceived as being more "convenient". Television particularly is perceived by consumers to be a more personal medium, and often more trustworthy, than newspapers, as many appear to feel "seeing is believing". In addition, TV newscasts enjoy greater immediacy than news in print, and this advantage has been further enhanced with the introduction of 24-hour news services such as CNN.
- An inability to read or enjoy reading a newspaper. Some observers speculate (Yankelovich, Skelly and White, 1976) that declining literacy standards and other factors influencing the motivation to read have adversely impacted upon newspapers. Others believe that younger adults tend to be more intellectually lazy in that they are not prepared to expend as much cognitive energy exploring the issues of the day in depth.

Television offers such people an easy escape in permitting them to believe that they are well informed with a minimum of effort.

- A generally negative or indifferent attitude towards newspapers by young adults.

Increasingly, newspapers are viewed by this group as lacking importance in their lives, as they believe that newspapers do not deal with the issues that are most salient to them.

Broadly speaking, this group tends to be more self-absorbed than older adults, and as a consequence seeks information that is more directly relevant to their day-to-day lives.

The result of this is frequently manifested in apathetic or antipathetic attitudes towards "hard" news items that have traditionally been the staple of the newspaper industry.

- The decline of the individual who is active in community affairs, and feels a duty to keep informed. This is reflected most dramatically in decreasing voter turnout at election time in the United States (though it is less of a problem in Canada), and widespread disenchantment with the failings of the political process such as corruption and lack of responsiveness to the citizenry. It may also be a consequence of "unsettled" lifestyles mentioned previously, whereby increasing numbers of people have no solid stake in, or attachment to, their community. Homeowners, families with children, the economically advantaged can more readily perceive their self-interest in the community and its affairs, and are therefore more willing to take an active part in the life of their locality and stay informed.

In addition, some readers may have become disenchanted with the increasing importance of "soft" news features such as lifestyle and advice columns that have characterized modern newspapers. To them, such a switch in emphasis may mean increasing irrelevance as they value a newspaper for timely and insightful reporting of "hard" news.

Of all the explanations given, some appear to be more plausible than others. The fact that the Canadian newspaper industry has done better than its American counterpart is likely an indication of the importance of political involvement as Canadian voter

turnout at election time tends to be higher than in the U.S. The large numbers of people living in urban centers without strong attachments to the community probably has a similar relationship to the decline in newspaper reading.

One may speculate at length about the competitive effects of television, however it seems likely that its presence would likely have a negative impact on newspapers, at least among less committed readers. The availability of one or more specialty news channels to cable viewers along with regular network and local newscasts has the potential of powerful competition for the loyalties of casual newspaper buyers.

## DEVELOPMENT OF THE NEWSPAPER READING HABIT

### **2.3 Influences of Early Life Exposure to Newspapers**

Stevenson (1979) concluded that newspaper readership was largely a function of experience with the medium as a child. While changes for a minority do occur, this is more likely to be a cessation of the habit rather than taking it up. The study identified three primary segments of the newspaper audience. First, there is the core of readers with strong, permanent attachments to their community. These people look to the newspaper for information and guidance in maintaining civic links and are heavy consumers of traditional news, opinion, and background features. Other readers have few permanent attachments to the community and are more likely to be younger and more mobile. Their primary area of interest is lifestyle and entertainment features. The third segment is primarily made up of older people whom the newspaper serves by maintaining ties to the community and a way to spend time now that there are few other demands upon it.

Barnhurst and Wartella (1991) compiled the subjective experiences of young adults to gain insight into their attitudes towards newspapers. They used essays by university undergraduates in communications about their personal involvement with newspapers from their childhood years. Frequently, this relationship started with an interest in the comics, gradually progressing to encompass other features of the paper.

Though many of the essayists stated that the newspaper was not an important part of their lives, reflection on the family rituals that frequently surrounded its reading seemed to bring out feelings of regret and loss that they no longer took an active interest in it.

For many, the newspaper heavily symbolized the transition to adulthood. At a young age, it was seen as a prop for older people. Parents and teachers frequently held up its use as a sign of maturity. A newspaper also highlighted the nature of the power relationships within the family, as it was often a source of conflict. The many uses of the newspaper as a tool led to varying feelings about it. It could be a source of information, entertainment, a means of earning money, an aid to housecleaning, material for crafts, and so on.

Barnhurst and Wartella (1991) conclude that the utility of newspapers has been seriously undermined by the traditional priorities of editors. International, national, and even state news simply does not have the relevancy to young adults that people and places they know do. As a result, there is a dichotomy between their facts and newspaper facts, and they are unlikely to become readers. To make sense in the context of their lives, newspapers must be more prepared to deal with local issues, as students must first become citizens of their families, schools, and communities, where they live out their lives. The authors believe that the shift to "soft" features such as lifestyle and advice columns in an attempt to make the "hard" news more palatable fails to address the underlying problem. For this there must be a redefinition of facts and citizenship, allowing younger adults to see themselves as participants in public life with the power to help determine its course.

Stone (1987) reports on research done by The Newspaper Advertising Bureau based on thousands of surveys and other research strategies over a 30 year period. It indicates that patterns of newspaper use are largely determined by the extent to which one reads papers during the high school years. By the late teens, a person's reading frequency

and content preferences are almost set for life. This process is complete for most individuals by their late 20s.

It seems clear from the existing literature that the time of late childhood and adolescence is key to the formation of a life-long newspaper reading habit. If exposure to the medium is lacking in the home, then it is much less likely a person will become a regular reader. Alternative avenues of exposure may be found in the school system and other promotional vehicles used by the industry in trying to reach this audience. One such example is the Newspapers In Education program adopted by many publications, which seeks to expose youngsters to the uses of a newspaper in the classroom. However, it is obvious that the industry must adopt a long term approach to this type of marketing, as participants in an NIE program can not be expected to become regular readers of newspapers for another 5 to 15 years. In addition, follow-up research will have to be done to determine the effectiveness of such programs.

## CONSUMER DEMOGRAPHICS

### **2.4 Readers and Non-readers**

Poindexter (1978) explored why some people are non-readers of newspapers. This group can be divided into two segments. First, there are those whom she describes as typical non-readers. These are people who, for obvious reasons, would not be in the newspaper reading habit. Such reasons include poor eyesight, illiteracy, lack of fluency in English, very low income, and living outside newspaper distribution areas.

In contrast to this group are atypical non-readers, those who possess the characteristics normally associated with newspaper reading but choose not to. Often these people were well educated, upper-middle or upper class. In fact, their numbers are greater than those of typical non-readers. As a consequence, they are a subset of the population that is highly appealing to advertisers from a demographic standpoint, and by

extension, to newspaper publishers. Among non-readers as a whole, the most frequently cited reasons for not reading were lack of time, preference for another medium, cost, and lack of interest. Both groups equally preferred radio and television as a news source.

Poindexter (1978) concluded that atypical non-readers avoided newspapers primarily because of a lack of time and dissatisfaction with content. Lack of time was especially salient for higher-income atypical non-readers. Yet non-readers do not seem to be generally apathetic, as 60% indicated that they were interested in keeping up with events. This is a hopeful sign for newspapers, as it indicates that atypical nonreaders might be converted if they perceived significant improvement in the content of the product.

McLeod and Choe (1978) found that audience characteristics could act as both a stimulant and a deterrent to circulation. High income people were more likely to read a newspaper everyday, yet also more likely to reject the local paper in favor of an outside publication. Similarly, married couples are more apt to read a newspaper everyday but less likely to be multiple readers. They concluded that age, education, and income were not the strongest predictors of readership. Older age correlated strongly only with reading a newspaper everyday. Higher levels of education is associated with multiple readership, but also with choosing a non-local paper over a local one. Higher television viewing time is correlated with lower circulation only among those who read one newspaper, but conversely is tied more strongly with reading that paper daily. Afternoon newspaper readers tended to be somewhat more politicized, preferred hard news stories, and were less frequent viewers of entertainment programs on television. Lastly, important ongoing news events were found to be stimulative of the newspaper habit as coverage of the Watergate crisis was tied to more frequent reading and a greater incidence of multiple readership.

Poindexter's (1978) work was followed up by Lipschultz (1987). He sought to more specifically define the reasons why some people avoid reading newspapers. A

survey of non-readers (usually don't read, and didn't that day), casual (usually do read, but didn't that day), and regular (usually do read, and did that day). The respondents were asked to rate their level of agreement with 12 reasons for not reading (see exhibit 1).

The results of the survey indicated that non-readers were significantly different on six of the avoidance items. These were use of radio-TV, cost, usefulness, interest, trust, and detail in the newspaper. On only one item, lack of time, were casual readers significantly different from regular readers. However the author admits to a problem in interpretation. "It takes too much time to read a newspaper" could mean there is not enough time to read everything of interest or it might be construed to mean the time spent reading could be better spent doing something else. Similarly, only on attractiveness were non-readers significantly different from regulars, but not from casual readers. In this study, demographic variables such as sex, urban/rural residence, employment and marital status were not significant describing differences. Education was found to have significant consideration, as non-readers tended to have lower levels of education while age had limited explanatory power. That conclusion is markedly out-of-step with the results of other studies, as age is usually found to be a powerful predictor of newspaper usage.

Factor analysis was used to construct consumer profiles based on the responses. Two items, time and advertising, were dropped as the author did not consider them to correlate with any other item. This is rather questionable, as time spent can be seen as a sacrifice associated with newspaper use just as much as cost, and advertising may be seen as useful information enhancing the utility of the product. Casual readers, as a group did not produce distinctive data. Non-readers, as with readers, could be grouped around utility factors such as interest, usefulness, cost, and timeliness relative to radio and TV. A second group of non-readers defined by perceived difficulty of news stories and detail of information. Questions of credibility tended to be clumped with poor writing and attractiveness. For readers, there was a clear division with a factor clustered around

credibility, with bias and trust of information included. A third factor for readers centered around evaluation of the newspaper from the standpoint of difficulty to read, poor writing, detail, and attractiveness.

The author concluded that the differences between regular and casual readers were subtle. Demographics, with the exception of education and, to a lesser extent, age, were not significant predictors of newspaper use. As such, Lipschultz recommended a more developed conceptualization of avoidance gratification. However, it is likely that the methodological failings of this study contributed to the unusual findings. The work lumped together people who read the free campus newspaper as well as the local daily. Lipschultz's operational definition of the casual reader in this study may have brought together people who read the newspaper almost everyday and those who read a newspaper three or four times a week. In addition, the level of avoidance was measured using only a three-point scale. Finally, the wording of some of the avoidance items is ambiguous and could be improved.

Kubas (1981) examined Canadian readers and non-readers during the 1970s. He found those aged 35-54 with annual incomes greater than \$25,000 and post-secondary education were the heaviest users of newspapers. In addition, English-speaking Canadians read newspapers more frequently than their Francophone counterparts, and readership also varied by region as people in Ontario tended to be likeliest to read newspapers frequently while residents of the prairie provinces were least likely. Market characteristics also seemed to influence readership as the heaviest newspaper use occurred in metropolitan areas of 500,000 to one million inhabitants, while competitive markets showed higher rates of usage than non-competitive ones. Women were found to be twice as likely as men not to read a newspaper at all during the week, while males were more likely to read at least five issues.



### **Exhibit 1**

#### Reasons Cited For Not Reading Newspapers (Lipshultz, 1987)

- It takes too much time to read a newspaper regularly.
- Newspapers don't print much of interest to me.
- Newspapers cost more than they are worth to me.
- Newspaper stories are too one-sided and biased.
- You cannot trust what you read in most newspapers.
- Newspapers have too much advertising.
- Newspapers generally are poorly written.
- Most stories in newspapers are difficult to read.
- There is not much in newspapers that is useful to me in my daily life.
- There is too much detail in most newspaper stories.
- By the time I see a story in a newspaper, I've already heard about from radio or television.
- Most newspapers are not very attractive or easy to look at.

Non-readers (those who said they did not read a newspaper during the last week) gave the following reasons for not reading:

- they obtained their news mostly from radio and TV.
- there was no newspaper readily available.
- they had no time to read.
- newspapers were considered poor value for the money.

These people tended to be over 55, with less than a high school education, living in rural areas with no local daily newspaper. The Atlantic provinces contained the highest proportion of non-readers, and Francophones and other non-English speakers were the most likely to be non-readers.

In terms of attitudes towards newspapers and other media, Kubas found Canadians regarded newspapers as better than television for covering local events and items they were personally interested in, while TV was rated ahead for national and international news. Radio fell behind newspapers and television in all categories except local news coverage where it was considered second to the newspaper. Qualitative assessments were similarly split as respondents favored TV for immediacy, lack of bias, influence, believability, and importance to the country. Newspapers were rated higher for importance to the community and range of opinions, while tying with television for personal importance. Again, radio trailed the other two media in all categories except lack of bias, where it was rated ahead of newspapers.

In comparing the works of Lipshultz (1987) and Kubas (1981), there seem to be some patterns. Lack of time is a frequently cited reason for not reading a newspaper. Non-readers also seem to prefer television due to its greater perceived credibility, immediacy, and importance to the country. Television is also rated better for coverage of national and international news. Given this, newspaper marketers should work toward enhancing the perceived credibility and importance of their product in people's lives.

Measures in this direction could include increased breadth and detail in news coverage, as well as the avoidance of sensationalism.

In dealing with the lack of time problem, editors should work to design their publications so that the consumer can be guided quickly and easily to the features they consider to be most important, so that the sacrifice of time is minimized.

## **2.5 Age and Newspaper Usage**

The attitudes of 21-34 year olds was studied by Larkin et al. (1977). They found that people in this age group are less "newspaper oriented" than those over 35. Rather than being strongly negative towards the medium, most are indifferent. This attitude extends to the other mass media as well, as the media are often considered peripheral to their lives. Television was seen by this group as primarily for entertainment, while newspapers were used to gather specific information. They also held generally more favorable attitudes towards television. Respondents indicated that they believed TV to be more accurate, informative, ethical, easier to use, more relaxing and more essential than newspapers. They tended to view newspapers as helpful and economical, but also biased and old fashioned.

People in this age group tend to have different lifestyles than the over-35s and this is reflected in uses of the newspaper and areas of interest in its content. As a group they are likely to be more self and family-oriented than community-oriented. Topping the list of features they wanted to see more or much more of (in contrast to the over-35s) were: consumer information, schools and education, ads of special interest, how-to-do-it. photographs, background and feature stories, movie reviews, schedules and advertising. They also tended to have more favorable attitudes towards newspaper advertising than commercials on TV, agreeing that a newspaper without advertising would be less useful to them.

Mauro and Weaver (1977) investigated patterns of readership among men and women, 18-34s and older people. They found that young men tend to read less of a newspaper than older men. Both groups had the same general level of interest in sports and entertainment features, while the under 35s spent considerably less time on foreign news. With the exception of sports and general service items, the reading patterns of women were generally the same as men, and there was little difference between older and younger women. The study concluded that men fall into four main reading groups. First, there are men primarily interested in hard news concerning government, crime, economics, consumerism, and human interest (41% of reading activity). A second group sees the newspaper as its main source of sporting news, in effect as a daily sports magazine (16%). A third pattern involves men who look to the newspaper as primarily a source of personal entertainment (9%). The last group was defined by an interest in general service items and business listings (9%).

In contrast to the under-35s, older adults tend to remain loyal newspaper readers. Salisbury (1981) found that newspaper use remains peaks in middle age (45-54) and remains fairly constant thereafter. This, despite the fact that the over-65s tend to have less education than younger age categories. Elderly individuals (over 65) are the most likely to have a daily subscription to their newspaper, and 94% of the elderly who do have home delivery are likely to be frequent readers. Salisbury concluded that newspaper use in later life is influenced by three key variables: education, visual acuity, and perceived importance of current events.

The aging of the American population was the focus of the work of Bramlett-Solomon and Merrill (1992). They studied the newspaper habits and community attitudes among retirees living in Sun City, Arizona. The paper found that there were significant positive correlations between newspaper use and the degree of self-reported community involvement, especially for those who reported reading two or more newspapers each day. These heavy readers were also more likely to be dissatisfied with conditions in their

community than one-paper users or non-readers. There were also significant correlations between the proportion of the newspaper read and community involvement. Study results showed people with an active involvement with the community were more likely to read at least half of a newspaper than those who were uninvolved. The authors recommended that older newspaper readers be treated as active, critical, and faithful consumers of the product, and constituted a growing market that could not be ignored by publishers.

While Bramlett-Solomon and Merrill did not state whether activism increases or decreases with age, their findings should be treated with some caution. Though seniors generally have many free hours to devote to the media and community concerns, the ability to do so can be lessened or stopped by deteriorating eyesight and one's general state of health. As a result, marketers should be cognizant of these realities when making their plans.

From the literature, we can conclude that newspaper readership is less popular with those under 35 than with older people. It seems to reach a plateau at about age of 45 and remains fairly constant thereafter. How long this pattern would continue after retirement is open to question, as failing eyesight and other health problems may serve to discourage even the most loyal reader.

## **2.6 Changing Roles for Women and Newspaper Use**

The effects of increasing female participation in the workforce on newspaper readership were studied by Einsiedel and Tully (1981). Their study evaluated two data sets. One was based on a random telephone survey of 408 women in Syracuse, New York during 1979. The other was based on the results of a readership survey of 6,000 respondents for the Ottaway newspaper chain in 1976. Data from this survey included the responses of approximately 3,000 women in 11 cities.

Employment status was found to be significantly related to the age, income, and education of the participants. Working women tended to be younger, with more education and higher household incomes than their non-working counterparts.

Among the Syracuse respondents, working women were found to be more likely to read a newspaper once or twice a week than non-working women, while housewives were more likely to read a paper nearly everyday than working women. There was little difference in reading frequency between blue and white collar working women, which seems to discount the effects of education. In the Ottaway survey no significant differences were found in the frequency with which working women and housewives read the newspaper.

Among traditionally low-reading groups (low income and education, young, very old, single, rural and central city dwellers) there were more readers among working women. This group also displayed a greater range of interest in newspaper features than did housewives in the low income segment. Neither survey revealed significant differences in content preference between the two groups. Lastly, working women tended to be more critical in their evaluations of the media than their non-working cohorts.

The authors conclude that few generalizations could be drawn from these studies. Working women are not a homogenous group as they have differing motivations to work, age, income, education, and stage of their family life cycle. In addition, Syracuse has a larger population than the Ottaway cities, so the studies have limited comparability.

A markedly different picture was drawn by McGrath (1993). In her work she cites evidence indicating that the decline in readership among women has been even greater than among men during the preceding decade. While 58% of males claimed to read a newspaper everyday in a 1991 survey, only 46% of women did. Not only did this represent a 12-point gender gap, but also a substantial increase from the four-point differential of a similar survey conducted in 1982. The difference between men and

women was most pronounced in the 30-44 age category where the proportion of females reading everyday declined from 70% in 1972 to 38% in 1991.

While increased participation in the workforce and the rise of the single-parent household may be causes of time-poverty among women, this is not reflected in reading comparisons between career woman and homemakers. The readership rates for those who work outside the home are at least as high as for those who are housewives. Rather McGrath concludes, contrary to Mauro and Weaver (1977), that the decline in newspaper readership among women is a primarily the result of a lack of relevance to, and a remoteness from, their daily lives. This is the consequence of the fact that few newspapers have features that appeal to women with the same urgency that the sports section has for many men. Where strong readership is found among women, it is usually related to local news in close-knit communities.

Focus group discussions among women participants in which they have been asked to describe a newspaper as a person invariably paint a picture as a (usually conservative and older) male. This can be attributed to the fact men have a stronger presence on the pages of newspapers than women do. In addition, the editorial rooms of newspapers remain dominated by men, who generally comprise two-thirds of the staff. Such dominance is reflected in the allocation of news space, and the style in which news is covered. While men are generally concerned with the facts of a situation, women are more concerned with the meaning and subtext of an event. Men's interest lies in the details of politics, news, and sports, while women's interest lies in the details of personal lives. As such, women are less attracted to the daily paper than men.

In the past, many newspapers featured a women's section. However, these were often dropped as they began to appear patronizing towards women in an era of increasing feminist consciousness. However, McGrath believes that if newspapers are to recapture women readers, then it may well be time to resurrect the women's section (or perspective) in a new and improved form. Some publishers are already actively researching such a

concept, and initial tests have showed promising results among both current and potential female readers.

From the existing literature it seems quite clear that demographic factors relate strongly to the frequency of newspaper reading. Age, income, gender, education, and area of residence all seem to play a role in determining how frequently one reads a newspaper. As daily subscription by necessity means frequent purchase of the newspaper, so too should these factors influence the likelihood to subscribe.

## CONSUMER ATTITUDES

### 2.7 Reader Psychographics

Schwartz et al. (1979) studied psychographic profiles of newspaper readers in the midwestern United States. They identified the following four groups:

1) Young Optimists (17.8% of sample, 38.7% male). People in this group are at the early stage of what they expect to be a promising life. Most have a high paying job and are under 34. They expect a future of continued high income, achievement, and satisfaction. These people are heavy readers of housing ads, horoscopes, puzzles and games, and classified advertising. They are the least frequent readers of weather, traveling, gardening, local and world news, religious reporting, and editorials.

2) Traditional Conservatives (30.7% of sample, 29% male). This lifestyle is characterized by stability and respect for traditional values. They read a large number of content categories and in fact spend more time with the newspaper than any other group. Traditional conservatives are relatively frequent readers of travel, gardening, advice columns, letters to the editor, national and world news, local deaths, and church news. They were the least interested of all groups in business news and had comparatively low income.



3) Progressive Conservatives (36.7% of sample, 55.5% male). People in this group are generally satisfied with their lives. They are typically 35-45 years old, married, with some post-secondary education, and an above-average household income. The lifestyle of this group represents a respect for traditional values, but they are open to new experiences. Their lifestyle is reflected in their reading preferences as they are very interested in business news, as well as editorials, comics, national and local news, book reviews, the arts.

4) Grim Independents (14.9% of sample, 94.2% male). Although demographically similar to the Progressive Conservatives they have a distinctly more negative outlook on life. He wants little to do with his community and sees himself as a loner, independent and somewhat different from others.. Typically he has a moderate to high income and a job that requires some physical skill. He prefers the traditional style of marriage (wife as homemaker) and takes a dim view of what is perceived as the excesses of modern society. He enjoys sports and this is reflected in his reading habits. Usually he finds enjoyment in solitary pleasures such as working around the house or watching television. His type is also a comparatively heavy reader of the business section.

The authors acknowledge major limitations in this study. First, the sample population was drawn from a specific geographic area that was quite conservative in nature. Secondly, frequency of reading can be a function of how often a feature appears on the pages of a newspaper, not solely of reader interest. However, the lifestyle segmentations of this study correspond strongly with others that have been observed. Mitchell's (1984) Belonger, Achiever, I-Am-Me categories seem to match with Traditional Conservative, Progressive Conservative, and Young Optimist respectively. The Grim Independent could be considered an amalgam of parts of Mitchell's Sustainer and Belonger classifications.

Attitudinal factors affecting newspaper circulation were analyzed by McLeod and Choe (1978). In this study, they found that no one set of audience characteristics can

predict all the influences affecting newspaper circulation. While a lack of interest in politics was a good predictor of the non-reader, demographic and motivational factors played a stronger role in separating frequent from casual readers. Content preferences and use of magazines were distinctive characteristics of multiple newspaper readers while demographics largely determined preference for an out-of-town newspaper over a local one. Where there were two newspapers within a community, with differing editorial viewpoints, political affiliation was a strong determinant of preference.

### **2.8 Civic Attitudes, Political Activism, and Newspaper Use**

The differences in level of community involvement between readers and non-readers has been the subject of numerous studies. Stephens (1978) found that sense of attachment to the community where one lived was a more important determinant of the newspaper habit than age, years of residence in a community, education or household income. Adults with strong community attachments were likely to spend more time, but not more money, on newspapers than those with weaker attachments. Finally, highly mobile adults often developed a multiple newspaper reading habit as they had more than one community attachment, for example place of birth and area of current residence.

Stamm and Fortini-Campbell (1981) conducted a two-part study investigating the link between involvement with the community and newspaper usage. They first operationalized community involvement through a construct that comprised five underlying factors. These included a desire to keep up with community events, shared concerns with others in the community and ideas for improving it, a willingness to connect with other concerned residents, and a desire to work for change.

The results of the study showed a statistically significant positive correlation between all the components and number of newspaper subscriptions, and all, except connecting, for time devoted to reading newspapers. There were also positive correlations for all components with home ownership and voting in recent elections,

indicating a consistent pattern of behavior in which people who perceive a higher stake in the community tend to want to keep better informed and are more politically active as well.

Differences in civic attitudes among non-readers and non-subscribers were explored by Einseidel and Kang (1983). Their research indicated significantly higher measurements for readers compared to non-readers on civic attitude scores. There were also higher ratings for subscribers compared to non-subscribers though these differences were not as great. When demographic factors were tested for effect on civic attitude scores, income and age did not account for significant differences, though education did. The authors concluded that the belief that one has a duty to stay informed is a significant predictor of the newspaper reading habit, though less so of subscribing to the newspaper. Demographic variables of income and education seemed to mediate the likelihood of one becoming a subscriber.

Kebbel (1985) examined the strength of political activity as a predictor of newspaper use. For the purposes of this study he devised a scale of political activism based on the following: voting in elections, working for a political party or candidate, attendance at campaign meetings, display of campaign buttons or posters, approaching people to support their candidate, and contact with the civil service regarding some issue or problem.

The study first compared the effects of age, income, education, and gender as predictors of newspaper usage. Age was found to account for the greatest proportion of the variance (39%) while gender the least (2%). When political activity replaced gender, and income was dropped (as it highly correlates with education) in the model, political activity was found to account for 55% of the variance recorded. Overall, Kebbel concluded, political activity was the best predictor of newspaper use, followed by age. The worst predictors were education or income, depending on the model. As a result, he recommended that newspapers try to draw people into the political process as it is easier

to change this aspect of their lives, rather than their age or income. To do this, they should consider sponsoring voter registration drives, encourage the use of newspapers in school civics classes, support neighborhood councils with slots for young people, and sponsor bipartisan political projects for service clubs with a young membership. This maybe more difficult than foreseen by Kebbel. Recent research indicates that "the under-35s, and particularly those between 18 and 29, read less, know less, care less, vote less and are less critical of almost all institutions than any previous generation polled at the same age" (Leo, 1992)

McCombs (1983) concluded that newspapers (like any other commercial product) relied on a properly nurturing cultural climate in order to survive. To this end, he felt that newspapers must be able to adopt to changes in this climate whereby staying informed was no longer considered as essential for good citizenship. To facilitate this, he called for the further development of civic attitude scales in order to better measure this social trend and allow newspapers to deal with the phenomenon in a more systematic manner.

## NEWSPAPER USES

### **2.9 Needs Fulfilled by Newspapers**

Lain (1985) used factor analysis to determine patterns in the needs of readers and demographic variables. He concluded that there were three basic needs fulfilled by newspapers. The first factor was called "surveillance" and was defined as the general need to keep abreast of events from the local to world level. Key predictive variables were found to be age, race, and sex. Young (18-34), white, males showed the highest need for this factor, though it is precisely this age category that most worries publishers by their relative failure to take up the newspaper habit.

A second factor was named "companionship" which included the need to overcome loneliness and fill time. It has also been heavily associated with television and

other media behavior when people lack, or choose not to seek, human contact.

Companionship was largely predicted by race and sex (specifically white, female), but also more significantly by exposure to news media during childhood, with higher companionship needs tied to lower exposure during that stage of life.

The third factor was dubbed "stimulation". It was defined to include the need to learn dramatic or exciting things, to be informed of current events for purposes of conversation, and to be exposed to ideas corresponding with the subject's own. Analysis showed this factor to be the strongest predictor for viewing television news, but was marginal for newspaper readership, thus indicating different sets of needs for readers and TV news watchers. Lain concludes that while older adults are the most loyal newspaper readers, the under 35s have the greatest surveillance needs. As such, he recommends that newspapers promote themselves as an in-depth source of information on those facets of life that are most important to younger adults.

It appears clear from the literature to date that consumers are far from homogeneous in their attitudes towards, and use of, the daily newspaper. This is due in large part to the differing perceived needs of the various subgroups of readers. Age, income, marital status, and interest in politics seem to affect whether one is a frequent, casual, or non-reader of newspapers and what one looks for in a paper. As these demographic factors are beyond the control of any publisher, one can conclude that it is incumbent upon the industry to monitor the marketplace and tailor its product accordingly.

## NEWSPAPER SUBSCRIBERS AND CASUAL PURCHASERS

### 2.10 Newspaper Subscriber Characteristics

Grotta and Babbili (1983) examined the demographic characteristics of subscribers and non-subscribers in an attempt to determine whether the two groups were genuinely distinct. They were compared on the basis of age, income, home ownership, marital status, and length of residence in the area. In addition respondents were asked the likelihood of continuing, starting, or stopping a newspaper subscription. The authors established *a priori* four classifications: hard-core subscribers (those who currently subscribe and are most likely to continue), marginal subscribers (subscribers who are less than certain they will continue), potential subscribers (non-subscribers who believe there is at least an even chance they will commence subscribing), and hard-core non-subscribers (those who believe the chances of starting a subscription to be less than 50/50).

It seems, however, that such classifications may be deficient. Subscribing history combined with a person's self-rated likelihood to begin or continue subscribing may well be a more relevant measure. Under such a scheme, only persons with a long-term history of subscribing would be considered hard-core, while other subscribers would be considered as marginal to varying degrees. At the opposite end of the spectrum, those who had never subscribed and indicated no interest in doing so would be considered hard-core non-subscribers, while other non-subscribers would be seen as offering at least some potential to commence daily home delivery.

Overall, subscribers were found more likely to be older, have higher incomes, own their own homes, and have lived in the area longer than non-subscribers. However, when these two groups were further segmented into the four classifications, the marginal and potential subscriber elements were found to be more similar to each other than the broader subscriber/non-subscriber groups that they were part of. The authors concluded

that marginal and potential subscribers should be at the heart of a newspaper's marketing efforts, as hard-core subscribers are almost certain to continue in the absence of billing or delivery problems, and hard-core non-subscribers show little inclination towards newspapers in general. They found marginal/potential subscribers to be more concerned with price and content, and as a group had to be "sold" on the benefits of daily newspaper readership and home delivery. As such, Grotta and Babbili believed that potential and marginal subscribers formed two "swing" groups that were largely responsible for subscriber "churn" whereby new subscription orders are partially or completely offset by cancellations.

Newspaper subscriptions survival expectancy was studied by Gamst (1984). He examined five types of subscription procurement (voluntary order, carrier solicitation, resolicitation, phone solicitation, door crew solicitation). The author concluded that voluntary orders had the longest life expectancy while those from door crews had the shortest. Discounted subscription orders (two months for the price of one) suffered the most cancellations upon expiry of the price reduction.

## **2.11 Managing Subscriber Churn**

Fielder and Barnum (1987) studied subscriber retention at nine different newspapers in the United States. These included both morning and afternoon publications with a wide range of circulations. In total, only 53.1% of new subscribers were still active one year after starting their subscriptions. They found time-related reasons to be the most prevalent for stopping. In addition, it was found that few subscribers claim to generally read everything that was in the paper, and former subscribers were more negative in rating the publication's organization and ease of reading. While most respondents generally gave their newspaper high marks for quality of content, many allowed newspapers to pile up unread.

In order to deal with these concerns, the authors made numerous suggestions, among them:

- Respecting people's time constraints and helping the reader use time more effectively through design features that help a reader digest information more quickly and efficiently.
- Making the newspaper's content more compelling in order to encourage everyday loyalty to reading. Promote both the need to stay informed plus upcoming special features in the paper.
- Improved delivery service.
- Improved local news coverage.
- Promotion of "hooks" such as TV listings, advertising specials and supplements etc.
- Target promotions to specific reader interests.
- Accept churn as a cost of doing business and plan accordingly. Encourage subscribers that move to restart at the new address by offering a free delivery period there. Be cognizant that discounted subscription offers have a high stoppage rate once the special offer has expired.
- Find ways to encourage "voluntary" starts, as these have the highest rate of retention. This could be done by more in-paper advertising, or premiums offered for phoning in the subscription order.

Marek and Holbein (1987) recommended classification of new subscription starts on their probabilities of survival. The purpose of this would be to segment new subscribers into three groups: the first would be classified as "risky business", those who had a high probability of stopping. Next would be the "strong loyal customer", those who in all likelihood would continue to subscribe in the absence of service or billing problems. Lastly, there would be "marginal" customers who would have to be watched carefully if they were to be retained as long term subscribers.

The authors suggested that each newspaper develop models that predict the individual's longevity potential as a subscriber. Such models would typically incorporate



such factors as lifestyles, attitudes and values (especially concerning community orientation and involvement), media habits, and demographics. In addition, each customer's individual subscription history with the newspaper would be monitored. Salient information would include the number of calls to the newspaper initiated by the subscriber, service problems, suspensions for non-payment, total cancellations and instances of re-subscribing, type of start (voluntary or pressure). Using such data, new subscribers could be flagged from the beginning of their subscription periods.

Marek and Holbein (1987) suggested a form of managerial triage, whereby careful monitoring of marginal subscribers would continually take place, while at the same time endeavoring to keep loyal subscribers happy. High drop-off rates would have to be expected from risky starts, however these could be countered by either intense promotional drives in such areas, or increased promotion efforts in areas with a high proportion of loyal subscribers.

## **2.12 Daily Subscribers and Single Copy Purchasers**

Gollin (1987) compared the characteristics of the single copy purchaser with those of the daily subscriber. He concluded that the industry's problems with readership stemmed mainly from frequency of reading. While the proportion of adults in the United States claiming to read a newspaper everyday declined from 73% in 1967 to 54% in 1986, those who said they read a newspaper at least once a week only decreased from 91% to 86%. He found 18% of single copy purchasers to be habitual, that is they purchased at least three copies per week. In reference to market size, readers of newspapers with large circulations (500,000+) were found to be more likely single copy purchasers than readers of smaller circulation publications.

Gollin's research showed that men were more likely to be single copy buyers than women, as were under-35s to older readers, blacks to whites, and singles compared to the married or once-married. Income levels for single copy purchasers were lower than for

readers in general, though not greatly so as a 1982 survey showed 15% of habitual single copy readers with incomes of \$35,000 or more compared with 19% for all readers.

Contrary to prevailing industry opinion, Gollin found habitual single copy purchasers are more news-oriented than readers as a whole. When asked what newspaper items they "cared about the most" single copy readers ranked international and local news, business, and sports ahead of the aggregate audience. In addition, habitual single copy buyers were more likely to favor newspapers as their primary source of news over television compared to readers as a whole. Perhaps these are a reflection that the single copy buyer may be acting largely on impulse when there is an interesting headline or coverage of an event of concern.

The study also sought to examine reasons for changes in newspaper habits among adults. Among the significant motivational factors resulting in such changes were:

- delivery problems for subscribers.
- time pressures resulting from lifestyle changes.
- content dissatisfaction weakened people's reading habits while perceived improvements in content strengthened them.
- economic distress such as unemployment or incomes that failed to keep pace with inflation.
- declining interest in the news, which was the single biggest contributor to declining frequency of readership. This may imply that many single copy buyers are former subscribers, in contrast to a high degree of news-orientation among traditional single copy purchasers.

Gollin concluded that in the short run, there are great changes in reading frequency, especially in those aged 25-44 where the most dramatic shifts in lifestyle usually occur. Changes in marital status and housing powerfully affect the newspaper reading habit, as marriage and the purchase of a home significantly improve the chances of frequent readership. As baby boomers gradually settle into family and community life,

their need for newspapers will increase. Since a larger proportion of the population are active with changing lifestyles, greater efforts will have to be made to reach beyond the current diminished core of subscribers. The key to building loyal readership rest with offering content that is consistently appealing or personally relevant.

The differences between single copy and subscription purchasers among English and French-speaking Canadians was examined by Acton (1987). Based on data collected in four metropolitan areas (Calgary, Edmonton, Montreal, and Quebec City) found patterns similar to those of Gollin (1987). In this study men were more likely to be single copy purchasers than women. Among females, home makers were far more likely to read subscription copies than working women. Single copy buyers tended to be younger and have lower incomes, were more likely to be single and live in households with fewer members than those of subscribers. People who owned their own homes tended to be subscribers more than renters, and there were also differences with the type dwelling as those living in detached houses were much more likely to subscribe than high-rise apartment dwellers. In terms of educational background, a higher proportion of university graduates read subscription copies than people with some high school.

Phillips (1987) found single copy purchasers gave the following reasons for not subscribing daily:

- They do not wish to have a newspaper everyday. Instead they prefer to buy one when they have time to read.
- Problems related to home delivery. Specifically, these included non-delivery, theft, and collection/billing problems.
- Many single copy buyers believe it is more convenient than subscribing.
- Security concerns related to a newspaper at the door indicating that no one is home.
- Frequent changes of address.
- Delivery does not occur early enough.

It appears from the literature that subscribers and casual purchasers are both similar to, and different from each other in certain respects. However, some who may have characteristics similar to those of long term daily subscribers still may not be counted upon to remain a subscriber for very long. In these cases, more subtle reasons may be at play that can only be dealt with by careful attention to consumer attitudes and product quality, along with systematic monitoring of trends in new subscriber behavior in order to make any efforts to attract new subscribers worthwhile.

## INDUSTRY RESPONSES

### **2.13 Competition Against the Daily Newspaper**

The newspaper business is perhaps unique in the multifaceted nature of competition within the industry. Newspapers compete with each other for both advertisers and readers, the "double market" (Hallman et al. 1981). This is the basis of their competition as commercial ventures. But they also compete in terms of journalistic quality and prestige, which bear upon the target audiences they are attempting to reach. Fletcher (1981) discusses the four levels of competition based on type of publication. First, there are highly prestigious national publications with distribution across the country as exemplified by *The Globe and Mail* in Canada and *The New York Times* in the United States. Such newspapers are squarely aimed at consumers with higher than average levels of income and education, especially the decision-making elites in business and government. Often, these are purchased along with a local newspaper because of their superior coverage of national and international news.

At the second level, there are newspapers that serve a region that extends considerably beyond the metropolitan areas where they are published. One such example is *The Vancouver Sun* which serves as the newspaper of record for British Columbia. Again, these will tend to try and attract the upscale reader, though to not quite the extent

of their national rivals. The third level comprises newspapers published in smaller metropolitan centers, typically between 50,000 to 100,000 people. Lastly, there are city and suburban weekly newspapers that serve particular communities or interest groups.

The competitive effects of weekly newspapers against their daily counterparts in Canada was examined by Alperstein (1980). In his study he concluded that weekly newspapers were the main competitive threat to dailies' readership, as the household penetration rates for both tended to be inversely proportional. Daily newspapers that devoted higher than average space to local news and advertising tended to have high household penetration rates. Finally, there appeared to be little relationship between television viewing, radio listening, monthly magazine subscriptions, and daily newspaper penetration.

The influence of television news viewing on afternoon newspapers was studied by Moore et al. (1988). Their research attempted to find a correlation between readership of afternoon newspapers and evening TV news viewing in the top 50 markets in the U.S. They compared the Nielsen ratings of both local and network newscasts to categories of markets. Markets examined were categorized on the following basis:

**Weak PM (19 cities)**- those cities where the afternoon newspaper accounted for less than 50% of the combined circulation of all papers.

**Strong PM (7 cities)**- markets where the afternoon paper accounts for more than 50% of combined circulation.

**All-Day (12 cities)**- areas with an all-day publication.

**No PM (12 cities)**- markets with no afternoon newspaper.

Results of this study failed to show any significant differences between television ratings and the categories of cities. Moore et al. (1988) speculate that the relationship between television reporting and newspapers may be symbiotic. Reading a newspaper may encourage people to turn on the television for the most recent events. On the other hand, exposure to a news item on TV may encourage the viewer to seek out a newspaper

for more in-depth analysis. Television viewing alone does not seem to account for the reasons why some newspapers fail.

Despite problems with the under-35s, the situation in the newspaper industry is not entirely gloomy. Well-managed publications can be extremely profitable, especially in monopoly situations. In fact, industry revenues in the United States in the early 1980s exceeded those of radio and television combined (Skylar, 1984). Newspaper subscribers do not appear to be very price sensitive regarding the product. Picard (1991) found inelastic demand characteristics in his study of three subscription price increases of a mid-sized daily newspaper (typically a monopoly situation). While there were initially some cancellations after the announcement of each increase, circulation soon recovered to its previous levels. He concluded that there was considerable latitude for publishers to increase subscription rates without hurting circulation. This seems quite reasonable in face of the generally low rates for subscriptions offered by most newspapers in North America. Despite the added convenience of home delivery, it is frequently less expensive to subscribe than to purchase the product daily at the newsstand. In some markets, this discount approaches 50% of the newsstand price. This does not mean, however, that the same lack of price sensitivity applies to the single copy purchaser, as this study looked only at the response of subscribers.

Lacy (1992) concluded that much of the industry's problems lay with inflated expectations for profit based on the very high returns that newspapers have traditionally enjoyed. Natural economic forces have increased the number of competitors in the communications business (such as cable TV and special interest publications) and therefore the profitability of newspapers has declined to levels closer to those of other industries. In addition, he recommended that papers strive for more public input into their editorial content, and make their product more accessible in terms of readability. Furthermore, there should be greater flexibility in product content and service offered. To meet these goals he suggested zoned editions of newspapers with special editorial

content directed towards one part of a metropolitan area. A further improvement in service would involve giving subscribers more choice which days of the week they could receive delivery.

Stempel (1991) found that the daily newspaper is still the primary source of local news for most people in the U.S., and essentially tied with television for state news. Only at the national level was television clearly the preferred news medium. Radio trailed far behind both for all three levels of news coverage. Still, television must be viewed with concern by managers within the industry. While studies have failed to show significant and substantial impacts on newspaper readership, the advent of 24-hour news channels may change this. Television's inherent advantage of immediacy is further enhanced by these outlets, and specialized background features add to the depth of the medium. It's ease of assimilating information has made it attractive to under-35s.

#### **2.14 Changes in Newspaper Style**

Yet young adults represent the future potential of the newspaper industry, both as desirable target markets to advertisers today, and loyal readers tomorrow. To help win them over (or back) to the news reading habit, editors have turned to the enhance use of color and graphics to make their product more attractive. The primary catalyst for this was the introduction of *USA Today* (Hartman, 1987). Though it suffered from widespread criticism for lack of depth (dubbed "McNews" by some) its circulation grew to where it is second only to *The Wall Street Journal* and has a larger readership. In fact, of the total circulation increase of U.S. newspapers during the 1980's, 95% was accounted for by this one publication.<sup>4</sup> Hartman surveyed the attitudes of 18-35's and found 50% of his respondents agreeing that other newspapers should be more like *USA Today*. Despite its poor reputation among critics for news coverage, virtually all age and income categories read the paper more for information than entertainment. Editors from other

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<sup>4</sup> *Editor and Publisher Yearbooks*, 1981, 1991.

publications readily admitted to being influenced by the paper in their attempts to attract younger adults, and one called it "the best competition that newspapers have put up against television". However, the more prestigious newspapers in the United States have generally shunned this approach, while smaller, chain-owned journals have been the most enthusiastic adopters of this style (Gladney, 1992).

Hilliard (1991) discussed the use of nut grafs (capsule summations of story content that appear at the beginning of an item) as a tool for attracting and holding readers' attention. The study examined the attitudes of both subscribers and non-subscribers 18 and older. He found that they were generally well received in that they aided information assimilation. This was especially true among non-subscribers 18-27 (79% favorable). However, non-subscribers tended to be more positive when asked if nut grafs were worth the space they took up than subscribers. Among subscribers, older respondents (50+) tended to be more positive on worth of nut grafs than the 18-27s. Hilliard concluded that nut grafs were indeed effective in their intended purpose. He cited the fact that many prestigious publications in the U.S. had experimented with their use, though the question remains as to whether this is just one more step in the transformation of newspapers into "television in print".

Blankenburg (1993) discussed four alternative strategies for newspapers to increase their long-term profitability and chances for survival. These were:

**Mass Appeal-** Seeking the widest possible audience through diverse content and low pricing, the general strategy followed by most daily newspapers today.

**Class Appeal-** The targeting of loyal and more affluent readers to maintain higher circulation and advertising revenues per reader.

**Individual Appeal-** Specific demographic groups are targeted with new editorial products (specialized feature and advertising sections) so that each household in the community is reached at least once a week.



Direct Appeal- An approach oriented towards the needs of advertisers whereby the publisher provides products and services that directly connect them with desired consumers. The publisher becomes a marketing company that provides its customers as a database to be accessed by advertisers through any one several vehicles including the traditional newspaper.

Using data from a cross-section of daily newspapers and computer modeling to project into the future, Blankenburg concluded that the mass approach maintained market share at the expense of profits. While the class approach was the most profitable in the short-term, it sacrificed market share in both advertising and readership. However, over the long term, the class approach is seen as giving away eventually to the individual approach. With the continued decline of the traditional daily newspaper, this would lead to the eventual implementation of the direct approach as the only means to survival of publishers.

## **2.15 Other Initiatives**

Another strategy employed by the industry has focused on the development of the newspaper reading habit in childhood. To this end, many publications have instituted Newspapers In Education (NIE) programs. These involve placing newspapers in primary and schools as educational tools. Its goals are provide a community service as a teaching aid, further critical and effective use of newspapers, and improve students' knowledge of current events. A fourth purpose, to cultivate future newspaper readers, was studied by Stone (1987b). Despite some equivocal evidence, Stone concluded that more positive attitudes toward newspapers flow from the NIE experience. Students have less trouble reading a newspaper and tend to enjoy it to a greater extent. They are more likely to become current newspaper readers, and their interest in hard news and public affairs is usually increased as well. At the very least, classroom exposure to the newspaper is a positive substitute when exposure is lacking at home.

## 2.16 PM/AM Conversion

The most significant trend, however, has been the widespread switch from afternoon to morning publication. In 1982, the ratio of afternoon to morning publications in the United States was 7:2. By 1991 this had declined to less than 2:1.<sup>5</sup> Vivian (1982), and Rarick and Lemert (1986) outline some of the reasons for this change. Firstly, distribution of newspapers in the morning is easier as delivery trucks do not have to contend with daytime traffic. This has become especially relevant with the suburban sprawl that has characterized the growth of North American cities since the Second World War. As a result, presses can be run closer to delivery times and morning publications therefore have an advantage in covering late-breaking stories. The PM newspaper is typically printed during the morning, and will subsequently not cover most of the news generated that day. It has been estimated that 17 out of 20 breaking news stories occurred to the advantage of the morning paper (Vivian, 1982).

Rarick and Lemert (1986) cite other supposed advantages to the AM publication cycle. One is that there is less competition from television news, as TV stations devote more resources to prime time broadcasts and few people can afford to sit through a lengthy newscast as they prepare for work in the morning. Secondly, evening newspapers are assumed to be best suited to blue-collar workers who have shifts that begin early in the day (the "blue collar hypothesis"). With the evolution of the economy towards a services base, the proportion of these workers is declining. A morning publication fits much better into the lifestyles of service workers as they tend to start and finish their working days later. Finally, advertisers are increasingly coming to prefer publication in the morning. This is because exposure to an advertisement in the morning allows readers greater opportunity to plan their day around a shopping trip. It is

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<sup>5</sup> *Editor and Publisher Yearbook*, 1983, 1992.

especially salient on for short-lived promotions where rapid response to advertising is essential.

In general, the strategy seems to have been successful in raising the circulations of most newspapers that have made the conversion (*ICMA Update*, 1987). This is especially so for publications that had larger circulation bases (100,000+) to begin with.

Vivian (1982) concludes that some PM dailies will survive with their current publication cycle. Some are well entrenched and see no reason to change, especially in those cities that have retained their industrial base (such as Detroit). Others are hedging their bets by going to all-day publication (e.g. *The Toronto Star*). Suburban afternoon dailies, in ascendancy since the 1950's are probably in a firm position to remain there. It appears to be a form of profitable coexistence.

A question remains as to what effect on individual reader behavior results from such a change. To date, four studies have been done examining the effects of such a conversion. Fowler (1985) examined the effects of conversion on the reading habits of the Jonesboro, Arkansas *Sun*. He found that its readers were quite adaptable to the change in publication cycle. While immediately after conversion there was still considerable afternoon reading, one year later most was done in the morning.

Rarick and Lemert (1986) researched reader behavior in response to the conversion of the Eugene, Oregon *Register-Guard*. This study employed a panel of subscriber households that tracked behavior both prior to, and immediately after the conversion. As with Fowler (1985), they found a significant shift in the distribution of reading time to the morning. Total time devoted to reading declined after the switch, a surprising finding, in that giving readers more time for the product is one of the major reasons for conversion. There was also a significant decrease in the proportion of readers who watched TV news before 9 AM and between 4 to 7 PM though the decrease recorded in total viewing time was not significant. Likewise, time spent listening to radio declined significantly from 9 AM to 12 noon, but was not significantly different in other time slots

or overall. The authors speculate that an afternoon paper serves as a "news prompt" that encourages readers to tune in to TV to find out more about stories that they have read.

Subscriber attitudes to the conversion could best be described as mixed. 50% said they wished the *Register-Guard* would return to morning publication, though 53% said they liked the change better than they originally anticipated. Two to three weeks after the change, 53% said that they had not fully adjusted to the change while 40% reported that they had. There were no significant perceived changes in how up-to-date news was in the morning edition compared to the afternoon. Blue-collar workers seemed most resistant to the change, as 69% reported that they had not adjusted to the change compared to 52% of the sample as a whole.

Rarick and Lemert (1988) continued this work with a follow-up study. The amount of time spent reading the paper again increased significantly prior to 9 AM and decreased between 4 and 7 PM one year after the original survey. Again overall reading time decreased, but not significantly so. In this second study, none of the differences in TV or radio habits was statistically significant. The rate of panel acceptance of the change had increased over the year, but this was not significant. Blue-collar workers still seemed more resistant to the change than other groups. In terms of circulation, the *Register-Guard* grew from 65,200 immediately before the conversion to 69,400 one year later. During this time the population of the area did not increase.

Both these studies should be taken with a cautionary note. The reading, television, and radio habits of the participants were based on self-reporting with no triangulation from secondary data sources such as TV ratings. Nor was there any discussion of history in relation to possible changes in the competing media. At the time of the conversion, there were editorial changes to the *Register-Guard*, but these effects were not separated in the studies.

Miller et al. (1988) examined reader reactions to a reversal of publication cycles in Knoxville, Tennessee. In that city the evening *News-Sentinel* switched with the

morning *Journal*. The study's findings seemed to confirm a switch to morning publication was desirable while the reverse was not. Approximately the same number of subscribers from each newspaper reported canceling their subscriptions in response to the switch, but as the *Journal's* circulation was smaller to begin with, it suffered more due to the change. A majority (55%) of respondents who reported switching newspapers because of the change did so in favor of the *News-Sentinel*. Similarly, readers of the *Journal* were more likely to be unhappy with the new time the rival paper. Interestingly, the study results seem to refute the blue-collar hypothesis in that higher income individuals who switched publications were more likely to go to the *Journal* instead of the *News-Sentinel*. All in all, readers in this study appeared to be more loyal to their usual delivery time rather than their newspaper. However, switching publication cycles is not without its risks as the proportion of readers who were unhappy with the change was almost three times as great as those who said they were glad it happened. However, the authors cautioned that the survey was done only one month after the change, and the attitudes expressed may well evolve over time.

The issue of content and publication cycle was the subject of two studies. Lacy and Bernstein (1988) examined whether there were any differences in general content between morning and afternoon publications. They found that there were no significant differences attributable to publishing time alone. Rather the differences found were largely related to circulation size and advertising lineage. This is due to the fact that larger newspapers generally have larger budgets and can offer more editorial features. At the same time, larger newspapers devote proportionally less of their page space to news and editorial copy than do small and medium-sized publications. In addition, larger newspapers tend to have different editorial priorities from their smaller counterparts. This is usually reflected in a greater proportion of national and international news for bigger newspapers. In contrast, those with smaller circulations tend to emphasize local news more heavily.

Stone and Windhauser (1983) explored reader behavior and time of publication from a qualitative standpoint. They sought to test three hypotheses:

- 1) People who read newspapers in the afternoon are distinguishable from morning readers.
- 2) The time of day a person reads a newspaper is more predictive of content preference than frequency of the newspaper habit.
- 3) Afternoon readers are more likely to prefer soft news (lifestyle and entertainment), while morning readers are looking for hard news content.

The study used students at two different universities in the southern U.S., as these subjects read a wide variety of newspapers, both local and home-town as well as national publications. Stone and Windhauser (1983) concluded that morning and afternoon readers were indeed different in terms of content preference, though they could only partially support the hard vs. soft news hypothesis. They also found that the frequency of the newspaper reading habit was a better predictor of content preference than the time of reading, as casual readers tended to be more interested in soft news. In addition, their research revealed the morning reader to be more committed to the newspaper habit, and selected that time more from force of habit than for convenience or relaxation. Lastly it was found that women and blacks were more likely to be evening readers.

A potential failing of this study was the possible confounding effect of news freshness. With an afternoon newspaper, there is a greater likelihood that a person has already been exposed to the hard news stories through radio, TV, conversations with others, or a morning paper. As such, there may be naturally less interest in hard news as it is less likely to be, in fact, news in the evening. Another problem was the failure of the authors to use secondary data sources, particularly newspaper reader surveys, to validate the self-reported data of the respondents.

Stone (1986) examined the effects of losing a community's only afternoon newspaper on its readers. He hypothesized that in such a case former readers would turn

to the local morning paper and other local print media. Furthermore, he expected that the transition to media most similar would be relatively smooth and take place over a short period of time. A three-wave panel study of 900 former readers of the Memphis Tenn. *Press-Scimitar* was conducted by telephone.

The study data failed to support either hypothesis. Audience use dropped for exactly half of the media use items on the questionnaire. These related to use of the remaining local newspaper, magazines, as well as television (cable and broadcast), radio, and movie attendance. There was a wide variation in media use changes. Surprisingly, increases were greater than decreases for most print media items. There was an increase in average reading time, though this is likely a reflection of the morning publication's greater size. In addition, there was an increase in purchases of non-local newspapers. However, competing news media did not seem to benefit as viewing of television and radio newscasts both declined.

The author admits to confounding factors in this study. At the time it was conducted, there was a vocal public boycott against a cable operator over the new Playboy Channel. There was a heavy promotional effort to convert former readers of the *Press-Scimitar* that included free subscriptions. Stone concluded that a possible explanation of the results would be that committed newspaper readers would seek news from other media to compensate for the loss while others would find other activities to fill the time normally given to reading the afternoon newspaper. This is supported by the survey's finding of increased movie attendance among former readers. It also points out a danger to sudden conversions in newspaper publication cycles whereby less loyal readers may be lost.

On top of this, interesting questions may be posed as to the effect of such a change on the lifestyles of former readers when an afternoon newspaper switches to morning publication. It may be that in some cases, reading of the paper still happens in the evening to catch up on stories of secondary interest that were not read earlier in the

day. The "hole" in the afternoon or evening may be filled by use of other news or entertainment media, or it may be used for shopping, hobbies, or other recreational pursuits. As such, these changes in lifestyle may be of interest to advertisers, making the newspaper's audience more desirable to some. There may well be changes in reader behavior to a publishing time conversion that go beyond circulation and readership, that can impact on the marketing of a daily newspaper to advertisers.

### **2.17 Results of a Change at a Daily Newspaper**

In September 1991, the broadsheet Vancouver B.C. *Sun* changed from afternoon to morning publication, joining its sister newspaper, the tabloid *Province* in the AM cycle. In addition to the change in publication cycle, there were also a significant change in editorial style and layout. Four months later, a highly publicized discount subscription offer was made. The moves were in response to a steady decline in circulation from approximately 250,000 to just over 200,000 (six-day average) during the five preceding years.<sup>6</sup> This occurred despite a 15.4% growth in area population,<sup>7</sup> between 1986 and 1991. As a result, household penetration for the *Sun* declined in the city of Vancouver from 43% to 33%.<sup>8</sup>

Readership surveys indicated that change was successful in reversing the paper's decline. Overall weekday readership by adults over 18 increased by 10% while the proportion of adults who had read yesterday's edition of the paper grew from 37% to 40%. These were offset somewhat by declines for the *Province*, however combined circulation and readership for the two publication showed an overall increase.

Circulation figures audited by the Audit Bureau of Circulation (see Exhibit 2) showed gains in *Sun* readership across the board, though they approximated the increase in local population. The change in readership was also much greater than the circulation gain as

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<sup>6</sup>Reported circulation as audited by the Audit Bureau of Circulations.

<sup>7</sup>1991 Census of Canada, 93-304 Statistics Canada.

<sup>8</sup>Federal Competition Tribunal Report, CT-90/1.



the number of readers per copy increased. This is common among morning newspapers to have more readers per copy as a result of sharing the newspaper in workplaces.

## Exhibit 2

### *Vancouver Sun* Average Circulation<sup>9</sup>

	August, 1991	August, 1992	Increase (%)
Mon.-Thurs.	181,493	188,517	3.9
Friday	244,843	255,431	4.3
Saturday	242,796	253,742	4.5

Population increase: 4%

NADbank data indicated that among the various age groups, the proportion of people who read the *Sun* yesterday increased most noticeably for the 25-34s (from 29% to 36%) and those 65 or over (38% to 45%). In contrast to all other age groups, the proportion of 18 to 24 year olds showed an actual decrease (35% to 31%) accompanied by a slight increase in *Province* readership. Women did not seem to embrace the change as readily as men, with only a 7% increase in readership compared with 11% for males. Among different occupational categories, there was a higher increase in readership penetration among white collar professionals (7%) than for blue collar workers (5%). It must be added that some of these gains may well have been attributable to a discounted subscription offer that was widely publicized, beginning in January, 1992.

One item of interest in the reported circulation figures was the proportion of single copy sales (purchases of the newspaper at vending boxes or newsstands). It declined from 18% to 16% of Monday to Thursday circulation while increasing from 28

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<sup>9</sup>Internal report of *The Vancouver Sun's* circulation department.

to 30% on Fridays and remaining constant on Saturdays (comparisons made between month prior to conversion and one year later<sup>10</sup>). This indicates that the proportion of casual purchasers declined as the proportion of subscribers increased, thus it would appear that much of the gain in circulation came from casual buyers becoming regular readers by subscribing.

In terms of time spent reading the newspaper, average time increased for all categories of *Sun* weekday readers, contrary to the findings of Rarick and Lemert (1986). The greatest difference was for the 50-64s (58.0 minutes vs. 46.8) followed by the 25-34s (38.5 vs. 33.5) and the 18-24s (30.2 vs. 27.0). However, the picture changed dramatically with the weekend edition of the newspaper. The only group to show an increase in reading time was the 18-24s (40.9 vs. 32.3) while all other categories showed marked declines, most noticeably among those 65+ (from 84.6 minutes down to 36.4). Overall, older (50+) readers continue to be the most loyal newspaper customers, both in terms of time spent reading the newspaper and likelihood of having read the previous day's edition.

Use of competing media was also examined. Average hours of weekly TV viewing declined for all age groups except those 65 or over. Ratings for local nighttime TV news broadcasts among 18-34s increased between Spring, 1991 and the same period one year later<sup>11</sup>, though overall viewing by adults remained constant. Time spent listening to the radio declined for the 18-24s and the 65+ group while increasing for all others.

This case may be considered significant as major marketing mix revisions (publication cycle conversion, changes in editorial content and style, an unprecedented discount subscription offer) occurred within a short period of time. Thus it represented an unusual extensive test case for the effectiveness of changes in newspaper marketing strategy to increase circulation and readership.

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<sup>10</sup>Internal report of the Pacific Press Circulation Department.

<sup>11</sup> Bureau of Broadcast Measurement, Spring 1992 survey, Vancouver market.

## 2.18 Summary of the Literature

Despite the complexity of consumer attitudes towards regular use of a newspaper, some clear patterns emerge. There appears to be a distinct dividing line at the age of 35 where people become more interested in events happening in their community, the nation, and the world at large. This contrasts with the generally more self-centered viewpoints of those under 35. Some explanations for this are readily apparent. As middle age approaches, people are more likely to be married, assume family responsibilities, purchase their first home. As such, their perceived stake in the immediate community increases as issues such as property taxes, public safety and the quality of local public education assume new importance. Income levels tend to rise during this stage in life, so concern about the economy and government involvement in people's lives tends to increase. At its most basic, there is the sense among older people that they have more to lose if the political process goes against their interests. Consequently, there is a greater perceived need to keep informed and these people tend to be more loyal newspaper readers. The work of McCombs (1983) and Einseidel and Kang (1983) seem to confirm this. Indifference to the formal political process has been a hallmark of the current generation of under-35s, though signs of change were evident during the 1992 Presidential elections in the United States. To deal with this, it may be necessary for newspapers to try and cater to both older and younger readers through judicious allocation of features that appeal to each group. The danger, of course, is that such a strategy may end up satisfying neither. Given current demographic trends, the problem may well correct itself over time as the baby boom bulge works its way through the population and the proportion of under-35s declines.

Other demographic variables such as education, home ownership, dwelling type, gender, length of residence in the community appear to have mediating effects too. The generally increasing level of education and aging of society should have a beneficial

effect for the industry as a whole. The role of television has not, to this point, appeared to have a substantial negative impact on newspaper readership. In some cases it may in fact be helpful. However, the advent and growing acceptance of 24-hour news services such as CNN may well change this situation. This is due to their increased advantage of immediacy, and greater use of background features than viewers have traditionally found on television. A summary of these findings appears in Figure 1.

From a marketing standpoint, it seems logical that the industry first target casual purchasers, especially habitual buyers (three or more times per week) in order to convert them into daily subscribers. These consumers are already into the newspaper habit to some degree, and find enough worthwhile features in the newspaper to purchase it on at least an occasional basis. The industry could then turn its attention to atypical non-readers with the goal of making them at least casual newspaper users. To this end, some strategies seem to hold promise. NIE programs can be helpful where the consumer has not had adequate exposure to the medium at home during childhood. Naturally, the benefits of such a program can be difficult to quantify, and the potential payoffs sometimes lie many years ahead.

The increased emphasis on attention-grabbing color and graphics can be helpful in weaning younger adults off a diet of 10-second sound bites into a greater appreciation of the newspaper's depth of coverage. However, it is not clear that such changes would be universally welcomed by older readers who are usually the newspaper's most loyal customers. Offering significant discounts on introductory subscriptions has risks along with potential benefits. While there may be an initial increase in circulation resulting from such an offer, the retention rate could be low (compared to other types of starts) when the initial discount period ends and the subscriber must then pay the regular rate (Gamst, 1984). A publisher might then face losses from being forced to continually offer discounts in order to get these subscribers to return. It was for precisely this reason that management at *The Vancouver Sun* had (prior to 1991) not offered discounts on

Figure 1

## Summary of Literature Review

## Newspaper Readership/Subscribership Factors

Study	sex	age	inc.	educ.	mar.	own	rc	pci	child	tv	com.
Acton (1987)	+	+	+	+	+	+					
Alperstein (1980)											-
Barnhurst&W. (1991)									+		
Bramlett-S.&M. (1992)								+			
Gollin (1987)	-M	+	+		+						
Grotta&B. (1983)			+	+			+	+			
Kebbel (1981)		+						+			
Kubas (1981)	+M	+	+	+							
Larkin et al. (1977)		+									
Lipshultz (1987)		+		+							
Mauro&W. (1977)		+									
McGrath (1993)	-F										
McLeod&Choe (1978)	+	+	+/-*	+	+/-**						
Moore et al. (1988)											
Salisbury (1981)		+									
Stamm&FC (1981)						+		+			
Stevenson (1979)										+	

+ = positive correlation - = negative correlation

mar = married pci = political/community involvement own = home ownership

rc = length of residence in community child = childhood exposure

com = community newspaper use tv = tv as a news source

\* high income more likely to read everyday, but less likely to read local paper

\*\* married more likely to read everyday, but less likely for multiple paper readership

subscriptions, preferring instead to give new (daily) subscribers a money-back guarantee. A further issue with pricing may be consumer awareness. People who purchase the newspaper three or four times per week may be unaware that they could be saving money by getting the newspaper delivered everyday at home. Newspapers may not have been aggressive enough in promoting this fact.

The trend to morning publication holds promise based on overall gains in readership and circulation recorded thus far. It is advantageous to a busy lifestyle in that it offers readers greater flexibility, as they can choose to read in the morning, or any other time that is convenient. This is especially relevant to workers in service industries who tend to start and finish their working days later than their blue-collar counterparts. As the North American economy becomes more services-based, it will be an increasingly important consideration in the future.

News in a morning publication also tends to be fresher than with afternoon publications, so some of the advantage of the electronic media is lessened in this regard. A change in publication cycle may be generally advantageous to advertisers, thus making the industry more viable as a promotional medium. However, the gains in circulation and readership generally recorded thus far may reflect an increased frequency of purchase among casual buyers rather than more of them becoming daily subscribers.

## **2.19 Implications for Research**

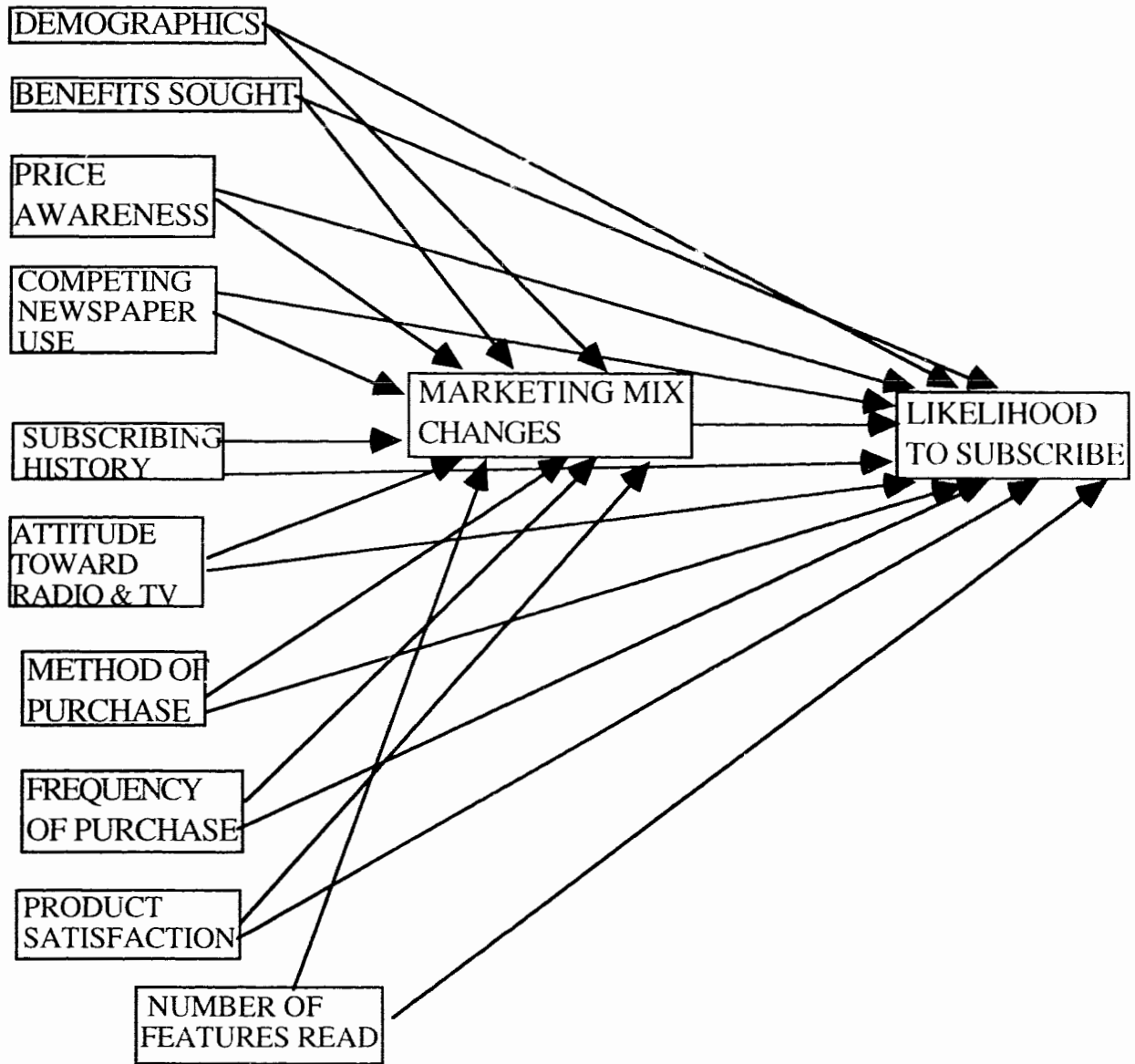
The existing literature clearly indicates that demographic variables and patterns of readership have an influence on consumer attitudes towards newspapers and purchase behavior. By the same token, changes in motivation to subscribe to a newspaper on a daily basis may be influenced any strategies (editorial changes, discounted subscription, etc.) in combination with demographic and sought benefit factors of casual purchasers. Specifically, the attitudes of casual purchasers to these changes would likely be of great interest to managers contemplating such tactics in the hope of increasing the number of

subscribers for their product. If these and other variables are shown to be useful predictors of consumer acceptance, then the relative risks of these adjustments to the marketing mix can be more accurately assessed. Marketing managers in the industry would be able to look at the size, demographic and psychographic composition, method and frequency of purchase, as well as the attitudes towards competing media of casual purchasers to assess the likely risks and benefits of each of these strategies.

### **2.20 A Framework for Studying the Intention to Subscribe by Casual Purchasers**

The likelihood of a casual buyer to become a daily subscriber can be related to consumer variables such as demographics, benefits sought, frequency and method of purchase, price awareness, use of competing newspapers, product satisfaction, and reliance on other media, especially television. These in turn may be mediated by hypothetical changes to the newspaper's marketing mix, particularly pricing (discounted subscription offers) and product content (editorial features, layout, graphics etc.) (Figure 2).

Figure 2  
A Framework for Casual Purchasers' Likelihood to Subscribe





## Chapter 3

### Hypotheses

#### 3.1 Demographics and the Likelihood to Subscribe Among Casual Purchasers

For the purposes of this research, a casual purchaser is defined as a person who buys the newspaper at least once per week. This could be by means of either weekend subscription and/or single copy purchase. Consumers who buy less frequently than once per week would likely lack the inclination or the resources to become daily subscribers. As a result, they would probably be of marginal interest to newspaper marketing managers. Among casual purchasers to be studied would be those who subscribed to weekend editions of the newspaper (in the case of *The Vancouver Sun*, Friday only, Saturday only, or both). This group would also include single copy purchasers (either at the vending box or newsstand) as well as weekend subscribers who may make single copy purchases during the week. Daily subscribers who might make an occasional purchase due to missed delivery or some other reason would not be included in this study as they are not targets for conversion.

Gollin's (1987) study indicates that the underlying reason for the failure of newspaper circulation to keep pace with population growth lies more in declining frequency of readership than increasing non-readership. Therefore, conversion of large numbers of casual purchasers to daily subscribers would do much to alleviate this problem. The challenge to industry marketers is to determine which characteristics of casual purchasers could be usefully employed in developing strategies to sell them on the advantages of daily subscription.

Studies by Larkin et al. (1977), Mauro and Weaver (1977), and Salisbury (1981) indicate that under-35s make up a disproportionately large share of casual newspaper readers. They are generally seen as leading more active lifestyles, and for them time and

convenience may be seen as more of a constraint to newspaper readership than with other age groups. As a consequence, they are likely to constitute a disproportionately large segment of casual purchasers. On the basis of the existing literature, one would expect over-35's to be more likely to subscribe than younger readers.

The work of McGrath (1993) indicates that women feel increasingly alienated from the style and content of most newspapers today. This implies that they would be less likely to become daily subscribers than men.

Other possible factors are home ownership and length of residence in the area (Grotta and Babbili, 1983), marital status (Gollin, 1987), and level of education, (Kubas, 1981). On the other hand, the work of Grotta and Babbili (1983) and Gollin (1987) suggests a substantial number of frequent casual purchasers who are closer in demographic composition to daily subscribers than to infrequent purchasers. Members of this group seem to switch relatively frequently between daily subscriber and casual purchaser (or non-purchasing reader). From this we would expect that married people, home owners, long-time residents of the community, and people with higher levels of education would more likely subscribe on a daily basis.

To what degree these differences impact on the likelihood to subscribe (either in the existing situation, or in response to changes in the marketing mix) is open to question. It may be that those among casual purchasers who possess demographic traits similar to daily subscribers are no more likely to subscribe than others in this group. This might be the consequence of a previous negative experience with home delivery, a general disinterest in current events, or other more subtle reasons. The results of an investigation into these questions could significantly affect the plans of industry marketing managers in targeting casual purchasers. If no demographic differences are found that influence the likelihood of subscribing, then marketers need not bother with marketing mix segmentation based on demographic characteristics. As a result, we derive the following hypothesis:

**H1o: There is no difference in the self-rated likelihood to subscribe daily based on demographics (age, gender, education, income, marital status, home ownership, length of residence, etc.) among casual purchasers.**

**H1a: There are differences in the self-rated likelihood to subscribe among casual purchasers based on demographic factors. Among them are:**

**H1a1: Male casual buyers will have a higher self-rated likelihood to subscribe than females.**

**H1a2: Older casual buyers will have a greater self-rated likelihood to subscribe than younger ones.**

**H1a3: Casual buyers who have higher income levels will have a higher self-rated likelihood to subscribe than lower-income casual buyers.**

**H1a4: Casual buyers with higher levels of education will have a higher self-rated likelihood to subscribe than those with lower levels of education.**

**H1a5: Casual buyers who are home-owners will have a higher self-rated likelihood to subscribe than those who are renters.**

**H1a6: Casual buyers who are long-term residents of the community will have a higher self-rated likelihood to subscribe than those who are short-term residents.**

**H1a7: Casual buyers who are married will have a higher self-rated likelihood to subscribe than those who are not.**

### **3.2 Benefits Sought and the Likelihood to Subscribe**

Schwartz et al. (1979) found readers could be psychographically grouped in part by the features they most frequently read and considered to be important. In a similar

vein, Lain (1985) concluded that readers had three basic needs fulfilled by newspapers (surveillance, companionship, stimulation). It would seem reasonable that such differences might well impact on the likelihood to subscribe, especially in response to specific editorial improvements, or changes in style or emphasis. Knowledge of the benefits sought by those most likely to subscribe may well aid managers in planning product and promotional changes to increase both circulation and readership. From these we draw the following hypotheses:

**H2o: There is no difference in the self-rated likelihood to subscribe daily based on the benefits sought by the casual purchaser.**

**H2a1: A casual buyer's self-rated likelihood to subscribe will increase with the usefulness attached to newspapers as a means of staying informed.**

**H2a2: A casual buyer's self-rated likelihood to subscribe will increase with the usefulness attached to newspapers as a way of passing time.**

**H2a3: A casual buyer's self-rated likelihood to subscribe will increase with the usefulness attached to newspapers as a source of stimulation and entertainment.**

### **3.3 Price Awareness and the Likelihood to Subscribe**

Marketing research has shown consumers to sometimes be remarkably unaware of pricing, even to the point of not being able to recall the cost of an item picked up off the shelf a few seconds previously (Dickson and Sawyer, 1990). It may also follow that newspapers have not effectively communicated the price savings of home delivery over frequent purchases at the newsstand. One might normally expect the likelihood to subscribe to be higher for those who overestimate the price savings of home delivery than those who underestimate it.

On the other hand, even frequent purchasers who are aware of the savings may not wish to subscribe as the purchase of a newspaper may present them with the opportunity for exercise, social contact, or some other benefit. In addition, some might not consider home delivery to be a viable option as the result of previous poor service, lack of access to the suite door in an apartment building, or an ongoing interest only in the features of certain editions. From this we derive the following hypotheses:

**H3o: There is no difference in the self-rated likelihood to subscribe daily based upon perception of price savings of home delivery.**

**H3a: The self-rated likelihood to subscribe daily among casual buyers increases with their estimate of the price savings of daily subscribing.**

### **3.4 Causal Purchasers and the Use of Other Newspapers**

Consumers evaluate competing products both in terms of benefits sought and as bundles of utilities (Urban and Hauser, 1980). It would seem unlikely that the features of any one publication could satisfy all the needs of daily newspaper readers. Consequently, some consumers regularly purchase (or read) more than one daily newspaper, often a national publication in addition to the local product. In addition, Alperstein (1980) concludes that local free distribution weekly newspapers (with their emphasis on local news coverage) are the primary competitive threat facing big city dailies. If such divided loyalty exists within a casual purchaser the likelihood that he or she could be converted to becoming a daily subscriber may diminish.

Alternatively, the frequent use of another newspaper, whether a national daily or local weekly, may be indicative of a high overall interest in current events that does not necessarily have a negative impact upon the chances of subscribing to the local daily. From this we develop the following hypotheses:

**H4o: There is no difference in the self-rated likelihood to subscribe daily among casual purchasers based upon purchase or readership of a competing daily newspaper.**

**H4a: The self-rated likelihood to subscribe daily decreases among casual buyers with the number of competing dailies read.**

**H5o: There is no difference in the self-rated likelihood to subscribe daily among casual purchasers based upon readership of local weekly newspapers.**

**H5a: The self-rated likelihood to subscribe daily decreases among casual buyers with the number of competing weeklies read.**

### **3.5 Attitudes Toward the Electronic Media and the Intention to Subscribe**

Despite the failure of Moore et al. (1988) to find a strong correlation between television news and newspapers readership, the competitive situation between the newspaper industry and the broadcast media continues to evolve. Since the time of that study, the CNN network has grown in audience and influence to become a more visible alternative, and Canada has seen the introduction of its own 24-hour television news network. As such, consumer preferences for news source may well have shifted in favor of television. Stempel (1991) found it to be the medium of choice for national coverage over newspapers, while newspapers were preferred for reporting of local events. It seems likely television would also be favored for international news as well. Unfortunately little work has been done on the relationship between the use of radio as a news source and newspapers.

Alternatively, television, and newspapers may enjoy a symbiotic relationship with the use of one medium serving to prompt interest in following up a story on the other (Rarick and Lemert, 1988). As such, a high level of importance given to television as a source of news may not necessarily detract from the appeal of newspapers as a source of current events or lessen the likelihood that a casual purchaser will begin subscribing daily. One may also speculate that the same relationship exists between radio and newspapers. From these, we draw the following hypotheses:

**H6o: There is no difference in the self-rated likelihood of subscribing daily among casual purchasers based upon their reliance attached to television as a news source.**

**H6a: The self-rated likelihood to subscribe daily among casual purchasers decreases with the reliance to television as a news source.**

**H7o: There is no difference in the self-rated likelihood to subscribe daily among casual purchasers based upon their reliance attached to radio as a news source.**

**H7a: The self-rated likelihood to subscribe daily among casual purchasers decreases with the reliance to radio as a news source.**

### **3.6 Purchase Frequency and Intention to Subscribe**

The more frequently a casual purchaser buys the newspaper, the greater the potential savings from subscribing on a daily basis. In addition, a greater frequency of purchase would seem to indicate higher overall satisfaction with the product. As such, the likelihood of a frequent purchaser to become a daily subscriber may be more than for one who purchases less often. However, as previously mentioned, there may be reasons

for single copy purchase that are unaffected by the price savings or convenience of home delivery. Hence, the following hypotheses:

**H8o: There is no difference in the self-rated likelihood to subscribe daily among casual purchasers based upon frequency of purchase.**

**H8a: The self-rated likelihood to subscribe daily among casual buyers increases with the frequency of purchase.**

### **3.7 Method of Purchase and the Likelihood to Subscribe**

Differences in the likelihood to subscribe may also be attributable to the consumer's method of purchase. People who buy their paper at a newsstand may appreciate the social contact associated with a purchase or have had problems with home delivery (such as service or billing) so severe as to preclude the possibility of ever subscribing again. On the other hand, some single copy purchasers may well wish to have home delivery if it were available to them. The lack of availability may stem from access problems in an apartment building to residence in a non-delivery area.

With weekend subscribers, there might be no realistic chance of becoming a daily subscriber as they read the newspaper during the week at work. Alternatively, they may subscribe to the weekend edition because of the additional editorial features and believe that the weekday editions do not have enough items of interest to them to make daily subscribing worthwhile. These people may be won over by major improvements in editorial quality to the weekday paper.

Such information can be useful to industry planners in devising promotional campaigns to convert casual purchasers into subscribers. If single copy buyers are more likely to subscribe, then a cost-effective promotional campaign would probably involve



point-of-purchase displays or inserts into papers sold at single copy venues. Should weekend subscribers prove to be a better target market, then telephone solicitation or mailing campaigns would be more effective in reaching them directly. From this we draw the following hypotheses:

**H9o: There is no difference in the self-rated likelihood to subscribe between those who are weekend subscribers and those who are exclusively single copy purchasers.**

**H9a: There is a difference in the self-rated likelihood to subscribe between those who are weekend subscribers and those who are exclusively single copy purchasers.**

### **3.8 Product Satisfaction and the Likelihood to Subscribe**

Consumer satisfaction with a newspaper in its current form may prove to be a valid predictor of the likelihood that they will eventually subscribe daily. Casual purchasers who are generally satisfied with product quality (defined as an evaluation of the newspaper on a feature-by-feature basis) may be more easily sold on the benefits of home delivery than those who are generally dissatisfied. Alternatively, those who purchase a newspaper infrequently because they believe the product could be much better might be the most likely to subscribe if significant improvements in editorial quality or delivery service are made. To this end we derive the following hypotheses:

**H10o: There is no difference in the self-rated likelihood to subscribe among casual purchasers based upon their level of satisfaction with the newspaper in its current form.**

**H10a: The self-rated likelihood to subscribe daily among casual purchasers increases with their level of satisfaction with the newspaper in its current form.**

### **3.9 Number of Features Regularly Read and the Likelihood to Subscribe**

A consumer's degree of reliance on newspapers as a source of news, entertainment, and advice may be measured by the number of features he or she reads on a regular basis. As such, this figure may prove to be a strong indicator of the likelihood to subscribe, as a large number of features regularly read is indicative of wide range of needs met by the publication.

However, a small number of features regularly read may not necessarily serve as a predictor of disinterest in subscribing daily. A strong loyalty to a particular feature, especially one that appears everyday or frequently, may suffice to make a casual purchaser a likely subscriber. From these we derive the following hypotheses:

**H11o: There is no difference in the self-reported likelihood to subscribe daily based on the number of features regularly read in the newspaper.**

**H11a: The self-reported likelihood to subscribe daily increases with the number of features regularly read.**

### **3.10 Previous History as a Daily Subscriber**

The fact that a casual buyer may have subscribed on a daily basis previously may influence their likelihood to subscribe in the present. It could be that given the churn among those only partially committed to the newspaper habit as subscribers may make them more likely to subscribe in the future than those who have never subscribed. On the other hand, those who have subscribed previously may have been so turned off by the experience that they are unlikely ever to do so again. Here, the reason for canceling the subscription may influence a person's future likelihood to subscribe again. Reasons such as poor delivery service may permanently preclude subscribing again, while other reasons such as a lack of time to read, the availability of the newspaper at work, or dissatisfaction

with editorial content may ameliorate with the passage of time. To this end we derive the following hypotheses:

**H12o: There is no difference in the self-rated likelihood to subscribe among casual purchasers based upon whether they have previously been a daily subscriber.**

**H12a: There is a difference in the self-rated likelihood to subscribe among casual purchasers based upon whether they have previously been a daily subscriber.**

**H13o: There is no difference in the likelihood to subscribe among former daily subscribers based on the reasons considered important for stopping.**

**H13a1: There is a difference in the likelihood to subscribe among former daily subscribers for those to whom poor service was an important reason for stopping**

**H13a2: There is a difference in the likelihood to subscribe among former daily subscribers for those to whom lack of time to read was an important reason for stopping.**

**H13a3: There is a difference in the likelihood to subscribe among former daily subscribers for those to whom the availability of the paper at work was an important reason for stopping.**

**H13a4: There is a difference in the likelihood to subscribe among former daily subscribers for those to whom dissatisfaction with editorial content was an important reason for stopping.**

### 3.11 Marketing Mix Changes and the Likelihood to Subscribe

As attitudes towards, and usage of newspapers varies demographically and psychographically, so to might the likelihood to subscribe to a newspaper whether or not changes to the marketing mix are made. Publishers already recognize the value of price incentives by offering daily delivery service at a substantial discount over buying frequently at the newsstand. The special subscription offer of the *Sun* resulted in an additional 18,000 people becoming daily subscribers<sup>12</sup>, though how many of these were kept remains open to question. In addition, industry managers also recognize that casual readers generally seem to look for different things in a newspaper (Larkin et al., 1977; Stone and Windhauser, 1983), and consequently try to accommodate some of these differences with editorial changes that they believe will appeal to less-committed readers. These can range from employing different writers, addition or deletion of certain features, shift in format (such as from broadsheet to tabloid), change in publication cycle (Rarick and Lemert, 1988) or changes in style to make the newspaper easier to read and more visually attractive (Hartman, 1987).

Alternatively, there still may be barriers to conversion to daily subscription that could be largely unaffected by such changes. These might range from a perceived lack of time to a reluctance in dealing with disposal of a large number of newspapers that would accumulate in the home of a daily subscriber over time. In addition, some weekend subscribers may never be induced to subscribe daily as long as they have access to a free paper at work during the week. From these we draw the following hypotheses:

**H14o: There is no difference in the self-rated likelihood to subscribe daily in response to marketing mix changes (editorial improvements, discounted subscription offer, publication cycle change, improved graphics or changed format) among casual purchasers.**

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<sup>12</sup>Internal report of the Pacific Press Circulation Department.

**H14a1: The self-rated likelihood to subscribe daily will be higher in response to editorial improvements than in the existing situation among casual purchasers.**

**H14a2: The self-rated likelihood to subscribe daily will be higher in response to a discounted subscription offer than with the existing situation among casual purchasers.**

**H14a3: The self-rated likelihood to subscribe daily will be higher in response to a change in publication cycle than with the existing situation among casual purchasers.**

**H14a4: The self-rated likelihood to subscribe daily will be higher in response to improved color and graphics than with the existing situation among casual purchasers.**

**H14a4: The self-rated likelihood to subscribe daily will be higher in response to a change in format than with the existing situation among casual purchasers.**

The preceding hypotheses do not exhaust the possible factors influencing a casual buyers likelihood to subscribe. As stated in the literature review, early childhood experiences with a newspaper and political activism seem to positively correlate with newspaper readership, and by extension may influence the likelihood to subscribe. However, time constraints inherent with uncompensated survey subjects and the difficulty of operationalizing these constructs within the context of a brief (10 minute) telephone questionnaire precluded their inclusion in the model.

## Chapter 4

### Methodology

In order to be comparable to other Canadian newspaper market research, methodological standards and procedures suggested by the Canadian Advertising Research Foundation (CARF) (1991) for media research were followed wherever possible. This was done in order to make this research compatible with other research done on behalf of other Canadian media organizations.

#### 4.1 Target Population

The greater Vancouver area was chosen for research into the hypotheses proposed. It was believed, based on the work of Gollin (1987) and Acton (1987), that similar demographic patterns existed between subscribers and single copy purchasers in both Canada and the United States. It was also felt that the relatively recent marketing mix changes by *The Vancouver Sun* made this an ideal setting to survey people's attitudes towards subscribing in response to different marketing scenarios. From an academic standpoint, the novelty of discounted subscription offers in this market made it more appropriate for testing the effectiveness of that strategy, though at the cost of generalizability to the American markets (where discounting has been more common).

In addition, the existence of a competing tabloid newspaper with better color reproduction would likely make questions relating to marketing mix changes more relevant to most subjects. The region is also ethnically diverse, though the high proportion of Asian immigrants residing there makes it dissimilar to most North American cities. Finally, the relative affluence of the area may make its newspaper readers less price sensitive, resulting possibly in the diminished appeal of subscription discounting. Therefore, the market could be considered a good laboratory from a

marketing standpoint though not necessarily one from which generalizations could be easily drawn to other cities.

*The Vancouver Sun* operates on a six-day (Monday to Saturday) publication cycle. It offers daily home delivery at the rate of \$10.50 per month (including GST), as well as Friday only and Saturday only subscriptions at the equivalent of \$1.05 per copy. Newsstand and vending box prices are 50 cents per copy Monday to Thursday, and one dollar on Fridays and Saturdays. In addition, people purchasing at the newsstand must pay an additional 7% GST.

Two groups of casual newspaper purchasers (adults 18 or over) were targeted. The first were weekend (Friday and/or Saturday only) subscribers. Members of this group may also be occasional single copy purchasers, or may read the newspaper frequently during the week at work. A second group consisted of subjects who were single copy buyers at vending boxes or newsstands (either exclusively or in combination with a weekend subscription). This segment was selected to give a more complete view of casual purchasers as many might not subscribe to the Friday and Saturday editions of the newspaper. It was believed that if the population consisted solely of weekend subscribers, a distorted sample of casual purchasers might have resulted. Among these subscribers could be a large proportion that would never consider daily subscription as long as a free newspaper was available for them to read at work. In addition, there could be others who simply lack time during the week to read and again, would not realistically consider subscribing. Lastly, such a population would exclude those who might like to subscribe, but who don't because of delivery problems such as lack of access to an apartment building. In these cases, a change in residence in the future may be all that stands between the transformation of a single copy purchaser to a daily subscriber.

## 4.2 Sampling Frame

In order to reach both target groups, with a common methodology telephone sampling was used involving two sampling frames. The first consisted of a computer-generated random list of Friday and/or Saturday only subscribers (with telephone numbers) to *The Vancouver Sun* provided by the newspaper. Subjects who were single copy purchasers were to be contacted by random telephone number selection. This consisted of using a random number table to select pages from the telephone directory. On selected pages all residential numbers were called as well as plus-one dialing for each number phoned.

## 4.3 Data Collection Tool

In order to test the hypotheses, a questionnaire was developed for both target groups (see appendix 1). This instrument was developed in accordance with the guidelines set forth in *The Research Ethics Review* of Simon Fraser University. The questionnaire was pre-tested on members (N=28) of the target populations in order to refine the questions asked respondents during actual data collection. Actual data collection took place between November 14, 1993 and January 21, 1994.

## 4.4 Procedure

Interviews were conducted concurrently over a nine week period. Regularly scheduled telephone calling times were set from 6-9 PM Sundays and 7-10 PM Monday to Thursday were in accordance with the recommendations of Weeks et al. (1987) to maximize the chances both of contact and a completed interview. The interviewer would ask to speak with the person in whose name the household subscribed or if anyone in the household had made a single copy purchase of the *Sun* during the past week and did not subscribe to the paper (see appendix 1). In the case of households where more than one person purchased a copy of the *Sun* during the past week, the purchaser with the next



birthday would be requested to participate. If that person was not available, the interviewer would ask when they would be generally home and. Should that time be outside the regularly scheduled calling hours, a note would be made and a callback attempted then. A minimum of three callbacks after the initial call would be made with at least one attempt during weekday mornings or weekends. If all calls encountered an answering machine, a message would be left inviting the prospect to call back and participate in the research within the following three days. A five-ring policy was employed with the expectation that approximately 99% of occupied homes would be reached (Smead and Wilcox, 1980). Prospects unwilling to participate in the survey were noted for possible follow-up research and their gender was recorded.

#### **4.5 Sample Size**

A total of 302 usable surveys were procured (see Table 1). Surveys were done on a proportional basis with 20% (61) of the respondents being exclusively weekend subscribers and the remainder either exclusively single-copy purchasers or those who were both weekend subscribers and single-copy buyers. This approximates the actual split between the two groups according to the *Sun's* circulation department figures. Such a total sample size would give a 95% confidence level in a two-tailed test with a margin of error of plus or minus 6%. It must be noted however, that since we are dealing with two groups of casual buyers, the margin of error for each will be greater than for the sample as a whole. This is especially true for the weekend subscriber group (plus or minus 13%) and some caution must be exercised in comparing their responses with those of single copy purchasers. The resulting total number of completed surveys was in line with recommendations of CARF (1991). Based on data provided by NADbank, the sample would capture better than one in every thousand purchasers of *The Vancouver Sun* in the greater Vancouver area.

**Table 1**  
**Telephone Calling Results**

	Tel. Nos. Dialed	Answers	Not Qualified	Refusals	Interviews
1	2678	2015	1482	121 Male 173 Female	239
2	131	107	12	13 Male 19 Female	63
Total	2809	2122	1494	134 Male 192 Female	302

1- Random Dialing 2- Weekend Subscriber List

Telephone numbers dialed is the total of phone numbers that were called. Answers reflects the number of residences where a household member (not a machine) answered the phone. This is less than the number dialed as businesses, fax machines, out-of-service numbers, and households that could not be reached after four attempts were not counted. Refusals were counted as those who admitted being eligible to participate in the survey as well as those who said they were not interested in participating even if they may not have qualified for inclusion.

#### **4.6 Measured Independent Variables**

The questionnaire measured a number of demographic, psychographic, attitudinal and behavioral questions of respondents. Demographic data came in the form of questions related to age group, occupational type, gender, home ownership, income, marital status, number of children, length of residence in the community, and education. Behavioral questions dealt with the subject's method and frequency of purchase of *The Vancouver Sun* as well as use of competing daily and local free distribution newspapers.

Consumer attitudes were measured on seven-point Likert or Likert-type scales in line with the recommendations of Cox (1980). These questions related to content satisfaction with the newspaper, as well as the importance attached to television and radio as news sources. Respondents were also asked if they had previously subscribed to the newspaper on a daily basis, and if so to indicate the importance of various reasons for stopping.

Questions were posed to respondents regarding the magnitude and direction of the price differential between subscribing daily and single copy purchase everyday. At the end of the first week in January, the *Sun* began a promotional campaign stressing the cost savings of home delivery. Only a small proportion of the surveys were conducted after this promotion began and correlational analysis showed no relationship between these later interviews and respondents' estimates of price savings or willingness to subscribe in response to a discounted subscription offer.

#### **4.7 Measured Dependent Variable**

The questionnaire measured respondents' self-rated intention to subscribe daily to *The Vancouver Sun*, both in the *status quo* situation, and in response to hypothetical changes in the newspaper's marketing mix. As with respondent attitudes, these were measured using a seven-point Likert scale. The changes proposed included improvements in editorial quality such as better news coverage (local, provincial, national, international, sports, and business), as well as improved color and graphics. In addition, each subject also rated his/her likelihood to subscribe in response to a discounted subscription offer and a return to afternoon publication by the *Sun*..

#### **4.8 Data Analysis**

Results of the survey were analyzed by a variety of statistical techniques using SPSS for Windows. Regression analysis was used in order to determine the magnitude

and significance of the effect of independent variables under consideration on the likelihood to subscribe daily. Paired t-tests were employed to examine the impact of various changes in the marketing mix on the respondent's likelihood to subscribe. T-tests were chosen as they are considered to be more robust than ANOVA. Finally, cluster analysis was used to determine the most suitable target market among casual purchasers: their defining characteristics and the marketing mix changes most likely to win them over as daily subscribers. Determination of the value of each independent variable as a predictor of the likelihood to subscribe was examined with the use of multiple discriminant analysis.

## Chapter 5

### Results

#### 5.1 Sample Demographics

A demographic profile of the sample in comparison to NADbank data of *Vancouver Sun* readership (1992) and comparable Statistics Canada census data (used by NADbank) is shown in Table 2.

As may have been expected, there were significant differences between the sample population and the census population with regards to gender, age and income distribution, education, and home ownership. Between the sample population and *Sun* readership as a whole differences also existed based upon the same factors except for age distribution. Compared to the NADbank readership and census data, females were underrepresented in the survey. However, this may well be due to the fact that the rate of participation refusal was higher for women prospects than for men with both male and female interviewers. The proportion of survey respondents who were post secondary graduates was higher than the *Sun* readership figures at least in part because those who were community college graduates were counted in, which apparently was not the case with the NADbank data (the proportion who were community college graduates could not be determined in retrospect). As well, those who were university graduates seemed more willing to participate than those with lower levels of education, though this could not be verified as it was impossible to determine the education level of those who refused to participate. Finally, the proportion of survey respondents who were homeowners was much less than the *Sun* readership in general. This may be due to the general tendency of homeowners to be more devoted newspaper readers than those who rent (Grotta and Bibbili, 1983).

**Table 2**  
**Demographic Profile of Study Sample x Readership x Census**

	<b>n</b>	<b>%</b>	<b>NADbank (%)</b>	<b>Census (%)</b>
<b>Respondent Gender</b>				
Male	170	56.3	49.9	48.3
Female	132	43.7	50.1	51.7
CHI-SQUARE			4.93**	7.71*** d.f.=1
<b>Age Category</b>				
18-24	31	10.2	12.2	13.1
25-34	81	26.8	21.2	23.0
35-49	99	32.7	31.6	29.1
50-64	52	17.2	18.5	18.2
65+	39	12.9	16.4	16.6
CHI-SQUARE			5.25 NS	7.82* d.f.=4
<b>Education</b>				
Grade School/ Some High	20	6.6	12.1	15.2
H. S. Grad	67	22.2	24.3	25.9
Some P.S.	64	21.2	33.0	32.8
P.S. Grad+	146	48.3	30.2	24.4
CHI-SQUARE			59.83***	84.53*** d.f.=3
<b>Famiily Status</b>				
Single	128	42.4	40.9	42.4
Married	168	55.6	56.6	55.4
Children	90	30.2	26.4	28.5
No Children	208	69.8	71.1	69.2
CHI-SQUARE			2.08 NS	.32 NS d.f.=3

\*  $P \leq .10$  \*\*  $P \leq .05$  \*\*\*  $P \leq .01$  NS= not significant

Table 2 (Cont.)

**Income**

Under \$30,000	71	28.6	21.7	24.2
\$30,000-49,999	69	27.8	31.0	31.5
\$50,000-74,999	56	22.6	24.6	24.0
\$75,000+	52	21.0	22.7	20.3
CHI-SQUARE			7.08*	3.35 NS d.f.=3

**Tenure**

Own	159	52.6	72.8	65.6
Rent	140	46.4	26.8	33.5
CHI-SQUARE			60.62***	22.83*** d.f.=1

\*  $P \leq .10$  \*\*  $P \leq .05$  \*\*\*  $P \leq .01$  NS= not significant

A comparison was then made between single copy purchasers and weekend subscribers with the same demographic factors (Table 3). Significant differences were shown for all factors except education between the two groups. Subscribers were far more likely to be female, older, married, and homeowners. Income distribution tended to be higher among weekend subscribers as well. These mirror the findings of Gollin (1987) in his comparisons of daily subscribers and single copy purchasers.

## **5.2 Verification of Hypotheses**

The variables of concern in testing (see Appendix 3) the hypotheses were placed into three groups for stepwise regression analyses. This method was chosen as it allowed for the simultaneous evaluation of all variables under consideration as well as minimizing any effects of collinearity. The three groups were demographic, behavioral, and attitude variables. Each group was run separately in regression with the likelihood to subscribe in response to a marketing mix situation as the dependent variable. Only variables with a significance of .05 or less were considered. This level of significance was considered more appropriate than .01 or less for two reasons. First the research is exploratory in nature, and some of the relationships sought may be rather subtle. Second, as the hypotheses tested are both directional and non-directional and the regression analysis used two-tailed probabilities, the results will, if anything, be on the conservative side. Table 4 shows a summary of the significant variables under various marketing mix scenarios tested by hypothesis H1. The results of testing hypotheses H4, H5, H8, H9, H10, H11, H12, and H13 are shown on Table 5, and those of H2, H3, H6, and H7 on Table 6.

All hypotheses were evaluated in of the marketing mix scenarios: **LIKESUB** (current situation), **SUBIMPRO** (improved editorial quality), **DISCOUNT** (discounted subscription offer), **COLOR** (improved color and graphics), **CYCLE** (return to afternoon publication), and **TABLOID** (conversion to tabloid format).



**Table 3**  
**Sample Demographics Weekend Subscriber/Single Copy**

	Single Copy		Weekend Subscriber		
	n	%	n	%	
<b>Respondent Gender</b>					
Male	139	60.7	30	41.7	
Female	90	39.3	42	58.3	
CHI-SQUARE					9.76*** d.f.=1
<b>Age Category</b>					
18-24	26	11.4	5	13.9	
25-34	67	29.3	14	19.4	
35-49	67	29.3	31	43.1	
50-64	41	17.9	11	15.5	
65+	28	12.2	11	15.5	
CHI-SQUARE					9.12* d.f.=4
<b>Education</b>					
Grade School/ Some High	16	7.1	4	6.6	
H. S. Grad	48	21.3	9	14.8	
Some P.S.	53	23.6	11	18.0	
P.S. Grad+	108	48.0	37	60.7	
CHI-SQUARE					6.65 NS d.f.=3
<b>Family Status</b>					
Single	109	48.7	19	26.8	
Married	115	51.3	52	73.2	
Children	56	24.8	38	53.5	
No Children	170	75.2	33	26.5	
CHI-SQUARE					44.98*** d.f.=3

\*  $P \leq .10$  \*\*  $P \leq .05$  \*\*\*  $P \leq .01$  NS= not significant

Table 3 (Cont.)

**Income**

Under \$30,000	61	32.1	10	17.5
\$30,000-49,999	54	28.4	15	26.3
\$50,000-74,999	40	21.1	16	28.1
\$75,000+	35	18.4	16	28.1

CHI-SQUARE

8.06\*\* d.f.=3

**Tenure**

Own	101	44.5	57	80.3
Rent	126	55.5	14	19.7

CHI-SQUARE

36.79\*\*\* d.f.=1

\*  $P \leq .10$  \*\*  $P \leq .05$  \*\*\*  $P \leq .01$  NS= not significant

**H1a:** There are differences in the self-rated likelihood to subscribe among casual purchasers based on demographic factors. Among them are:

**H1a1:** Male casual buyers will have a higher self-rated likelihood to subscribe than females.

**H1a2:** Older casual buyers will have a greater self-rated likelihood to subscribe than younger ones.

**H1a3:** Casual buyers who have higher income levels will have a higher self-rated likelihood to subscribe than lower-income casual buyers.

**H1a4:** Casual buyers with higher levels of education will have a higher self-rated likelihood to subscribe than those with lower levels of education.

**H1a5:** Casual buyers who are home-owners will have a higher self-rated likelihood to subscribe than those who are renters.

**H1a6:** Casual buyers who are long-term residents of the community will have a higher self-rated likelihood to subscribe than those who are short-term residents.

**H1a7:** Casual buyers who are married will have a higher self-rated likelihood to subscribe than those who are not.

Hypothesis H1a1 was not supported. No differences in the likelihood to subscribe in any scenario could be found. However, in later discriminant analysis, males were significantly less likely to be members of the target group most likely to subscribe.

H1a2 was indirectly not supported as retirees (RETIRE) were less likely to subscribe under the present marketing mix.

No support was found for H1a3 as income level was not significant in any scenario.

Hypothesis H1a4 was not supported. Under the current marketing mix, discounted subscription offer, and tabloid format there was a significant positive

correlation for those who had a high school education (HIGH). Persons with postgraduate degrees (GRADDEG) were significantly less likely to subscribe in response to a discounted subscription offer.

H1a5 was not supported, as home ownership (OWN) was negatively correlated to subscribing in response to editorial improvements and improved color and graphics.

H1a6 was not supported in the case of a discounted subscription offer as length of residence (RESVAN) negatively correlated with the likelihood to subscribe. In later discriminant analysis, it was also a negative predictor of membership in the cluster most likely to subscribe.

The last sub-hypothesis was not supported for the current marketing mix as married people (MARRIED) were significantly less likely to begin daily delivery.

Among demographic variables not directionally hypothesized, occupation was significant in one case as manual and trades workers (MANUAL) were positively correlated to subscribe in response to editorial improvements. In response to improved color and graphics, a negative relationship was found for subjects who refused to disclose their income range (REFUSE), and persons for whom English is their native language (ENGLISH). The converse of this is that renters and people with first languages other than English are more likely to subscribe in response to this product improvement.

**H2a1: A casual buyer's self-rated likelihood to subscribe will increase with the usefulness attached to newspapers as a means of staying informed.**

**H2a2: A casual buyer's self-rated likelihood to subscribe will increase with the usefulness attached to newspapers as a way of passing time.**

**H2a3: A casual buyer's self-rated likelihood to subscribe will increase with the usefulness attached to newspapers as a source of stimulation and entertainment.**

No confirmation was found for H2a1. H2a3 was confirmed as people who sought to be stimulated and entertained by newspapers (STIMULAT) were significantly more likely to subscribe in response to editorial improvements, better color and graphics, and a conversion to tabloid format. Those who read newspapers as a way to pass time were positively correlated to subscribe in response to a discount subscription, confirming H2a2 in that situation.

**H3a: The self-rated likelihood to subscribe daily among casual buyers increases with their estimate of the price savings of daily subscribing.**

No significant relationships found.

**H4a: The self-rated likelihood to subscribe daily decreases among casual buyers with the number of competing dailies read.**

This was not supported for *Province* readership (PROV) as it had a significant positive correlation with the likelihood to subscribe in response to a discounted subscription offer, improved color and graphics, a return to afternoon publication, and a switch to tabloid format. It was confirmed for readers of other newspapers (OTHERNP) as they were less likely to subscribe to a tabloid.

**H5a: The self-rated likelihood to subscribe daily decreases among casual buyers with the number of competing weeklies read.**

No significant relationships found.

**H6a: The self-rated likelihood to subscribe daily among casual purchasers decreases with the reliance to television as a news source.**

No significant relationships found

**H7a: The self-rated likelihood to subscribe daily among casual purchasers decreases with the reliance to radio as a news source.**

This was not supported as reliance on radio (RELYRAD) as a source of news was positively correlated with the likelihood to subscribe daily in the current situation.

**H8a: The self-rated likelihood to subscribe daily among casual buyers increases with the frequency of purchase.**

Purchase frequency of *The Vancouver Sun* (PURCHASE) was positively correlated with the likelihood to subscribe daily in the current situation as well as in response to a discounted subscription offer and improved color and graphics..

**H9a: There is a difference in the self-rated likelihood to subscribe between those who are weekend subscribers and those who are exclusively single copy purchasers.**

No significant difference was found between weekend subscribers and single copy purchasers in their respective likelihood's to subscribe daily in any situation.

**H10a: The self-rated likelihood to subscribe daily among casual purchasers increases with their level of satisfaction with the newspaper in its current form.**

A casual buyer's level of satisfaction (SATISFAC) was positively correlated with the likelihood to subscribe daily in the current marketing mix and all other scenarios with the exception of improved editorial quality.

**H11a: The self-reported likelihood to subscribe daily increases with the number of features regularly read.**

No significant relationship was found between the number of features regularly read and the likelihood to subscribe daily. However, in later discriminant analysis, this

was shown to be a significant predictor of membership in the target group most likely to subscribe.

**H12a: There is a difference in the self-rated likelihood to subscribe among casual purchasers based upon whether they have previously been a daily subscriber.**

No significant differences based upon whether a casual buyer had previously been a daily subscriber.

**H13a1: There is a difference in the likelihood to subscribe among former daily subscribers for those to whom poor service was an important reason for stopping**

**H13a2: There is a difference in the likelihood to subscribe among former daily subscribers for those to whom lack of time to read was an important reason for stopping.**

**H13a3: There is a difference in the likelihood to subscribe among former daily subscribers for those to whom the availability of the paper at work was an important reason for stopping.**

**H13a4: There is a difference in the likelihood to subscribe among former daily subscribers for those to whom dissatisfaction with editorial content was an important reason for stopping.**

H13a1 was confirmed in the current marketing mix as casual buyers who had previously subscribed daily and for whom poor delivery service was an important reason for stopping (SERVICE) were significantly less likely to subscribe daily.

**H14a1: The self-rated likelihood to subscribe daily will be higher in response to editorial improvements than in the existing situation among casual purchasers.**

**H14a2: The self-rated likelihood to subscribe daily will be higher in response to a discounted subscription offer than with the existing situation among casual purchasers.**

**H14a3: The self-rated likelihood to subscribe daily will be higher in response to a change in publication cycle than with the existing situation among casual purchasers.**

**H14a4: The self-rated likelihood to subscribe daily will be higher in response to improved color and graphics than with the existing situation among casual purchasers.**

**H14a5: The self-rated likelihood to subscribe daily will be higher in response to a change in format than with the existing situation among casual purchasers.**

All the hypothetical marketing mix changes except a switch to tabloid format (TABLOID) resulted in small but significant increases in the respondents' self-rated likelihood to subscribe in paired two-tailed t-tests (tabloid conversion would have been significant in a one-tailed test)(see Table 7). From a base *status quo* situation (LIKESUB) the biggest increase in likelihood to subscribe came from improved editorial quality (SUBIMPROV), followed by a discounted subscription offer (DISCOUNT), return to the afternoon publication cycle (CYCLE), better color and graphics (COLOR), and tabloid format. This indicates that marketing mix changes will, in aggregate, increase the likelihood to subscribe among casual buyers compared to the current situation.



**Table 4**  
**Significant Demographic Variables and Likelihood to Subscribe**  
**Hypothesis H1**

Dependent Variable: Current Situation

<b>Ind. Var.</b>	<b>Std. Beta</b>	<b>Sig. T</b>	<b>Adj. R Square</b>	<b>Sig. F</b>
HIGH	.16	**	.0229	
MARRIED	-.12	*	.0106	
RETIRED	-.17	**	<u>.0224</u>	
			.0559	***

Dependent Variable: Editorial Improvements

<b>Ind. Var.</b>	<b>Std. Beta</b>	<b>Sig. T</b>	<b>Adj. R Square</b>	<b>Sig. F</b>
MANUAL	.13	*	.0264	
OWN	-.13	*	.0165	
RETIRED	-.13	*	<u>.0125</u>	
			.0554	***

Dependent Variable: Discounted Subscription Offer

<b>Ind. Var.</b>	<b>Std. Beta</b>	<b>Sig. T</b>	<b>Adj. R Square</b>	<b>Sig. F</b>
GRADDEG	-.12	*	.0119	
HIGH	.16	**	.0314	
RESVAN	-.20	***	<u>.0280</u>	
			.0713	***

\*  $P \leq .05$  \*\*  $P \leq .01$  \*\*\*  $P \leq .001$

Table 4 (Cont.)

Dependent Variable: Tabloid Format

Ind. Var.	Std. Beta	Sig. T	Adj. R Square	Sig. F
HIGH	.22	***	.0449	***

Dependent Variable: Return to PM Publication

No significant variables found.

Dependent Variable: Improved Color and Graphics

Ind. Var.	Std. Beta	Sig. T	Adj. R Square	Sig. F
ENGLISH	-.15	**	.0189	
HIGH	.18	**	.0244	
OWN	-.18	***	.0346	
REFUSE	.14	*	<u>.0164</u>	
			.0943	***

\*  $P \leq .05$  \*\*  $P \leq .01$  \*\*\*  $P \leq .001$

**Table 5**  
**Significant Behavioral Variables and Likelihood to Subscribe**  
**Hypotheses H4, H5, H8, H9, H10, H11, H12, H13**

Dependent Variable: Current Situation

<b>Ind. Var.</b>	<b>Std. Beta</b>	<b>Sig. T</b>	<b>Adj. R Square</b>	<b>Sig. F</b>
PURCHASE	.22	***	.0393	
SERVICE	-.13	**	<u>.0202</u>	
			.0595	***

Dependent Variable: Editorial Improvements

No significant variables found.

Dependent Variable: Discounted Subscription Offer

<b>Ind. Var.</b>	<b>Std. Beta</b>	<b>Sig. T</b>	<b>Adj. R Square</b>	<b>Sig. F</b>
PROV	.14	*	.0146	
PURCHASE	.15	**	.0154	
SERVICE	-.12	*	<u>.0119</u>	
			.0419	**

Dependent Variable: Improved Color and Graphics

<b>Ind. Var.</b>	<b>Std. Beta</b>	<b>Sig. T</b>	<b>Adj. R Square</b>	<b>Sig. F</b>
PROV	.15	**	.0281	
PURCHASE	.15	**	<u>.0084</u>	
			.0365	**

\*  $P \leq .05$  \*\*  $P \leq .01$  \*\*\*  $P \leq .001$

Table 5 (Cont.)

Dependent Variable: Return to PM Publication

Ind. Var.	Std. Beta	Sig. T	Adj. R Square	Sig. F
PROV	.17	**	.0281	
EDIT	-.14	*	<u>.0160</u>	
			.0441	**

Dependent Variable: Tabloid Format

Ind. Var.	Std. Beta	Sig. T	Adj. R Square	Sig. F
PROV	.32	***	.1107	
OTHERNP	-.14	*	<u>.0090</u>	
			.1197	***

\*  $P \leq .05$  \*\*  $P \leq .01$  \*\*\*  $P \leq .001$

**Table 6**  
**Significant Attitude Variables and Likelihood to Subscribe**  
**Hypotheses H2, H3, H6, H7.**

Dependent Variable: Current Situation

<b>Ind. Var.</b>	<b>Std. Beta</b>	<b>Sig. T</b>	<b>Adj. R Square</b>	<b>Sig. F</b>
RELYRAD	.12	*	.0120	
SATISFAC	.32	***	<u>.0950</u>	
			.1070	***

Dependent Variable: Editorial Improvements

<b>Ind. Var.</b>	<b>Std. Beta</b>	<b>Sig. T</b>	<b>Adj. R Square</b>	<b>Sig. F</b>
STIMULAT	.13	*	.0146	*

Dependent Variable: Discounted Subscription Offer

<b>Ind. Var.</b>	<b>Std. Beta</b>	<b>Sig. T</b>	<b>Adj. R Square</b>	<b>Sig. F</b>
PASTIME	.16	**	.0209	
SATISFAC	.29	***	<u>.1035</u>	
			.1244	***

Dependent Variable: Improved Color and Graphics

<b>Ind. Var.</b>	<b>Std. Beta</b>	<b>Sig. T</b>	<b>Adj. R Square</b>	<b>Sig. F</b>
SATISFAC	.13	*	.0276	
STIMULAT	.12	*	<u>.0103</u>	
			.0379	**

\*  $P \leq .05$  \*\*  $P \leq .01$  \*\*\*  $P \leq .001$

Table 6 (Cont.)

Dependent Variable: Return to PM Publication

Ind. Var.	Std. Beta	Sig. T	Adj. R Square	Sig. F
SATISFAC	.27	****	.0707	***

Dependent Variable: Tabloid Format

Ind. Var.	Std. Beta	Sig. T	Adj. R Square	Sig. F
STIMULAT	.15	*	.0173	
SATISFAC	.19	**	<u>.0538</u>	
			.0711	***

\*  $P \leq .05$  \*\*  $P \leq .01$  \*\*\*  $P \leq .001$

**Table 7**  
**Increases in Likelihood to Subscribe With Marketing Mix Changes**  
**(base=LIKESUB)**  
**Hypothesis H14**

<b>Variable</b>	<b>Mean</b>	<b>T-value</b>	<b>df</b>	<b>2-Tail Sig.</b>
LIKESUB	2.18			
SUBIMPRO	3.01	7.95	301	.000
DISCOUNT	2.81	6.28	301	.000
CYCLE	2.73	4.27	301	.000
COLOR	2.53	3.09	301	.002
TABLOID	2.40	1.66	301	.099

### **5.3 Defining a Target Market**

Information revealing significant relationships between the factors examined and the likelihood to subscribe is of little use unless it can be effectively incorporated into defining a feasible target market. In addition, an appropriate combination of marketing mix changes must be determined that will entice members of that segment to become daily subscribers. To do this, three criteria must be met: first, the target market must be large enough and attractive enough to be worth pursuing. Second, the probability of success must be great enough to justify the use of resources expended. Third, the combination of marketing mix alterations must be feasible within the publication's overall strategy and not put the existing readership base at risk.

To accomplish this, new variables were created classifying respondents as either likely (four or more on the seven-point scale) or not likely to subscribe in response to various marketing mix scenarios. These were current situation (LIKESUB1), improved editorial content (SUBIMP1), discounted subscription offer (DISC1), improved color/graphics (COLOR1), tabloid format (TABLOID1) and a return to afternoon publishing cycle (CYCLE1). Then Ward's clustering was used to determine the appropriate initial seeds for k-means clustering. The final means shown on Table 8, and

since all the variables are coded as either one (likely to subscribe) or zero (unlikely to subscribe) the cluster centroids represent the percentage of each cluster likely to subscribe in a given situation.

**Table 8**  
**Clusters and Means of Likely Subscriber Variables**

	n	LIKESUB1	SUBIMPI1	DISC1	TABLOID1	COLOR1	CYCLE1
<b>CLUSTER 1</b>	62	.05	.13	.45	.44	.34	.85
<b>2</b>	157	.04	.23	.08	.04	.01	.00
<b>3</b>	82	.69	.96	.84	.62	.68	.60

Three clusters resulted from this procedure. Cluster 1 (the smallest, 20.6% of total sample) was composed of individuals who were by and large unlikely to subscribe except in the event of a return to afternoon publication (85% of cluster members). This would not be considered a feasible alternative as the *Sun's* conversion to morning publication had resulted in considerably increased circulation. In addition, there had been a great savings to Pacific Press through the amalgamation of the circulation departments of both its publications. A publication cycle conversion would endanger both these gains, and the printing of a special afternoon edition would, in all probability, be uneconomic for such a small segment.

Cluster 2 (52.2% of sample) was comprised of people virtually without interest in subscribing daily under any circumstances. Despite being the largest group, they hold almost no promise at all for circulation gains. This left the target group of interest to be Cluster 3 (27.2%) as this segment had the highest likelihood to subscribe and was the second largest in size. Almost all people in this cluster were likely to subscribe in response to editorial improvements, and a great majority indicated that they could be enticed with a discounted subscription offer. Both of these are moves are feasible in that they would not entail a radical restructuring of the current marketing mix. Extrapolating



from the number of casual buyers of the *Sun*, it represents a potential increase of approximately 32,000 new daily subscribers and a gain in average weekly circulation of approximately 19,500. This would translate to an increase of over 9% from the average weekly circulation of August, 1992.

Discriminant analysis was then applied to determine which variables were the most powerful predictors of membership in the target group. Stepwise variable selection was employed since it offers similar advantages as with its use in regression analysis. These eight variables were education (high school, grade school and post secondary graduates), *Province* readership, gender, number of *Sun* features regularly read, and length of residence in the Vancouver area. U-method analysis was used to validate the power of the discriminant function. The initial matrix is shown in Table 9 and the cumulative matrix of 10 holdout samples is shown in Table 10.

The overall adjusted hit ratio for the matrix was 45.4%, compared to a proportional chance ratio of 38.6%. Therefore, the adjusted hit ratio was 17.6% higher than the proportional chance ratio. Since there is the general expectation is that this should be at least 25% higher to be considered good, the overall predictive efficacy of the model can only be rated as mediocre. The eigenvalues and Wilk's lambda are similarly unimpressive. However, it is interesting to note that the adjusted hit ratio for cluster 3 (the target group) was a remarkable 56.7%, far larger than would normally be expected for such a small group. In fact, the hit ratio for the largest group (Cluster 2) was the lowest of the three, a highly unusual occurrence. It indicates that the model is very effective in predicting membership in the target group of interest, but not for prediction of subjects totally unlikely to subscribe and those who would subscribe only with a change in publication cycle. This means the model has considerable practical value as a marketing tool by virtue of its ability to predict those casual buyers who are likely to subscribe daily.

Table 9

Actual	n	Initial Discriminant Matrix		
		Predicted Group Membership		
		1	2	3
Cluster 1	62	27 43.5%	23 37.1%	12 19.4%
Cluster 2	158	46 29.1%	71 44.9%	41 25.9%
Cluster 3	81	11 13.6%	19 23.5%	51 63.0%

Overall hit ratio: 49.5%

	Eigenvalue	Wilk's Lambda	Chi-square	df	Sig.
Function 1	.1757	.805380	61.577	16	.0000
2	.0561	.946885	15.527	7	.0298

Standardized canonical discriminant function coefficients:

	Function 1	Function 2
GRADE	.15	.12
HIGH	.65	.16
MALE	-.19	-.14
PROV	.16	.79
PURCHASE	.48	-.03
READ	.50	-.06
RESVAN	-.52	.43
PSGRAD	.15	.55

Canonical discriminant functions evaluated at group means:

Group	Function 1	Function 2
1	-.39	.41
2	-.20	-.20
3	.66	.07

Table 10

Actual	n	Cumulative Holdout Matrix		
		Predicted Group Membership		
		1	2	3
Cluster 1	60	28	21	11
		46.7%	35.0%	18.3%
Cluster 2	150	50	58	42
		33.3%	38.7%	28%
Cluster 3	81	13	22	46
		16.0%	27.2%	56.7%

The loadings of the discriminant functions on the group means (Table 10) indicates that Function 1 primarily distinguishes members of Cluster 3 from the other groups, while Function 2 mainly discriminates between Clusters 1 and 2. Function 1 serves as the more powerful predictor, accounting for the majority of variance explained and reduction in Wilk's lambda.

From this we conclude that high school education, frequency of purchase, number of features regularly read, and length of residence in Vancouver are the most powerful predictors of membership in our target group. Further analysis showed no significant difference between single copy buyers and weekend subscribers to be members of this group.

It then follows that if *The Vancouver Sun* were to target this group in an attempt to gain circulation it should focus on primarily high school educated casual readers who purchase on a fairly frequent basis, are not long-time residents of the community. This would be done through improved editorial content (though not a major move upscale) and discount subscription pricing. In doing so, management might be well advised to take heed of the suggestions of McGrath (1993) and develop features and a style of coverage that women readers find more relevant to their needs as they are over-represented in the target group.

Among the members of Cluster 3 who are dissatisfied with the current content of the newspaper, the editorial improvements most likely to entice them into subscribing are with national and world news. The probable explanation for this is that these readers have a ready standard of comparison with other newspapers such as *The Globe and Mail* or their hometown publication. It does not mean however, that improvements in local coverage should be ignored, as this is a key selling point for the *Sun* to serve as a vehicle to integrate newcomers into the community.

In addition, efforts could be undertaken to broaden the number of features that appeal to all readers to give them something to look forward to each publication day. The extent to which the price of a daily subscription could be discounted may be problematic as there is already a substantial saving over everyday single copy purchase. Furthermore, the experience of newspapers who frequently offer discounted subscriptions is that their life expectancy is often only as long as the discount period (Gamst, 1984).

## Chapter 6

### Discussion and Conclusions

#### 6.1 Summary of Findings

The first set of hypotheses, relating demographic factors to the likelihood to subscribe was not supported. Expected differences based on age, income, education, home ownership were not found. Length of residence in the community was refuted as this was found to be negatively correlated with the likelihood to subscribe daily. Also, as retired persons appeared less likely to subscribe, so by extension might the elderly, the opposite of what was predicted. While high school graduates as a group were positively correlated with the likelihood to subscribe, this did not confirm the expectation that people with advanced levels of education would be more likely to subscribe.

Partial support was also given for the second set of hypotheses concerning benefits sought and the likelihood to subscribe as those who looked to be stimulated and entertained by newspapers were more likely to subscribe daily than those seeking other benefits in response to improved editorial quality, better color, and tabloid format.

No support was found for the third hypothesis. Significant relationships did not exist based on consumer estimations of price savings.

The fourth hypothesis was not supported as *Province* readership was positively correlated with the likelihood to subscribe in all scenarios except the *status quo* and in response to improved editorial quality. However, readership of other newspapers was negatively correlated with subscribing daily to a tabloid *Sun*.

Hypotheses five and six were not supported as no relationships were found based on the number of weekly newspapers read nor on the reliance attached to television as a news source.

Our seventh hypothesis, was not supported as a respondent's likelihood to subscribe was positively correlated with their reliance on radio as a news source.

The eighth hypothesis was supported, as frequency of purchase showed a positive correlation with the likelihood to subscribe in *status quo*, and in response to a subscription discount and better color and graphics.

Hypothesis number nine was not supported as there was no significant differences in the likelihood to subscribe daily among those who were exclusively single copy purchasers and weekend subscribers.

The tenth hypothesis was supported. A consumer's level of satisfaction was significantly correlated with the likelihood to subscribe in all situations except editorial improvements.

Our eleventh hypothesis was not supported in the initial regression analysis. However, in the later discriminant analysis, the number of features read proved to be a significant predictor variable for membership in the target group most likely to subscribe.

Hypothesis 12 was not supported as there was no significant differences in the likelihood to subscribe between those who had previously subscribed daily and those who not.

Hypothesis 13 was partially supported as those who had cited poor delivery service as an important reason for stopping were less likely to subscribe again than those who cited other reasons in the current situation.

Hypothesis 14 was supported. Improvements in editorial quality, a subscription discount, return to PM publication, better color and graphics, and conversion to a tabloid format respectively produced the greatest increases in the aggregate likelihood to subscribe. While these increases in the likelihood to subscribe could be regarded as marginal in magnitude, all with the exception of tabloid conversion were significant (tabloid conversion would have been significant in a one-tailed test).

## 6.2 Implications

The results of this study fail to show strong relationships in regression analysis. While numerous variables were shown to have a significant effect under differing scenarios, none of the relationships accounted for more than a small proportion of the recorded variance in likelihood to subscribe. Yet despite this, a suitable target market could be identified with variables that demonstrated a high degree of predictive accuracy in discriminant analysis, though this did not extend to membership in groups unlikely to subscribe.

These strongly suggest the existence of casual buyers who are atypically unlikely to subscribe, much as Poindexter (1978) found atypical non-readers of newspapers. While these individuals possessed the characteristics one would normally expect of newspaper readers, they were in fact non-readers of newspapers in general. By the same token, there appears to be a significant subset of casual buyers who are unlikely to subscribe, despite having characteristics in common with those who are likely to subscribe. If Tables 9 & 10 are examined, one can see that misclassifications of Cluster 2 members (who are very unlikely to subscribe in any circumstance) happen almost as frequently to Cluster 3 (our target group) as to Cluster 1 (the other group unlikely to subscribe).

It seems probable that casual buyers may be atypically adverse to subscribing due to either personal circumstances or attitudes. An example of the former could be the person who enjoys reading the newspaper every publishing day, but who will not subscribe as it is available at work during the week. These people will remain casual buyers as long as a copy is available to them on a regular basis at their work place. The same would apply to people who live in apartment complexes with no assured access for delivery to the suite door.

Among those who are unlikely to subscribe for psychological reasons are people who feel their information needs are adequately catered to by other sources. While they

enjoy the newspaper from time to time, they lack the motivation to become daily subscribers. Still others may perceive themselves as not needing the information provided by the daily newspaper or its substitutes in the first place.

Whatever the reasons, the existence of such a group would explain the asymmetrical predictive abilities of the model in discriminant analysis, as well the weak linear relationships found in the regressions. To minimize the consequences of this, it appears better to think of casual buyers in dichotomous terms, i.e. those who are likely to subscribe and those who are not in any given marketing mix scenario. When this is done, the model works well at identifying those who are likely to subscribe and what changes in the marketing mix would be most likely to entice them to start daily home delivery.

It seems clear that in the current situation, only a minority (less than 40%) of casual buyers could be enticed in subscribing on a daily basis by *any* combination feasible marketing mix changes using traditional technology. Demographic factors that normally characterize the loyal newspaper reader seem to run counter to the likelihood to subscribe among casual purchasers. In this particular market, it may well be a sign of disappointment with the *Sun*, that people whom one might expect to be prime marketing targets are in fact not so. This might reflect a nostalgia for the *Sun* of long ago, or the widespread availability of alternatives such as *The Globe and Mail*, and the local weeklies.

Given this, it is not surprising that despite the considerable demographic differences between them, neither single copy buyers nor weekend subscribers appear any more likely than the other in starting daily home delivery. That implies a need for intensive AIO research among atypical casual buyers and non-readers to delve into their attitudes towards information gathering if newspapers wish to broaden their potential beyond the minority of casual buyers who are likely to subscribe. It may well be that newspapers must redefine themselves as information distributors and marketing agencies



using a variety of technologies and strategies. In fact, some newspapers already offer computer users on-line news services and databases.

In more generalized terms, the value of customer product satisfaction comes across as the most robust element in any strategy to increase circulation and readership. That it would significantly relate to the likelihood to subscribe in five of the six marketing mix scenarios tested is strong evidence that it should be the top priority of industry planners. Customer satisfaction with delivery service is also of crucial importance, as this represents the biggest barrier (among reasons of former daily subscribers for stopping) to subscribing again.

The use of other newspapers (national, local daily, or weekly) does not appear to negatively impact upon the likelihood of the casual buyer to subscribe. In fact as the regression and discriminant analyses indicate, *Province* readership is one of the characteristics of the preferred target market. It appears that those most likely to subscribe in this group have a general interest in reading newspapers, however they are not completely satisfied with *The Vancouver Sun* in its current form. As a result, they compensate for this in a form of brand switching, primarily with the competing local daily newspaper. The relationship between those reading newspapers to be stimulated and entertained as a significant factor among those likely to subscribe in response to editorial improvements indicates that above all, this segment of the market appears to be looking for a newspaper that is *interesting* to read.

The negative correlation that was shown with length of residence in the community is indicative that casual buyers who have resided for a long time in the area have essentially become set in their ways in regards to their newspaper reading habits. Rather, it is better for industry managers to focus on new arrivals to the community. This would be especially salient in areas experiencing rapid population growth, such as the Lower Mainland. Consumers such as these could be targeted by promotional campaigns stressing frequent newspaper readership as an important component of community

involvement. It would also imply the need for local news coverage that is appropriately emphasized and is perceived as such.

In terms of the competitive context that exists between daily newspapers and the electronic media, no negative relationship is apparent. In fact, reliance on radio was positively correlated with the likelihood to subscribe (current situation), therefore newspaper publishers should look to using radio as a promotional medium if they are not doing so already. In addition, differing marketing mix alterations will likely appeal to differing segments. For instance, those who are not native English-speakers are significantly more likely to subscribe in response to improved color and graphics. Most probably they view such a move as an aid to their understanding of the newspaper's content. Discounting appears to be potentially effective in luring away readers from a competing local newspaper, but not a national one.

As stated earlier, decisions on which target market to aim for with what strategies must carefully balance the size of the potential increase in circulation, the attractiveness of the new subscribers to advertisers, and the risks posed to the existing readership base by any changes in the marketing mix. Finally, publishers must consider whether these new converts possess real potential to become long-term loyal subscribers or not. Committing substantial resources for short-lived gains and increased churn would probably not be worthwhile.

The overall impact of adapting a strategy based on these recommendations on the profits of Pacific Press is difficult to predict for two reasons. First, the company is a wholly-owned subsidiary of Southam Inc. and does not publicize its financial performance. Total revenues and income are therefore unknown. Second, any improvement in the fortunes of the *Sim* in readership and advertising would likely come at least partially at the expense of *The Province*, its sister publication. The effects of this would be impossible to predict with any degree of certainty.

The relative inability of this model to predict those who are unlikely to subscribe indicates a relationship between a casual buyer's attitudes and the willingness to become a daily subscriber that is difficult to define. This may be due in large part to the fuzziness of the newspaper market as described by Lacy (1993) and evolving consumer attitudes towards the need for, means of access to, and the uses of information in an era of rapid social and technological change. As mentioned earlier, the existence of a large body of potential readers with the demographic characteristics one would normally expect of the loyal subscriber has been a source of continuing frustration for marketing managers within the industry.

One advantage of the model is that it is a fairly inexpensive yet efficient method of determining where and how to use resources available for marketing a newspaper to the best use. Most of the information necessary for it can be obtained quite easily through routine primary and secondary sources. In its primary development it offers marketing managers of small publications with tight budget constraints a potentially valuable tool to plan future strategy.

In broader macromarketing terms, this study gives some indication of the problems faced by firms operating in mature or declining industries. Technological constraints may be the ultimately limiting factor in their ability to main a stable relative position in a changing economy if their markets are well-defined. Cases in which a precise market structure is lacking would likely benefit from rigorous probing of consumer attitudes towards product, brand, and competition, both direct and indirect.

### **6.3 Limitations**

The survey suffered from a high rate of refusals which to some extent may have altered the demographic makeup of the sample. In addition, the Vancouver newspaper market is unusual in that one company (Pacific Press) publishes both daily newspapers. Competition between the two is therefore heavily managed, especially in terms of pricing

(home delivery rates for *The Province* are deliberately kept above those of *The Vancouver Sun* to help ensure that the *Sun* will remain the dominant newspaper in terms of circulation), format, and content. The fact that home delivery for both newspapers is already heavily discounted from the single copy price may significantly lessen the chances that price sensitive casual buyers may be persuaded to try home delivery (in response to a discounted subscription offer or any other marketing mix change). As well, *The Sun* uses outdated press technology which may make the need for improved color more pertinent than in other markets.

The population of the Vancouver region contains a high proportion of people born and raised elsewhere both within and outside of Canada, possibly affecting their sense of attachment to the community and perceived need for heavy newspaper reading. The region also leads the country in employment and income, thus possibly lessening the price sensitivity of casual buyers. In terms of generalizability to the U.S. market, while there are similarities in reading habits, there are differences as well, and (as mentioned previously) newspaper circulation has not suffered as much in Canada as it has in the United States.

#### **6.4 Suggestions for Future Research**

As stated earlier, the weak relationships that exist between components of the model proposed and the likelihood to subscribe suggest a complex relationship between consumer attitudes, interests, and opinions in relationship to becoming a loyal newspaper reader. The work of Poindexter (1978) shows the existence of a large body of desirable non-readers who have the attributes most commonly associated with heavy newspaper readership. Therefore, industry managers may be well advised to seek to refine their products based on intensive AIO research into consumer perceptions of newspapers, their strengths and weaknesses as sources of information, and consumer attitudes in general about the need to keep informed, and by what means. Such information could help

planners to devise the most appropriate strategies using current technologies or help them chart the best ways to deliver information using new technologies.

## 6.5 Conclusions

This study sought to find significant relationships between various factors related to consumer attitude, behavior, and demographics as they relate to the likelihood of casual newspaper buyers to become daily subscribers. To this end such significant relationships were established, although in regression analysis they were rather weak in their explanatory power of variance. However, through the use of clustering, a potentially worthwhile target market was identified and variables with impressive predictive power isolated through multiple discriminant analysis. Properly exploiting this market holds the potential for gains in circulation that would have a disproportionately positive impact on profits, given the high fixed costs of producing a newspaper. This would be especially salient for a publication experiencing financial difficulties, as the *Sun* has in recent years.

The managerial implications from this are clear. Careful targeting of casual buyers can potentially yield substantial gains in circulation for a modest investment, and with relatively little risk to the existing readership base. As such, it deserves to be weighed seriously against other alternatives in determining the future direction of the newspaper in its attempts to build circulation.

Therefore, one may conclude that the beginnings of an effective marketing tool for the newspaper industry have been developed in the course of this work, and that further intensive research into relevant consumer AIO factors may well help to develop it further and enhance its usefulness for other publications as well.

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## Appendices

## Appendix 1

### QUESTIONNAIRE QUESTIONS AND RELATED HYPOTHESES

**H1a:** There are differences in the self-rated likelihood to subscribe among casual purchasers based on demographic factors. Among them are:

**H1a1:** Male casual buyers will have a higher self-rated likelihood to subscribe than females.

**H1a2:** Older casual buyers will have a greater self-rated likelihood to subscribe than younger ones.

**H1a3:** Casual buyers who have higher income levels will have a higher self-rated likelihood to subscribe than lower-income casual buyers.

**H1a4:** Casual buyers with higher levels of education will have a higher self-rated likelihood to subscribe than those with lower levels of education.

**H1a5:** Casual buyers who are home-owners will have a higher self-rated likelihood to subscribe than those who are renters.

**H1a6:** Casual buyers who are long-term residents of the community will have a higher self-rated likelihood to subscribe than those who are short-term residents.

**H1a7:** Casual buyers who are married will have a higher self-rated likelihood to subscribe than those who are not.

Q. 7, 9, 11, 15-27.

**H2a1:** A casual buyer's self-rated likelihood to subscribe will increase with the usefulness attached to newspapers as a means of staying informed.

**H2a2:** A casual buyer's self-rated likelihood to subscribe will increase with the usefulness attached to newspapers as a way of passing time.

**H2a3:** A casual buyer's self-rated likelihood to subscribe will increase with the usefulness attached to newspapers as a source of stimulation and entertainment.

Q. 7, 8, 9, 11.

**H3a: The self-rated likelihood to subscribe daily among casual buyers increases with their estimate of the price savings of daily subscribing.**

Q. 7, 9, 11, 12, 13.

**H4a: The self-rated likelihood to subscribe daily decreases among casual buyers with the number of competing dailies read.**

Q. 2, 7, 9, 11.

**H5a: The self-rated likelihood to subscribe daily decreases among casual buyers with the number of competing weeklies read.**

Q. 3, 7, 9, 11.

**H6a: The self-rated likelihood to subscribe daily among casual purchasers decreases with the reliance to television as a news source.**

**H7a: The self-rated likelihood to subscribe daily among casual purchasers decreases with the reliance to radio as a news source.**

Q. 7, 9, 11, 14.

**H8a: The self-rated likelihood to subscribe daily among casual buyers increases with the frequency of purchase.**

Q. 4, 7, 9, 11.

**H9a: There is a difference in the self-rated likelihood to subscribe between those who are weekend subscribers and those who are exclusively single copy purchasers.**

Q. 4, 7, 9, 11.



**H10a: The self-rated likelihood to subscribe daily among casual purchasers increases with their level of satisfaction with the newspaper in its current form.**

Q. 7, 9, 10, 11.

**H11a: The self-reported likelihood to subscribe daily increases with the number of features regularly read.**

Q. 7, 9, 10, 11.

**H12a: There is a difference in the self-rated likelihood to subscribe among casual purchasers based upon whether they have previously been a daily subscriber.**

Q. 5, 6, 7, 9, 11.

**H13a1: There is a difference in the likelihood to subscribe among former daily subscribers for those to whom poor service was an important reason for stopping**

**H13a2: There is a difference in the likelihood to subscribe among former daily subscribers for those to whom lack of time to read was an important reason for stopping.**

**H13a3: There is a difference in the likelihood to subscribe among former daily subscribers for those to whom the availability of the paper at work was an important reason for stopping.**

**H13a4: There is a difference in the likelihood to subscribe among former daily subscribers for those to whom dissatisfaction with editorial content was an important reason for stopping.**

Q. 6, 7, 9, 11.

**H14a1:** The self-rated likelihood to subscribe daily will be higher in response to editorial improvements than in the existing situation among casual purchasers.

**H14a2:** The self-rated likelihood to subscribe daily will be higher in response to a discounted subscription offer than with the existing situation among casual purchasers.

**H14a3:** The self-rated likelihood to subscribe daily will be higher in response to a change in publication cycle than with the existing situation among casual purchasers.

**H14a4:** The self-rated likelihood to subscribe daily will be higher in response to improved color and graphics than with the existing situation among casual purchasers.

**H14a5:** The self-rated likelihood to subscribe daily will be higher in response to a change in format than with the existing situation among casual purchasers.

Q. 7, 9, 11.

## QUESTIONNAIRE

Fri. Subscriber \_\_\_\_\_ Sat. Subscriber \_\_\_\_\_ Non-subscriber \_\_\_\_\_

1) On which one of the following media are you most reliant on for news and information, and which one are you least reliant? (Check appropriate space)

	TV	Newspapers	Radio
Most	_____	_____	_____
Least	_____	_____	_____

2) How many editions of the following daily newspapers did you buy, read, or look into during the past week?

<i>The Vancouver Sun</i>	0	1	2	3	4	5	6
<i>The Province</i>	0	1	2	3	4	5	6
<i>The Globe and Mail</i>	0	1	2	3	4	5	6
<i>The Financial Post</i>	0	1	2	3	4	5	6
Other (please specify) _____	0	1	2	3	4	5	6

3) During the past week, how many editions of free distribution weeklies such as *The Georgia Strait*, *The Real Estate Weekly*, or any of the various local community newspapers, have you read or looked into? (Give exact number or best guess)

\_\_\_\_\_

4) On which days of the past week (including today) have you purchased a copy of the *Vancouver Sun*, (either) at the box (or through home delivery)?

Mon. \_\_\_ Tues. \_\_\_ Wed \_\_\_ Thurs. \_\_\_ Fri. \_\_\_ Sat. \_\_\_ Total No. \_\_\_\_\_

5) Have you ever subscribed to the *Sun* previously on a daily basis?

Yes \_\_\_\_\_ No \_\_\_\_\_ (If no, skip to question 7)

6) How important were the following factors to you in deciding to stop? Please rate each on a 1 to 7 scale, with 1 being of no importance and 7 being extremely important.

	Of No Importance				Extremely Important			
Delivery problems	1	2	3	4	5	6	7	
Lack of time to read	1	2	3	4	5	6	7	
Paper Available at work	1	2	3	4	5	6	7	

Editorial content/policy 1 2 3 4 5 6 7  
 \_\_\_\_\_ Other (please specify) \_\_\_\_\_

7) What is the likelihood that you will begin subscribing to *The Sun* on a daily basis over the next year? Please rate this on a 1-7 scale with 1 being extremely unlikely, and 7 extremely likely.

Extremely Unlikely                      Extremely Likely  
 1 2 3 4 5 6 7

8) How useful do you rate newspapers in general for fulfilling each of the following needs? Please rate each on a 1 to 7 scale with 1 being not useful at all, and 7 being extremely useful.

	Not Useful At All				Extremely Useful		
As a way of staying informed about current events	1	2	3	4	5	6	7
As a way to pass time	1	2	3	4	5	6	7
As a way to be stimulated and entertained	1	2	3	4	5	6	7

9) How likely is it that you would begin subscribing daily to *The Sun* if there were significant improvements in the content features (editorials, columns, news features, etc.) you considered to be most important? Please rate the likelihood on a 1-7 scale with 1 being extremely unlikely, and 7 extremely likely.

Extremely Unlikely                      Extremely Likely  
 1 2 3 4 5 6 7

10) How do you rate *The Vancouver Sun* in terms of quality of the following features. Please rate the quality of each on a 1 to 7 scale with 1 being very poor quality, and 7 excellent quality. If you do not read a feature, please say so. (Interviewer marks "DR" beside such features). After the respondent has given the ratings, go back to each one with a rating of 4 or less and ask: What is the likelihood that you would begin to subscribe to *The Vancouver Sun* on a daily basis if changes were made to significantly improve the overall relevance, emphasis or quality of the following features? Please rate

the likelihood on a 1 to 7 scale with 1 being almost extremely unlikely and 7 extremely likely.

	Likelihood							
	Very Poor Quality			Excellent Quality				To Subscribe
	1	2	3	4	5	6	7	
Local News	1	2	3	4	5	6	7	_____
Provincial News	1	2	3	4	5	6	7	_____
National News	1	2	3	4	5	6	7	_____
World News	1	2	3	4	5	6	7	_____
Sports	1	2	3	4	5	6	7	_____
Business	1	2	3	4	5	6	7	_____
Entertainment	1	2	3	4	5	6	7	_____
Letters To The Editor	1	2	3	4	5	6	7	_____
Lifestyle/Advice	1	2	3	4	5	6	7	_____
Editorials	1	2	3	4	5	6	7	_____
Classified Advertising	1	2	3	4	5	6	7	_____
Comics	1	2	3	4	5	6	7	_____

11) What is the likelihood that you will begin subscribing daily if the following changes are made? Please rate the likelihood in response to each change on a 1 to 7 scale with 1 being extremely unlikely and 7 extremely likely.

	Extremely Unlikely				Extremely Likely		
	1	2	3	4	5	6	7
20 % discount subscription	1	2	3	4	5	6	7
Switch to tabloid format	1	2	3	4	5	6	7
Return to afternoon publication	1	2	3	4	5	6	7
Better color and graphics	1	2	3	4	5	6	7

12) What is your overall evaluation of the content quality of *The Sun*. Please rate this on a 1 to 7 scale with 1 being very poor quality and 7 being excellent.

Very Poor				Excellent		
1	2	3	4	5	6	7

13) Which do you believe costs you less money?

Buying from the box everyday \_\_\_\_\_ Subscribing daily \_\_\_\_\_ Not sure \_\_\_\_\_  
(if not sure, skip to question 15)

14) What do estimate to be the monthly savings (or extra cost) in dollars of subscribing daily compared to buying everyday at the vending box? (*Interviewer waits for volunteered response. If respondent unable to estimate, the following ranges are read off*)

\$2 or less \_\_\_\_\_

\$2<>5 \_\_\_\_\_

\$5-10 \_\_\_\_\_

\$10<>15 \_\_\_\_\_

\$15-20 \_\_\_\_\_

Don't Know \_\_\_\_\_

15) How reliant are you on the following media for news in general? Please rate your reliance on a 1 to 7 scale with 1 being not reliant at all, and 7 being totally reliant.

	Not Reliant At All					Totally Reliant	
	1	2	3	4	5	6	7
TV							
Newspapers							
Radio							

## DEMOGRAPHICS

16) What is your occupation? (response categorized by interviewer, if unemployed state type of job generally held before)

\_\_\_\_\_ Manager, Professional, Entrepreneur

\_\_\_\_\_ Clerical

\_\_\_\_\_ Manual, Trades Worker

\_\_\_\_\_ Student

\_\_\_\_\_ Homemaker

\_\_\_\_\_ Retired

17) To which of the following age groups do you belong?

\_\_\_\_\_ 18-24

\_\_\_\_\_ 25-34

\_\_\_\_\_ 35-49

\_\_\_\_\_ 50-64

\_\_\_\_\_ 65 and over

18) What is your educational background?

\_\_\_\_\_ Some high school or grade school

\_\_\_\_\_ High school graduate

\_\_\_\_\_ Some post-secondary

\_\_\_\_\_ Post secondary graduate

\_\_\_\_\_ Graduate degree

19) Gender: Male \_\_\_\_\_ Female \_\_\_\_\_

20) Do you own or rent your living quarters?

Own \_\_\_\_\_ Rent \_\_\_\_\_

21) What type of dwelling do you reside in?

Detached/Duplex \_\_\_\_\_

Townhouse \_\_\_\_\_

Apartment \_\_\_\_\_

22) How many years in total have you lived in the greater Vancouver area?

\_\_\_\_\_

23) How many years have you lived in your current residence?

\_\_\_\_\_

24) What is your marital status?

Single \_\_\_\_\_

Married/Common Law \_\_\_\_\_

Divorced/Widowed \_\_\_\_\_

25) How many children under 25 do you have living at home with you at present?

\_\_\_\_\_

26) What was the language first learned by you as a child?

English \_\_\_\_\_

Chinese \_\_\_\_\_

(Cantonese, Mandarin etc.)

East Indian \_\_\_\_\_

(Hindi, Punjabi, Urdu etc.)

Other (please specify) \_\_\_\_\_

27) What is the total number of adults in your household over 18 working full-time ( at least 30 hours a week)?

\_\_\_\_\_

28) Into which of the following ranges does your annual household income (that of yourself and immediate family members in total before tax) fall?

Under \$30,000 \_\_\_\_\_

30,000-49,999 \_\_\_\_\_

50,000-74,999 \_\_\_\_\_

75,000 + \_\_\_\_\_

Refused \_\_\_\_\_



## INTERVIEW INTRODUCTION

Hello, my name is \_\_\_\_\_ and I am doing interviews as part of the research for a Master's thesis at Simon Fraser University. We are seeking to speak to adults 18 or over who have made a single copy purchase of *The Vancouver Sun* at least once during the past week, either at a vending box or newsstand and who does not subscribe to that newspaper. Is there anyone in your household to whom this would apply? (If more than one person in the household meets these criteria, the individual with the next upcoming birthday is asked to participate). This questionnaire should take approximately 10 minutes and the answers which you give are for academic research purposes only and will remain completely confidential. Your participation is completely voluntary and you may refuse to answer any question or withdraw at any time. May we have your cooperation? (Prospect thanked regardless of reply). (If prospect agrees to interview) The questionnaires will be destroyed upon completion of this research, and there will be no recording of identifying personal information in order to maintain anonymity. If you wish to receive a copy of the results of this study you may write the Faculty of Business Administration, Simon Fraser University, Burnaby B.C. V5A 1S6 to the attention of Bill Pope. If you have any concerns, you may contact Prof. Bert Schoner at Simon Fraser University. His telephone number is 291-3564.

Introduction for the subscriber interviews is the same except that the subscriber is asked for by name and it is explained that this is a survey of Friday only and Saturday only subscribers.

## Appendix 2

### METHODOLOGICAL AND STATISTICAL CONSIDERATIONS

The survey was conducted with seven interviewers (five male, two female). Correlation analysis showed no appreciable interviewer effects on any of the questions related to the respondent's likelihood to subscribe.

During the latter stages of the interviewing period, *The Vancouver Sun* launched a promotional campaign emphasizing the price savings of home delivery. Only about 10% of the interviews were conducted after this had begun, and again correlation analysis failed to show any significant effects of this on respondents answers relating to their likelihood to subscribe in response to a discounted subscription offer or in their estimation of the price savings of daily subscription.

Regression analysis revealed no serious problems with either collinearity of the variables or with the distribution of residuals. In the discriminant analysis, the default F-values for stepwise entry were relaxed to allow more variables in. The resulting variables were then analyzed using the standard entry method. An adjusted discriminant matrix was derived using the U-method as this is generally considered to be more conservative than the jackknife method.

## Appendix 3

## VARIABLE DEFINITIONS AND CODING

Variable Name	Definition	Coding
<i>Numeric</i>		
PROV	no. of times <i>Province</i> read in preceding week	direct
OTHERNP	" " " other news. " " " "	direct
WEEKLY	" " " weekly news." " " "	direct
PURCHASE	no. of times <i>Sun</i> purchased in preceding week	direct
LIKELSUB	likelihood to subscribe (current situation)	LS
INFORM	usefulness of newspapers as info source	LS
PASTIME	" " " to pass time	LS
STIMULAT	" " " to stimulate	LS
SUBIMPRO	likelihood to subscribe with editorial improv.	LS
READ	no. of features regularly read	direct
DISCOUNT	likelihood to subscribe with discount offer	LS
TABLOID	" " " " tabloid format	LS
COLOR	" " " " better color	LS
CYCLE	" " " " PM publication	LS
SATISFAC	<i>Sun</i> content quality evaluation	LS
SAVING	estimated monthly savings of home del. (\$)	*
RELYTV	reliance on TV as a news source	LS
RELYNEWS	" " newspapers " " "	LS
RELYRAD	" " radio " " "	LS
RESVAN	years of residence in Vancouver area	direct
RESRES	" " " " current dwelling	direct

LS= 7 pt Likert scale

\*= difference from actual savings based on midpoints of categories listed.

<i>Nominal Variables</i>	<b>Definition</b>
SUB	1- weekend subscriber, 0- single copy only
PRESUB	1- previously subscribed daily, 0- not
MOPE	mangerial, profeesional worker
CLERK	clerical worker
MANUAL	manual worker
STUDENT	student
HOMAKER	homemaker
RETIRED	retired
AGE1824	18-24 years old
AGE 2534	25-34 " "
AGE3549	35-49 " "
AGE5064	50-64 " "
AGE65	65+ " "
GRADE	some high school or grade school
HIGH	high school graduate
SOMPS	some post secondary
PSGRAD	post secondary graduate
GRADDEG	graduate degree
MALE	gender 1- male 0-female
OWN	household tenure 1- own 0- rent
DETACH	single family dwelling
TOWN	townhouse
APART	apartment
SINGLE	single marital status
MARRIED	married or common law
DIVORCE	divorced or widowed

KIDS	children living at home 1- yes, 0- no
ENGLISH	native language English- 1, not-0
INC30	annual household income under \$30 K
INC3049	" " " \$30-49K
INC5074	" " " \$50-74K
INC75	" " " \$75K+
REFUSE	refused to give income range
DATE	1- after price promo, 0- before
INTER	interviewer id

<i>Derived Variables</i>	<b>Definition</b>
LIKESUB1	1- LIKESUB<3, 0 if not
DISCOUNT1	1- DISCOUNT<3, 0 if not
SUBIMP1	1- SUBIMPROV<3, 0 if not
COLOR1	1- COLOR<3, 0 if not
CYCLE1	1- CYCLE<3, 0 if not
TABLOID1	1- TABLOID<3, 0 if not
QCL1	k-means clustering grouping
SERVICE	1- poor serv. rated 4 or higher on 7 pt. scale as important reason for stopping previous daily subscription
TIME	1- lack of time to read rated 4 or higher ....
WORK	1- paper available at work rated 4 or higher ...
EDIT	1- dissatisfaction with editorial content rated 4 or higher ...
LTS1	1 likely to subscribe in response to improved local news rated 5 or more
LTS2	1 " " " " " " " " provincial news " " "
LTS3	1 " " " " " " " " national news " " "
LTS4	1 " " " " " " " " world news " " "
LTS5	1 " " " " " " " " sports " " "
LTS6	1 " " " " " " " " business " " "
LTS7	1 " " " " " " " " entertainment " " "
LTS8	1 " " " " " " " " let. to editor " " "
LTS9	1 " " " " " " " " lifestyle/advice " " "
LTS10	1 " " " " " " " " editorials " " "
LTS11	1 " " " " " " " " clas. adv. " " "
LTS12	1 " " " " " " " " comics " " "

**Appendix 4**  
**Respondent Variable Frequencies**

	%
<b>GENDER:</b>	
Male	56.3
Female	43.7
<b>AGE:</b>	
18-24	10.2
25-34	26.8
35-49	32.7
50-64	17.2
65+	12.9
<b>EDUCATION</b>	
Grade School	12.1
High School Grad	22.2
Some P.S.	21.2
P.S. Grad+	48.3
<b>FAMILY STATUS</b>	
Single/Divorced/Widowed	42.4
Married	55.6
Children	30.2
No Children	69.8

## Appendix 4 (Cont.)

	%
<b>TENURE</b>	
Own	52.6
Rent	46.4
<b>DWELLING TYPE</b>	
Apartment	33.4
Townhouse	10.3
Detached	55.3
<b>HOUSEHOLD INCOME</b>	
Under \$30,000	23.5
30,000-49,999	27.8
50,000-74,999	22.5
75,000+	21.0
<b>OCCUPATION</b>	
Manager/Professional	42.7
Manual	17.2
Clerical	10.3
Student	7.6
Retired	16.6
<b>METHOD OF PURCHASE</b>	
Weekend Subscribers	23.8
Single Copy	66.2



## Appendix 4 (Cont.)

%

## SUBSCRIBING HISTORY

Previous Daily Subscriber	59.9
Not	40.1

## YEARS RESIDENT IN VANCOUVER

Less than 1	5.7
1-5	19.1
5 < <10	10.1
10+	41.7

## YEARS RESIDENT IN DWELLING

Less than 1	17.1
1-5	51.3
5 < <10	10.0
10+	21.6

## NUMBER OF PURCHASES (PRECEDING WEEK)

<i>SUN</i>	1	54.3
	2	18.5
	3	8.6
	4	5.0
	5	3.6
	6	9.9

## Appendix 4 (Cont.)

%

## NUMBER OF PURCHASES (PRECEDING WEEK)

<i>PROVINCE</i>	0	52.0
	1	12.3
	2	9.3
	3	5.3
	4	3.0
	5	3.0
	6	15.0

## OTHER DAILIES

	0	70.2
	1-5	20.2
	6+	9.6