

MAGNETIC

THE MARKETING AGENCY FOR MAGAZINE MEDIA

HOME TRUTHS

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Introduction

These are challenging times for retailers, publishers and any brands operating in these spaces. Yuval Harari, the author of bestselling book Sapiens, goes as far as to claim we are in the midst of a fourth revolution. A scientific age he defines as being as significant as the movement from hunter-gatherer, to the agricultural revolution, and then the industrial revolution.

As technology proliferates, consumer behaviour changes and to meet these shifts we all feel increasingly under pressure to adapt our strategies too. Combine this with the looming threat of a no deal Brexit, and a stalling property market, and it's easy to see why brands operating in the home interiors and technology space are feeling this pressure more than most.

In this environment, and especially given faltering retail sales and sky-high business rates, it's tempting to use price cuts to generate increased demand. In an article in The Guardian Sophie Michael, the head of retail and wholesale at BDO, said: "The bleak and crippling start to the year shows no sign of abating, with deep discounting set to eat into [profit] margins that are already being stretched paper-thin by poor sales and rising costs, including the much-discussed issue of unfair business rates on high street retailers."

According to Craig Mawdsley, the joint chief strategy officer at Abbott Mead Vickers BBDO, we all know the consequences of this path: "Marketing can deliver short-term sales (via) DR, price promotions... but when you run the numbers, you tend to find that most of these uplifts just involve bringing forward a purchase that would have happened later anyway (and getting less revenue from it). The true value we offer is in the long term." This is a well-recognised debate which Les Binet and Peter Field have contributed greatly too.

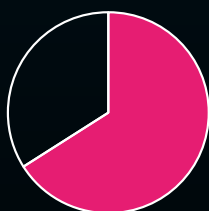
Given the force of technological change, a similarly common response is to jump to new solutions. There is a bias in our industry towards novelty, a behavioural emphasis much lamented by media industry commentators such as Richard Shotton.

This results too often in an either-or approach, a false dichotomy that favours either established channels, such as magazines, on the one hand, or new solutions, such as social media on the other. In place of this what we need are some 'Home Truths'.

Yes, behaviour is changing but not as dramatically as we are sometimes led to believe. In an effort to influence local government policy and rescue our high streets, veteran retailer Bill Grimsey authored The Grimsey Review. In this important report, Grimsey notes that 85% of sales still touch a store. Similarly, we know from PAMCo data that 66% of people still read printed magazines.



85 % of sales still touch a store



66 % of people read magazines each month

And, if you still need to be convinced about the role of tried and trusted solutions, you only need look at the behaviour of pioneering digital brands. The likes of Airbnb and Facebook are wholeheartedly embracing traditional media channels with their new magazine launches. It's also clear that Apple and Made.com are convinced that the physical retail store still has a role to play.

Perhaps it's more helpful to talk about evolution instead of revolution. Most businesses these days are transforming, transitioning from established to new models, but this is particularly true of publishing and retail. It's a constant balancing act between established thinking and embracing the new, as well as the seamless integration of the two. There's a need to recognise that consumer behaviour is changing but we should also better acknowledge that much stays the same. You only need to look at the theories of behavioural economics to recognise human habits and behaviours endure over time. So what is the role of magazine media in the context of these challenges, and in this evolving landscape?



Why focus on Homes and Technology?



The number of home owners choosing to improve their homes rather than move, have increased 5x since 2013



25% state high property prices as a reason to stay put



13% mention stamp duty



Brexit and rising interest rates were both mentioned by **8%**

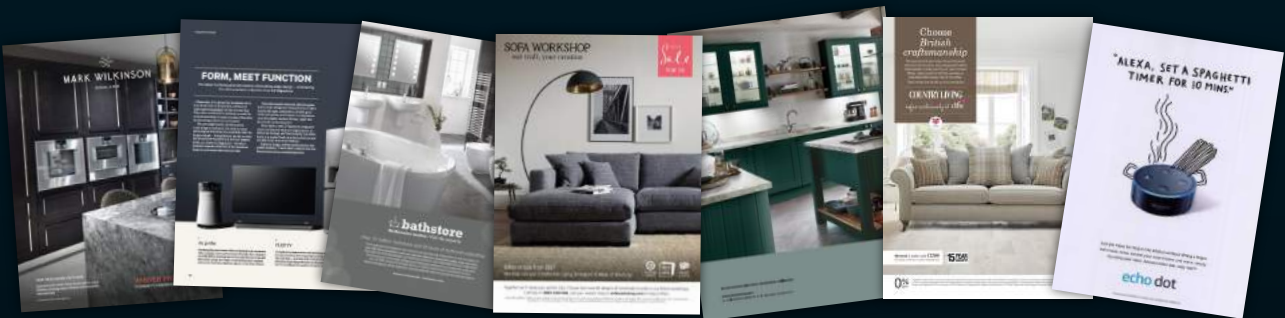
Our new study 'Home Truths' explores home interiors and home technology purchases, from furniture and kitchens, to TVs and connected home technology. We are particularly interested in these sectors because of the 'improvers not movers' trend, and the opportunity it presents for these brands. Also, magazine media has classically played a big role here - these are all high-ticket items, and complex products serving significant consumer needs that are characterised by lengthy purchase journeys. Magazine brands have often been one of the ways that consumers navigate choices because of the expertise and inspiration that they offer. We wanted to know if this was still true.

Methodology

We recruited consumers in the midst of their home interiors and home technology purchases, and surveyed them at different stages, capturing results before and after exposure to magazines and review websites such as Expert Reviews and Trusted Reviews (which are owned by magazine publishers). The magazines tested spanned lifestyle and special interest titles, ranging from Good Housekeeping to Homes and Gardens and Stuff, and included a representative cross-section of home interiors and technology ads. We worked with a specialist in social psychology and neuroscience, who deployed an eye tracking approach alongside the survey to enable the capture of unconscious behaviour with regards to advertising in magazines.

We were keen to understand the enduring role of printed magazines in terms of influencing purchase behaviour, so our report has a print focus. We have, however, also looked at the role of review websites as these are used increasingly by consumers who are looking for home technology.

To unpick the effect of advertising and editorial we asked people to read a selection of home, lifestyle and tech magazines without homes and technology advertisements in them, and a selection of homes, lifestyle and tech magazines with homes interiors and home technology ads in them. The ads were selected from brands that had spent in magazines in the last couple of years. The sample was matched in terms of people considering homes interiors and technology purchases.



Good Housekeeping

Ideal Home

ELLE
DECORATION

Esquire

HOMES
& GARDENS

Stuff

expertreviews

Trusted  Reviews
The why before you buy

Report structure



Home interiors



Kitchens & bathrooms



Furniture



Technology



TV & Audio



Connected homes

We have organised the insights into two key categories. Homes interiors covers kitchens, bathrooms and furniture, while technology includes TV, audio and connected homes. In some instances, we have provided a more detailed breakdown of furniture versus home renovations (kitchens and bathrooms). And, for technology, we have separated out connected homes from TV and audio equipment. We will use these relevant icons throughout to signpost the findings.

Our report looks at the impact magazines have on the shortlisting process, then we move on to explore how magazine brands influence the price of home interiors and technology purchases. The final section looks at the role of advertising and editorial combined. Within each section we tackle print findings first, and then review websites for technology purchases.

Shortlisting



Budget



Ads and editorial



Magazine brands influence the shortlisting process

So, what does exposure to magazines mean for the process of shortlisting brands?

The study shows that up to 91% of homes interior buyers change the brands they have on their shortlist after reading a printed magazine, with bathrooms buyers being most likely to change their shortlist. For consumers purchasing home technology, up to 88% change their shortlist after reading a magazine. Some people adding brands, others removing them.



Base: Those who read a magazine with ads

It is, however, more likely that magazines will help to reduce the length of the shortlist with up to 61% of homes interiors customers reducing the number of brands after magazine exposure. Customers who reduce their shortlist typically start with five brands in mind, and then this drops to three after reading a magazine. When it comes to home technology, up to 55% reduce their shortlist after reading a magazine, they typically start with four brands and reduce this down to two. Magazine brands contribute to the shortlisting process by offering the consumer expert and inspirational content that helps them to navigate the ever-expanding array of options.



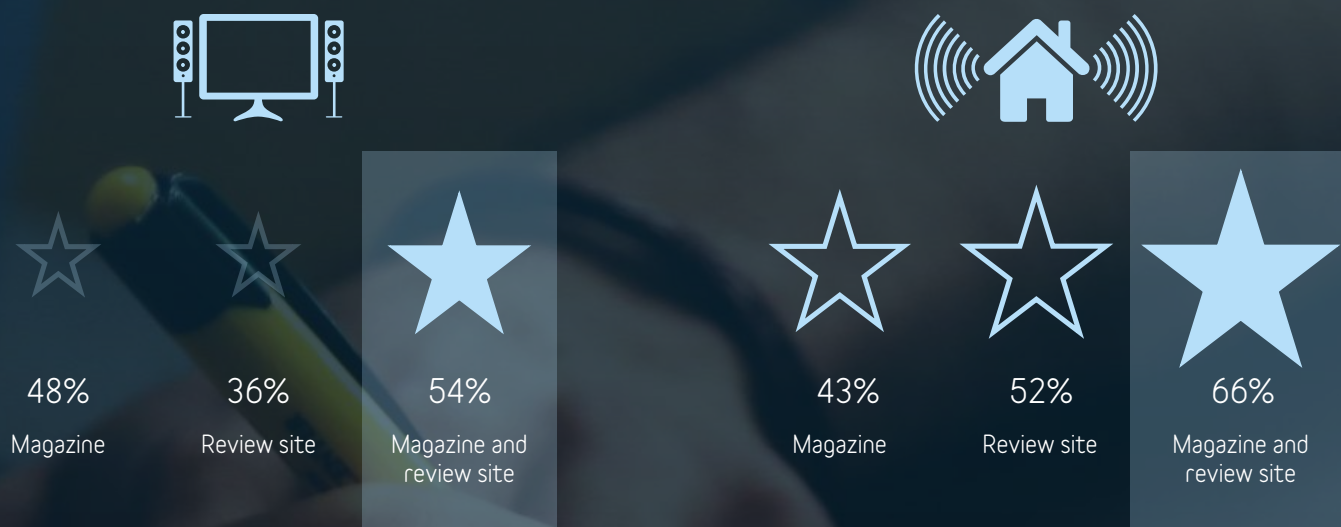
Base: Those who read a magazine with ads

In this refinement process, achieving preferential status is important, and we know that up to 64% of homes interiors buyers changed their preferred brand after reading a printed magazine, and up to 66% of tech buyers did the same.



Base: Those who read a magazine with ads

Focusing on technology purchase behaviour only, and specifically the role of review websites, we are able to demonstrate the combined impact of exposure to a magazine and a review website. Exposure to both is more powerful - it helps to increase consumer confidence about their purchase choices.



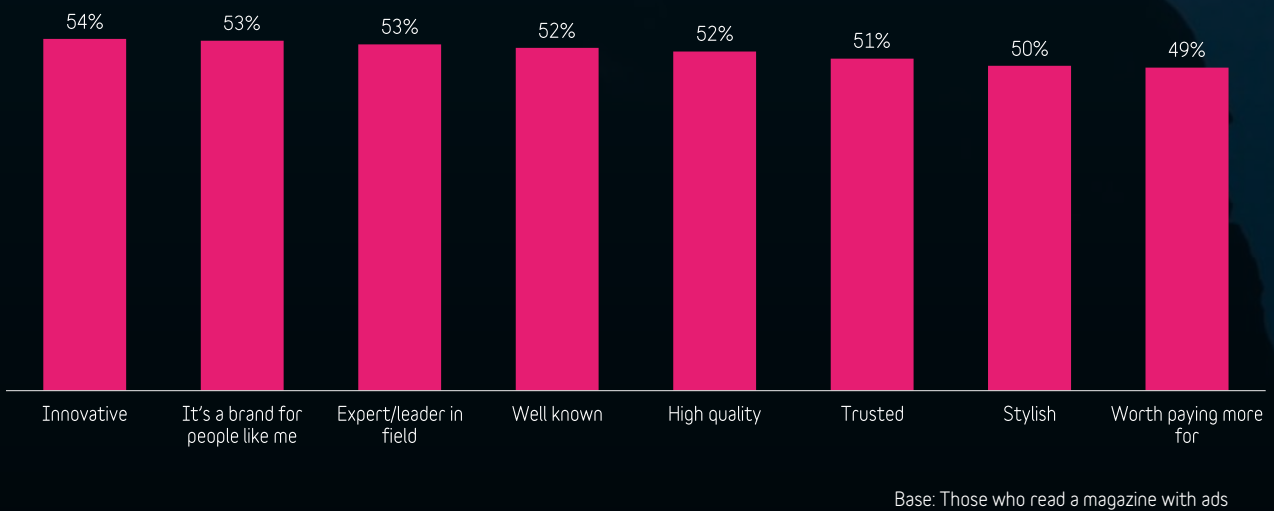
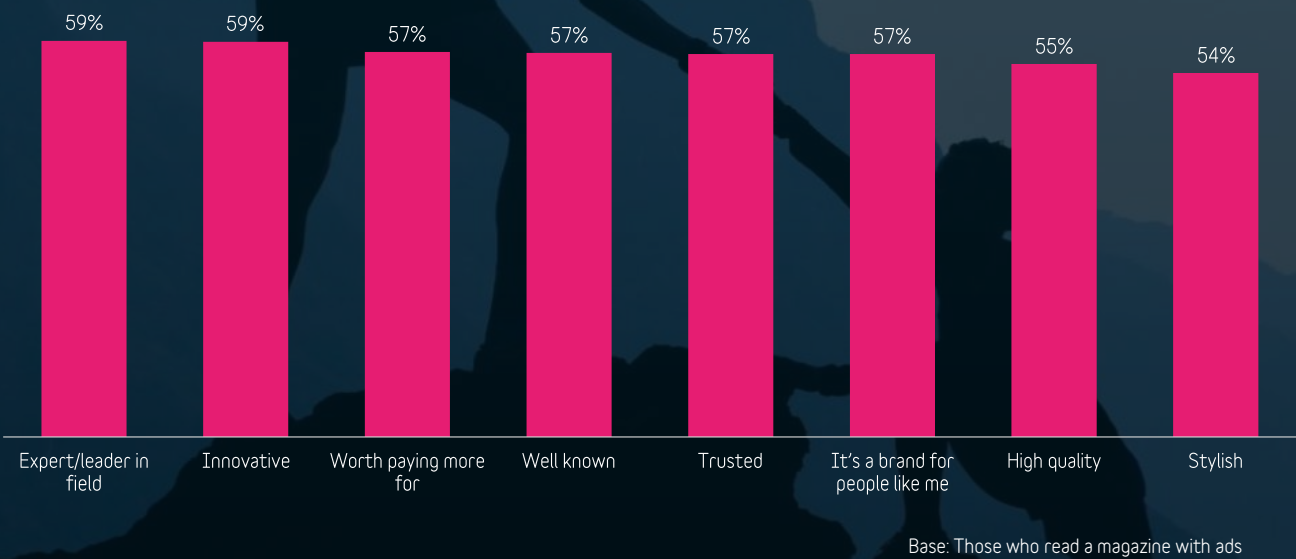
Proportion 90% certain or more they will buy favourite brand

Base: Those who read a magazine with ads and a review website

Magazine brands boost consumer budgets

We were also really interested in the role magazines played with regards to price, especially when considering the challenges this market is facing, and the tendency for some brands to rely on price promotions to stimulate demand.

There's evidence that the premium editorial environment offered by magazine brands helps influence consumer perceptions that a brand is worth paying more for. Some 57% of homes interior buyers who had read magazines believing that a brand is worth paying more for, and 49% of technology buyers agreeing the same.



We are also able to show that magazine brands protect and even boost consumer budgets, and this applies to both printed magazine and online review sites.

In the furniture market, which is probably a more price sensitive sector, the role is mostly one of price protection, with 71% of furniture buyers either maintaining or increasing their budget after reading a printed magazine. While 30% do increase their budget this is only by an average of 2%, so the impact is minimal.



71%
maintained or increased their budget

↑ 30%
increased their budget with an average increase of 2%

For kitchens and bathrooms, we see that exposure to a printed magazine can increase a consumer's budget. This was the case for 44% of buyers, and the average budget increase was 39%.



81%
maintained or increased their budget

↑ 44%
increased their budget with an average increase of 39%

For home technology, in terms of TV and audio, we see that 46% of consumers increased their budget after reading a magazine, with an average increase of 14%.



77%
maintained or increased their budget

↑ 46%
increased their budget with an average increase of 14%

The biggest impact was for connected home consumers, with 61% increasing their budget, and this by an average of 67%. These higher percentages are, of course, in part a reflection that connected home devices are at a lower price point than the other categories.



79%
maintained or increased their budget

↑ 61%
increased their budget with an average increase of 67%

Given that online advertising frequently has a negative impact on price, in terms of encouraging consumers to focus on deal hunting, we were particularly interested in the role of review sites for technology customers. Exposure to our online review sites has a positive impact for both connected homes brands and TV and audio brands. For TV and audio, reading Expert Reviews or TrustedReviews content led to 60% of buyers increasing their budget by an average of 57%. And for connected homes products, 67% increased their budget by an average of 88%.



77%
maintained or increased their budget

↑ 60%
increased their budget with an average increase of 57%



78%
maintained or increased their budget

↑ 67%
increased their budget with an average increase of 88%

Interestingly, another benefit of the review site environment is the opportunity to cross sell. TV, audio and connected home brands all experience an increase in intention to purchase in a new category, outside the planned purchase, before visiting the site. Connected homes brands in particular show the biggest cross selling impact.

TV



26% ↑

Audio



47% ↑

Connected homes



300% ↑

We also see an exaggerated effect on budgets when magazines and review sites are combined. Underlining the benefits of working with magazine brands across print and online properties



So, in our 'Home Truths' study, we have uncovered a vital role for magazine brands along the customer journey - that of defender of budget. This is particularly relevant given the challenging times we are all facing. We can see that magazine media provides a way to shield from profit damaging price promotion activity, and offers a route to pursue sales leads at a higher price by using quality editorial environments.

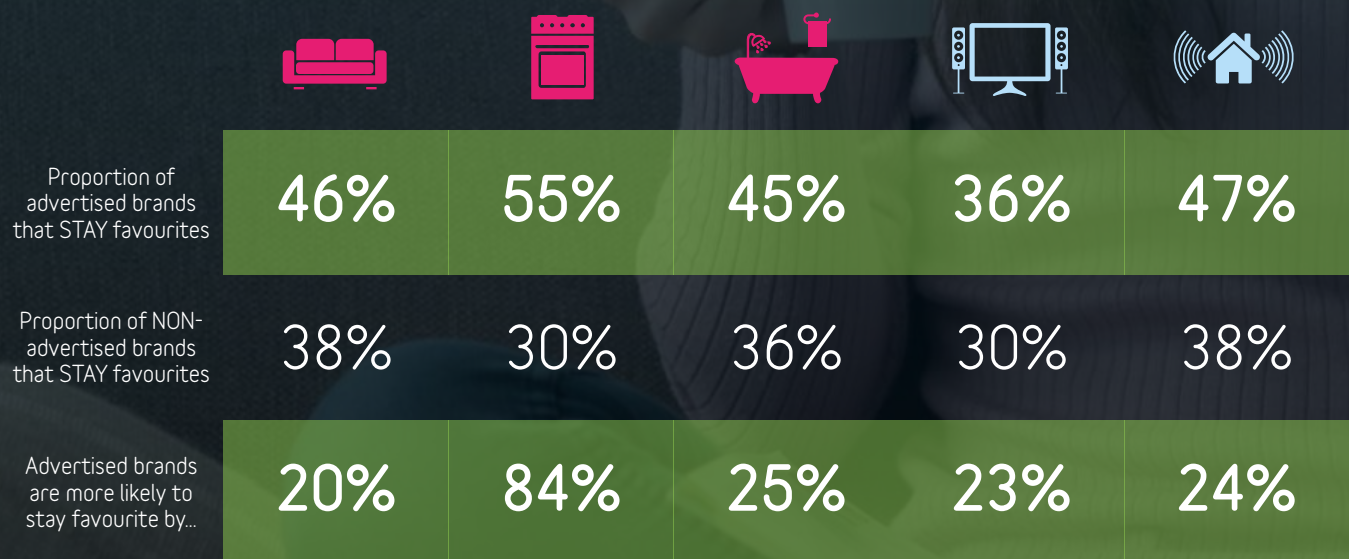
Printed display has the biggest impact on shortlisting and boosting budget

The results so far relate to magazines with homes and tech advertising and editorial in them. This makes it hard to unpick the impact of display advertising versus editorial. But the study also asked consumers to read magazine with no homes or technology ads, while others were exposed to titles containing a broad range of homes interiors and technology ads. This enabled us to separate the impact of printed display advertising for the first time.

In terms of securing preferential status, we see significant uplifts in the bathroom and kitchen categories. Kitchen brands are 28% more likely to become a preferred brand if advertised in a magazine. Bathroom brands 43% more likely to become a preferred brand. This effect is particularly apparent in these markets because consumers are less familiar with brands before they start their purchase journey. This is less likely to happen in the home technology space where most brands are already well known.

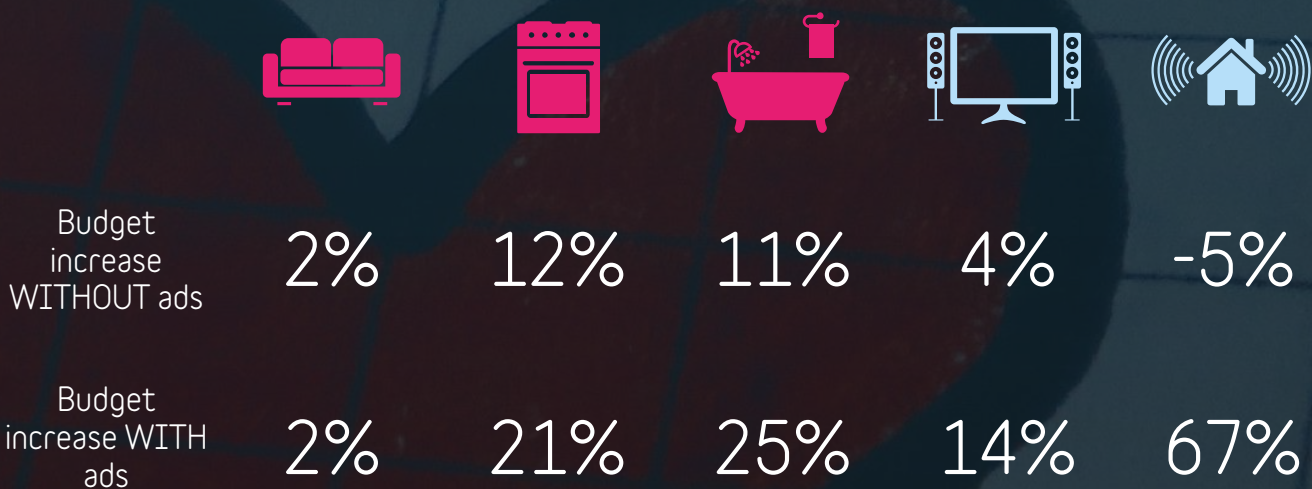


If you are already a preferred brand, magazines still plays a role. For kitchens, consumers exposed to ads from their preferred brand are 84% more likely to remain with this preferred brand. For TV and audio technology, if you are already a preferred brand and the consumer is exposed to one of your ads, you are 23% more likely to remain a preferred brand.



Most fundamental, however, are the findings about the impact on price. When you look at consumers who were exposed to magazines containing relevant home interiors and technology ads, you see that it's the display advertising that more significantly increases their budgets.

This is clear when we look at the results for consumers who read magazines without any sector relevant ads. All of the categories, apart from furniture, demonstrate greater increases in budget when exposed to magazines with ads. The stand out result comes from connected homes. If consumers don't see any connected homes ads, they actually decrease their budget, but those that are exposed to connected homes advertising increase their budget by 67%.



The power of display and editorial combined to increase levels of attention

We also hypothesised that there would be a combined impact of advertising and editorial, and the eye tracking work we conducted helped us to better understand this.



44%

56%



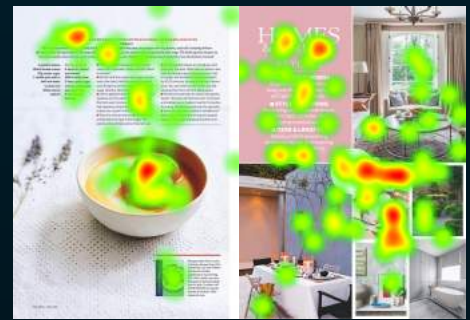
76%

24%



22%

78%



49%

51%

Share of attention

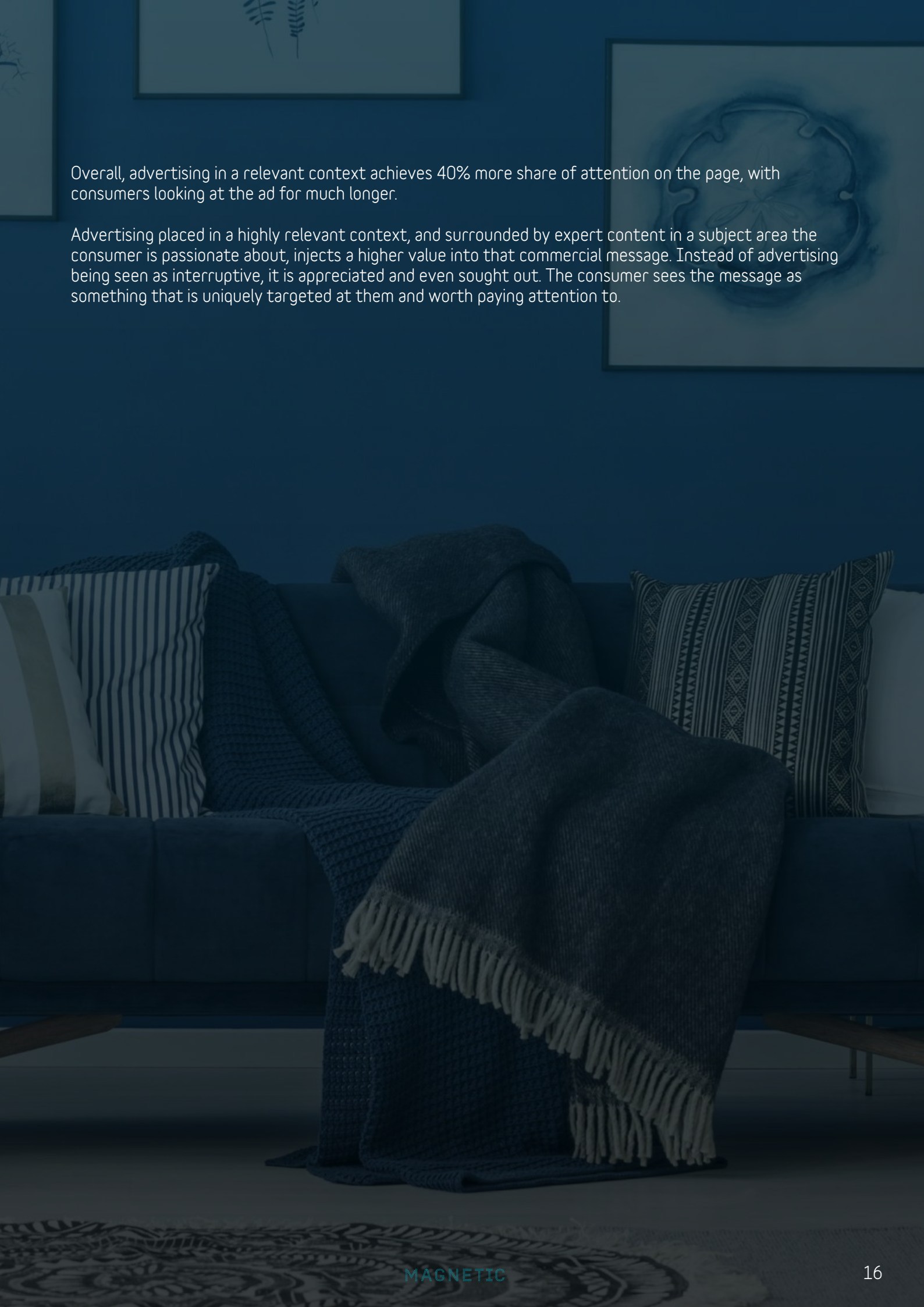
In these examples, you can see that an ad placed next to relevant editorial content achieves a higher share of attention than a non-relevant ad, underlining the benefits offered by a contextually relevant environment. It is impressive that, in these examples, the advertising achieves a level of attention that is on a par with editorial. Magazine readers see advertising as part of the experience, and actively seek it out rather than reject it.

From the eye tracking work, we also uncovered some interesting double take behaviour that happens between advertising and editorial. We see that, when advertising is placed next to relevant editorial, respondents continually switch their gaze from left to right, swapping their attention between advertising and editorial. Ads placed in these environments experience on average eight times the number of double takes - demonstrating the impact of advertising and editorial working together in perfect synergy.

8x more
double takes

40 % more
share of
attention

Looked at for
38% longer



Overall, advertising in a relevant context achieves 40% more share of attention on the page, with consumers looking at the ad for much longer.

Advertising placed in a highly relevant context, and surrounded by expert content in a subject area the consumer is passionate about, injects a higher value into that commercial message. Instead of advertising being seen as interruptive, it is appreciated and even sought out. The consumer sees the message as something that is uniquely targeted at them and worth paying attention to.

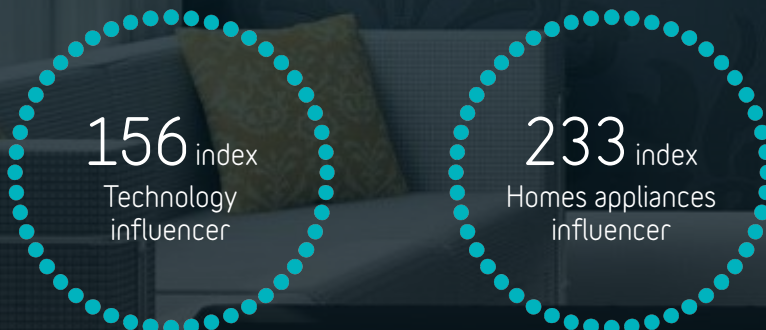
How do magazine brands achieve these effects?

What is it about magazine environments that enable them to deliver these types of effects for brands? We are able to draw on a wealth of evidence from this study and others to help explain.

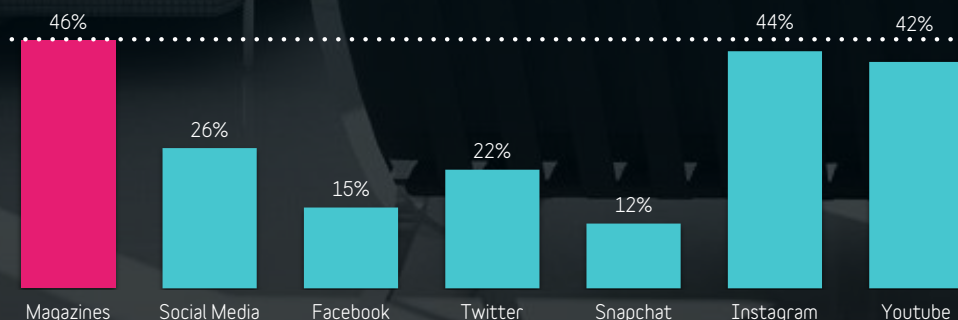
From PAMCo, the new audience measurement tool for publishers, we know that magazines both in print and online, provide access to a valuable audience for home interiors and technology clients. there are 8 million homes magazine consumers who are either moving home or planning on spending up to £1,000 on their home.



From TGI we know that magazine readers are much more likely to be influencers in the homes and technology space, with an over-index of 231 as influencers when it comes to technology, and 247 when it comes to home appliances.



From our 'Matter of Trust' study, we also know that magazines in print and online are a trusted source of advice and information on homes and interiors. In fact, magazines are the most trusted media type despite the rise of social media platforms in this space. Instagram and YouTube play a significant role too, and many of our publishers are also performing strongly on these platforms.



Conclusions

What are the Home Truths, or key take-outs from our study?

1. Magazines brands, whether they are lifestyle or special interest, have a clear role to play in terms of shortlisting for homes interiors and technology brands. These brands help advertisers to get on the consideration list, stay on there, and become a preferred brand.
2. Most significantly, we have identified that magazines brands are vital in terms of protecting, and even boosting, consumer budget. Given some of the current challenges in the market and the temptation to resort to price promotion, it's reassuring that magazines provide an environment where there is an opportunity to charge a premium, or at least hold prices steady and protect your profit margins. Review websites play a significant role here too.
- 3 Each of these effects is heightened further by printed display advertising, underlining that you can't rely on editorial mentions alone. Making the most of opportunities for display and editorial to work in combination increases the levels of attention given to brands.
4. It's magazine brands' valuable audience and quality context that explain these results. The environment is highly relevant and advertising benefits from being surrounded by inspirational content and expert editorial.