

Financial Times' Average Daily Global Audience (ADGA): Methodology November 2009

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1) Background

Prior to 1996, the Financial Times operated as a print-only global newspaper circulated across Europe, Asia and the Americas. This global expansion from being solely a UK national title had begun in the 1970's with the establishment of a print site and distribution network in Germany and continued over the following two decades, adding print sites in three continents. Hand in hand with this international expansion was the development of audience measurement surveys designed to quantify and qualify the readership of the FT and other international print titles. Most notable of these were the Business Readership Surveys of Europe then Asia (now known as BE: Europe and BE: Asia) and surveys such as the Pan-European Survey (PES) and more latterly the European Media and Marketing Survey. These surveys were (and indeed still are) widely supported by the print media industry and well accepted and used by the media planning and buying community as the currency for trading international print media advertising space.

With the development of digital media in the mid to late 90's, the Financial Times, along with many other print media owners, began exploring the development of new channels to their business audience and established FT.com, their own website. As digital media grew, both as a content delivery channel and as an advertising medium, new developments in digital audience measurement have become necessary to again both quantify and qualify media owner's audiences and to act as trading currencies with media buyers.

Alongside the readership surveys, the Audit Bureau of Circulation (ABC) provide a service to audit publishers' printed copy distribution, and, more latterly, their sister company ABCe has been established to provide audit services for online media owners to audit unique user/ browser measurement.

However these two tools, ABC and ABCe, have developed quite separately to each other and the figures are not combined together to produce one joint audience metric. In today's increasingly digital world, it is therefore difficult for a media owner to effectively understand and communicate dual-channel audience and therefore to have meaningful discussions with the media buying community and broader stakeholder set such as journalists, investors etc.

2) The FT's Average Daily Global Audience (ADGA) Project

Leading from this, in 2009 the Financial Times set out to develop a model to produce a credible measure of the average daily de-duplicated audience of its content globally. Currently there are two main channels of content distribution: the Financial Times newspaper and the FT.com website. The model which has been developed to measure the FT's audience focuses on these two channels. If other channels become significant to the FT's audience in the future (such as content consumption on eReaders or FT Mobile), these may be incorporated into the model.

The model to quantify the FT's average daily global audience (known as ADGA) is based on recognized and accepted industry sources to ensure credibility in the marketplace:

- Syndicated readership surveys by third party research companies;
- Unique User / Unique Browser data from Site Intelligence web analytics;
- FT's own research based on large samples of its reader/ user base; and
- ABC circulation data.

The ADGA model has been developed by the Financial Times Research Department, working with internal stakeholders from around the business and aims to express:

The Financial Times' best estimate of the de-duplicated number of people across the globe who, on an average day, consume FT content via either the newspaper or the FT.com website.

In order to arrive at the ADGA figure, a best estimate of daily global print readership has first to be produced using a combination of both national and regional readership surveys and circulation data. To this is added the daily global online readership data derived from web analytics sources. Any duplicated consumption within these two channels must then be removed to produce one final figure. A full breakdown of the methodology follows.

Going forward, the Financial Times will produce updated ADGA figures twice per year and make both the model and resulting figures available to the industry. In order to assure our commercial partners of the credibility of the model, PricewaterhouseCoopers LLC has been engaged by the Financial Times to conduct an assurance engagement on each wave of data. Their statements, together with our calculations and ADGA figures are available on www.FT.com/advertising.

3) Steps Taken in Calculating ADGA for the Financial Times

i) Calculating Daily Global Print Readership

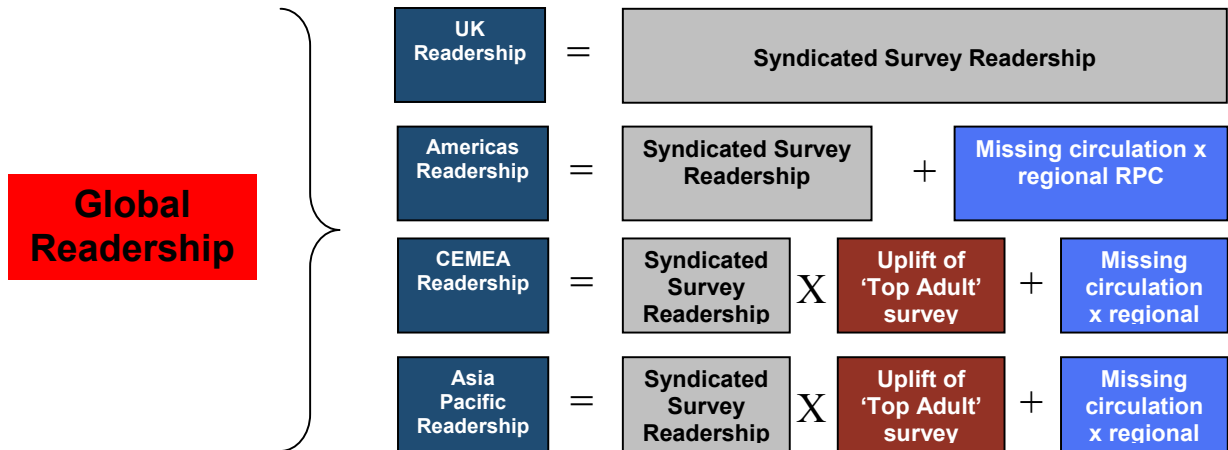
a) Definition of Print Readership

There is only one accepted industry measurement of print readership: "Average Issue Readership" (known as AIR) and this has been used in the media buying and selling arena for around 50 years. The definition of average issue readership is "read within the last publication period" and is based on probabilities generated from either one or both of the following two questions:

- 1) When did you last read publication x?
- 2) How often do you read publication x?

In other words, the definition of "what is a reader" is consistent across regions and time. A reader, for the sake of audience research, is *someone who has read a given publication within its publication period*: for dailies therefore in the past day; for weekly titles, within the past 7 days; for monthly titles, within the past 4 weeks and so forth. Definition of a reader is never based on any other questions (proportion of a publication read; the source of their copy; the length of time spent reading; the minimum number of issues read; engagement with editorial etc) though these questions may also be asked to better bring to life the reading experience.

The visual representation of the steps taken to calculate the daily global print readership of the FT is demonstrated below.



i) Calculating Daily Global Print Readership (continued)

b) Syndicated Surveys used for this calculation

The National Readership Survey (NRS) in the UK and Mediamark Research Incorporated (MRI) survey in the USA are the only two surveys available for the Financial Times to look at readership amongst the total adult population of a country.

NRS (October 08 – September 2009) measures UK FT readership at 433,000 readers.
MRI (2008) measures FT US FT readership at 485,000 readers.

These two countries account for 61.1% of the FT global circulation.

Four of the survey sources used (for Europe, Central Europe, Middle East and Asia) look at the top 13% of the region's population ('top adults survey'). The universe definition of the audience is "the top 13% of main income earners in households, based on household income in the region."

The European Media & Marketing Survey (EMS) Winter 2008 (January - December 08) measures FT readership at 237,000 readers in 15 Western European countries (*Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxemburg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Republic of Ireland*).

The Central European Media & Marketing Survey (CEMS) Winter 2008 (January - December 08) measures FT readership at 40,000 readers in 4 Central European countries (*Poland, Czech Republic, Hungary, Russia*).

The Middle East European Media & Marketing Survey (EMS:ME) 2008 (June 08 – September 08) measures FT readership at 15,913 readers in 8 Middle Eastern countries (*Kingdom of Saudi Arabia, United Arab Emirates, Bahrain, Kuwait, Qatar, Lebanon, Jordan, Egypt*).

The Pan Asia Pacific Cross-Media Survey (PAX) Q4 2008 – Q3 2009 (October 08 – September 09) measures FT readership at 132,114 readers in 10 Australasian countries (*Thailand, Hong Kong, Indonesia, Malaysia, Philippines, Singapore, Taiwan, South Korea, India, Australia*).

Not being a survey of the total population ('total population surveys'), the readership data from these four surveys will need to be up-lifted to represent the total populations of the countries measured in the surveys.

Results

| | |
|-----------------------------------------------------------------------|------------------|
| Daily UK Print Readership | = 433,000 |
| Americas Syndicated Survey Readership | = 485,000 |
| CEMEA Syndicated Survey Readership = 237,000 + 40,000 + 15,913 | = 292,913 |
| Asia Pacific Syndicated Survey Readership | = 132,114 |

i) Calculating Daily Global Print Readership (continued)

c) Uplifting Syndicated Surveys

For the UK and USA, there are both top adults surveys and total population surveys available for analysis. This gives us the opportunity to estimate the proportion of total population readership demonstrated through a 'top adults' survey.

To derive an uplift figure, the ADGA model combines firstly the UK and USA full population surveys (NRS and MRI) and secondly combines the 'top adult' surveys (EMS UK and Mendelsohn). The proportion of the former accounted for by the latter allows us to calculate the "missing" proportion of data.

Total population surveys

NRS (UK) = 433,000 readers
MRI (USA) = 485,000 readers

Top adults population readership

EMS (UK) = 327,000 readers
Mendelsohn (USA) = 469,000 readers

Combining the 2 sets of (complete) full population readership against the 2 sets of 'Top Adults' population readership

$\frac{918,000}{796,000} \quad \begin{matrix} \text{(NRS + MRI)} \\ \text{(EMS UK + Mendlsohn)} \end{matrix} = 1.15$

On this basis, we estimate that 15% of readership is missing from countries where only "top adults" surveys are available. Applying these estimates to syndicated survey readership:

| Source | FT Readership | x 1.15 | = Uplifted totals |
|--------|---------------|--------|-------------------|
| EMS | 237,000 | x 1.15 | = 273,324 |
| CEMS | 40,000 | x 1.15 | = 46,131 |
| ME:EMS | 15,913 | x 1.15 | = 18,352 |
| PAX | 132,114 | x 1.15 | = 152,363 |

Results

CEMEA Uplifted Readership = 273,324 + 46,131 + 18,352 = 337,807
Asia Pacific Uplifted Readership = 152,363

i) Calculating Daily Global Print Readership (continued)

d) Missing readership measurements for countries in which the FT has circulation

The six surveys utilised in the calculations above do not cover all of the countries in which the FT newspaper circulates, therefore there is a gap in developing a global readership figure that can only be filled by reference to circulation data. One copy of the newspaper can be read by more than one person so circulation figures (from ABC) will need to be up-lifted with a Readers Per Copy (RPC) figure to establish the readership in these regions.

November 2009 ABC Circulation = 401,072

UK Edition November 2009 ABC Circulation* = 115,983

UK Edition November 2009 ABC Circulation covered by NRS readership = 115,966

CEMEA Edition November 2009 ABC Circulation** = 116,940

CEMEA Edition November 2009 ABC Circulation covered by EMS, CEMS, & EMS:ME = 107,650

CEMEA Edition November 2009 ABC Circulation not covered by readership surveys = 9,290

Asia Pacific Edition November 2009 ABC Circulation = 38,820

Asia Pacific Edition November 2009 ABC Circulation covered by PAX = 28,983

Asia Pacific Edition November 2009 ABC Circulation not covered by readership surveys = 9,837

Americas Edition November 2009 ABC Circulation = 129,329

Americas Edition November 2009 ABC Circulation covered by MRI = 126,176

Americas Edition November 2009 ABC Circulation not covered by readership surveys = 3,153

*UK edition adjusted for 'Republic of Ireland copies' (deducted), 'UK copies delivered in CEMEA' (deducted) and 'CEMEA copies delivered in the UK' (added back).

**CEMEA Edition Circulation adjusted for 'Republic of Ireland copies' (added back), 'UK copies delivered in CEMEA' (added back) and 'CEMEA copies delivered in the UK' (deducted).

Results

CEMEA Edition Circulation not covered by readership surveys = 9,290

Asia Pacific Edition Circulation not covered by readership surveys = 9,837

Americas Edition Circulation not covered by readership surveys = 3,153

i) Calculating Daily Global Print Readership (continued)

e) Applying Readers Per Copy (RPC) to remaining circulation

The formula for RPC = $\frac{\text{Readership}}{\text{Circulation}}$

Apply RPC to the uplifted syndicated surveys and remaining America's circulation

CEMEA Surveys (EMS, CEMS & EMS:ME)

$\frac{\text{Readership of uplifted EMS+CMS \& EMSME}}{\text{Circulation for countries covered in surveys}} = \frac{337,807}{107,650} = 3.1 \text{ RPC}$

9,290 copies not covered by surveys *3.1 RPC = 29,152

337,807 (readership of uplifted EMS+CMS & EMSME) + 29,152 = 366,959

Asia Pacific Survey (PAX)

$\frac{\text{Readership of uplifted PAX}}{\text{Circulation for countries covered in surveys}} = \frac{152,363}{28,983} = 5.3 \text{ RPC}$

9,837 copies not covered by survey *5.3 RPC = 51,713

= 152,363 (readership uplifted of PAX) + 51,713 = 204,075

Americas (excluding USA) circulation:

$\frac{\text{MRI USA Readership}}{\text{USA Circulation}} = \frac{485,000}{126,176} = 3.8 \text{ RPC}$

3,153 copies not covered by survey *3.8 = 12,120

= 485,000 (US MRI readership) + 12,120 = 497,120

Results

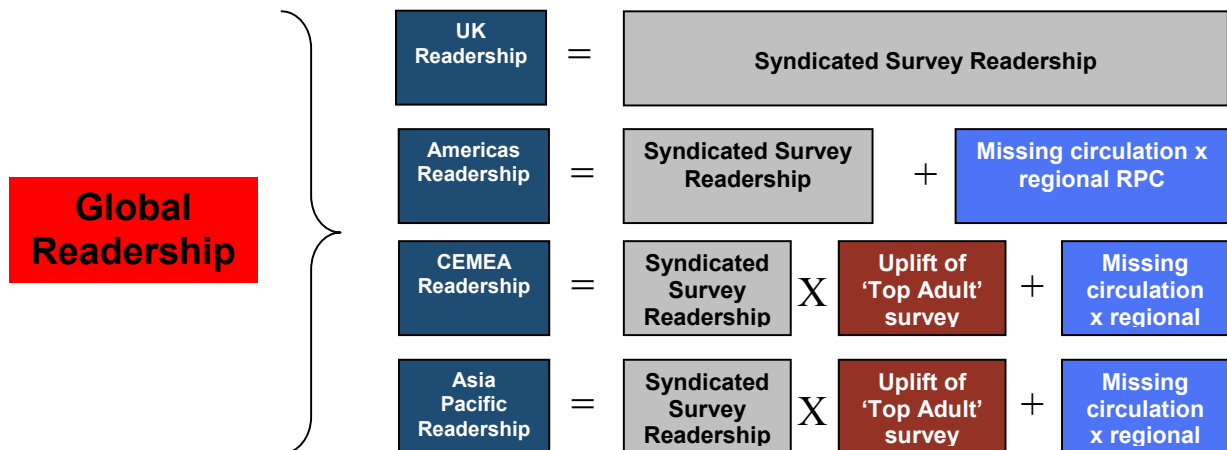
Daily CEMEA Print Readership = 366,959
Daily Asia Pacific Print Readership = 204,075
Daily Americas Print Readership = 497,120

i) Calculating Daily Global Print Readership (continued)

f) Daily Global Print Readership by region

As has been calculated via steps a) through e) above, the Financial Times best estimate of global print readership is as follows:

| | |
|--------------------------------------------|--------------------|
| Daily UK Print Readership | = 433,000 |
| Daily CEMEA Print Readership | = 366,959 |
| Daily Asia Pacific Print Readership | = 204,075 |
| Daily Americas Print Readership | = 497,120 |
| Daily Global Print Readership | = 1,501,154 |



ii) Calculating Daily Global Online Readership

The current industry-agreed metric for web-traffic measurement (as endorsed by JICWEBS) is "Unique User/Browser". This information is derived from a company's web analytics system (the Financial Times uses a web analytics system supplied by Site Intelligence). Web analytics systems provide census-based data and record all actual requests for online pages made by a PC or other device to a website. They measure total site activity, from any device (e.g. computer or mobile phone) at any location (home or work) and for any level of detail. NB This is a very different approach to print readership research where data is derived from sampling.

Site Intelligence uses "cookies" to consistently identify users and their browsers across multiple sessions of access to FT.com. This system also uses the identity of users that have registered or subscribed (known users) to uniquely identify these users and their consumption across multiple devices and locations. This provides a more accurate measure of unique users than the basic JICWEBS definition. A unique user/browser is defined using a combination of the cookie and known user information. For users that are not known (anonymous users), the identity included in the user cookie and stored locally on the end user PC is used to identify the unique user/browser. For users that are known, a unique user/browser is defined by consolidating cookies across access channels to form a consistent and unique identity.

Web traffic is measured using descriptive information ("tags") that is collected in real-time as users load pages online. Every user click is captured and recorded in an off-site managed facility. The information is then loaded and stored in an analytical database. During this loading process, certain traffic is excluded in accordance with JICWEBS recommendations, such as robotic and internal traffic. Once loaded into the database, reports can be run of consumption at aggregate levels, such as daily or monthly, or down to individual user click level. This provides assurance that aggregate volumes can be explained by analysing the granular detail. All of the data capture and storage is operated as a managed service by Site Intelligence.

In order to align the online readership to the print readership in calculating an average daily measure, all Sunday Unique Users/Browsers are removed from the calculation so that print and online are both 6-day (Monday to Saturday) measures.

Average Daily (Monday –Sunday) Unique Users/Browsers November 2009 = 531,309

Average 6-day (Monday - Saturday) Unique Users/ Browsers November 2009 = 574,823

Results

| | |
|-----------------------------------------------|------------------|
| Daily UK FT.com Unique Users | = 138,066 |
| Daily CEMEA FT.com Unique Users | = 105,198 |
| Daily Asia Pacific FT.com Unique Users | = 105,677 |
| Daily Americas FT.com Unique Users | = 225,882 |
| Daily Global FT.com Unique Users | = 574,823 |

iii) Calculating Daily Duplication

From the above two stages, the gross audience before duplication between the two audiences is removed can be estimated :

| | (A) FT Readership | + | (B) FT.com users | = | |
|---------------|-------------------|---|------------------|---|-----------|
| UK: | 433,000 | + | 138,066 | = | 571,066 |
| CEMEA | 366,959 | + | 105,198 | = | 472,157 |
| Asia Pacific: | 204,075 | + | 105,677 | = | 309,752 |
| Americas: | 497,120 | + | 225,882 | = | 723,002 |
| Global | 1,501,154 | + | 574,823 | = | 2,075,977 |

However, within this total, there will be a number of readers who consume Financial Times content on both platforms – print and online – on a daily basis. These consumers will be counted twice in a total audience figure unless this duplication is removed. The Financial Times Global Survey acted as the source for the construction of the daily duplication figure. The survey was conducted in the spring of 2009 by Framework, an independent research company.

The objective of the Global Survey is to deliver to both editorial and commercial teams a full picture of the readership behaviour, attitudes and demographics of the FT audience across platforms.

Key details of the survey follow:

- Five global in-paper surveys printed in the Financial Times newspaper on different weekdays and in both section one and two appearing between February and April 2009. Respondents completed the paper-based questionnaires and returned them to Framework via a Freepost address.
- An online survey ran on FT.com from 2nd February to 24th April 2009. An invitation to complete the online survey was also included in the April 8th marketing e-newsletter to FT.com registered users and subscribers.
- Fieldwork lasted fourteen weeks in total.
- The total final sample of the survey was 11,608 respondents (7,320 from the Newspaper and 4,288 online).
- Respondents answered either the in-paper survey or the online survey. The combined database from these surveys is the source for the size of the duplication estimate.

iii) Calculating Daily Duplication (continued)

The duplication figure is based on 3 questions:

1) How often have you read the Financial Times Newspaper on Weekdays (News section & Companies and Market Section)?

Results: 7550 respondents out of a sample of 11,608 read the Monday-Friday edition of the FT on a daily basis

2) How often do you read FT Weekend (Saturday)?

Results: 7886 respondents out of a sample of 11,608 read FT Weekend edition every week

The two audiences from these questions have been cross tabulated to obtain the number of people who read the Financial Times Newspaper and read FT Weekend every week)

Results: 5980 respondents out of a sample of 11,608 are estimated to read Daily Monday-Friday and read FT Weekend weekly

3) How often do you access FT.com?

Results: 2442 respondents out of a sample of 11,608 access FT.com on a daily basis

The two audiences (those who read FT daily (Monday-Saturday) and access FT.com daily) have been cross tabulated on a regional basis which has produced the following survey data:

| | |
|----------|----------------------------------------------------------------------------------------------------------------------------|
| UK | 342 respondents out of a sample of 4,264 are estimated to read Daily Monday-Saturday FT and access FT.com on a daily basis |
| CEMEA | 211 respondents out of a sample of 2,099 are estimated to read Daily Monday-Saturday FT and access FT.com on a daily basis |
| Americas | 488 respondents out of a sample of 4,490 are estimated to read Daily Monday-Saturday FT and access FT.com on a daily basis |
| Asia | 79 respondents out of a sample of 755 are estimated to read Daily Monday-Saturday FT and access FT.com on a daily basis |

iii) Calculating Daily Duplication (continued)

A statistical adjustment is made to rebase the survey data relative to the gross audience for respondents identified as a duplicate reader. This adjustment has been calculated on the assumption that duplicate readers have only responded once to the survey.

$$\text{Duplication percentage} = \frac{\text{Duplication proportion identified from survey data}}{1 + \text{duplication proportion identified from survey data}}$$

$$\text{Duplicate audience} = (\text{gross audience}/(1+\text{duplication percentage})) \times \text{duplication percentage}$$

A worked example of this calculation for the UK has been included below:

$$\text{UK Duplication percentage} = \frac{(342/4,264)}{(1+(342/4,264))} = 7.4\%$$

$$\text{UK Duplicate audience} = (571,066/(1+7.4\%)) \times 7.4\% = 39,471$$

The percentage calculation in the example has been presented to one decimal place. The full actual percentage has been applied to calculate Duplicate audience.

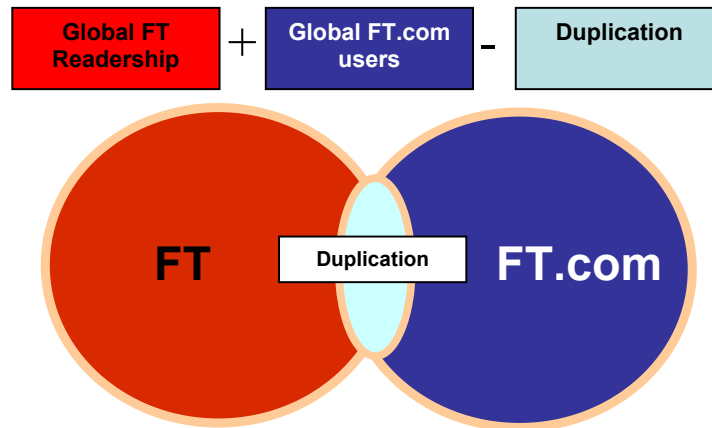
The survey data was analysed to produce regional duplication figures shown below:

Results

| | |
|----------------------------------------|------------------|
| UK Duplicate audience | = 39,471 |
| CEMEA Duplicate audience | = 39,518 |
| Americas Duplicate audience | = 64,549 |
| Asia Pacific Duplicate audience | = 26,802 |
| Global Duplicate audience | = 170,340 |

4) Financial Times Estimated Average Daily Global Audience (ADGA)

Results for November 2009



| Region | Print Readership (A) | | Online Readership (B) | | Duplication (C) | | Net Total |
|---------------|-------------------------|----------|--------------------------|----------|--------------------|----------|------------------|
| UK | 433,000 | + | 138,066 | - | 39,471 | = | 531,595 |
| CEMEA | 366,959 | + | 105,198 | - | 39,518 | = | 432,639 |
| Americas | 497,120 | + | 225,882 | - | 64,549 | = | 658,453 |
| Asia Pacific | 204,075 | + | 105,677 | - | 26,802 | = | 282,950 |
| Global | 1,501,154 | + | 574,823 | - | 170,340 | = | 1,905,636 |

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