Report

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Project Archant 2004
Research Report

Prepared for The Competition Commission

Prepared by Synovate

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1. Background And Objectives

In December 2003, Archant Limited bought a number of local weekly newspaper titles, covering areas of North West, North and East London, and North West Kent, from Independent News and Media. The final effect of this acquisition was that several titles transferred ownership to Archant. The Office of Fair Trading expressed concern about the completed acquisition and referred the matter to The Competition Commission, who in turn requested quantitative research from Synovate to investigate the extent, if any, of substantial lessening of competition within the markets for free and paid for local newspapers in those areas. This report covers the research undertaken by Synovate and presented to The Competition Commission in June 2004.

The overall research objective stated by the Competition Commission was twofold, as follows:

- To determine from advertisers whether alternative advertising media could act as a realistic substitute to local weekly newspapers.
- To determine whether particular advertisers, or groups of advertisers, are disadvantaged as a result of the merger acquisition.

Other less specific objectives that were addressed included:

- To establish the INM and Archant titles used by advertisers.
- To establish other titles and media used by advertisers.
- To establish the advertising spend amongst advertisers across printed and non-printed media.

2. Methodology

A telephone methodology was adopted with two main types of respondents being included in the survey, as follows:

- Customers of Archants and previous INM titles in the Greater London area.
- Non-customers of Archants/INM, but who do undertake other forms of advertising, within the Greater London area. These were included to act as a Control sample to show how other advertisers answered the questions.

The named customer database was supplied by Archant and the non-customer sample was located from Yellow Pages, once the areas had been defined by postcode. For the non-customer interview a request was made to speak to “one of the main people responsible for advertising in your business”.

The Customers were split by advertising spend, with a quota for high and low spends set at 50% each.

Amongst both types of respondent, a spread by type of advertising placed was attempted, with particular emphasis on motor, retail, jobs and property adverts.

A total of 579 calls were completed in total, 420 among customers and 159 non-customers, using a self-defining question relating to use of Archant/INM titles. However, once a detailed list of titles was checked with this group of ‘non-customers’, the total of confirmed non-customers dropped to 110. This base is therefore used throughout this report.

The questionnaire used appears in the Appendix of this report. It was fully piloted prior to finalisation. The fieldwork was conducted during late May/early June, 2004.

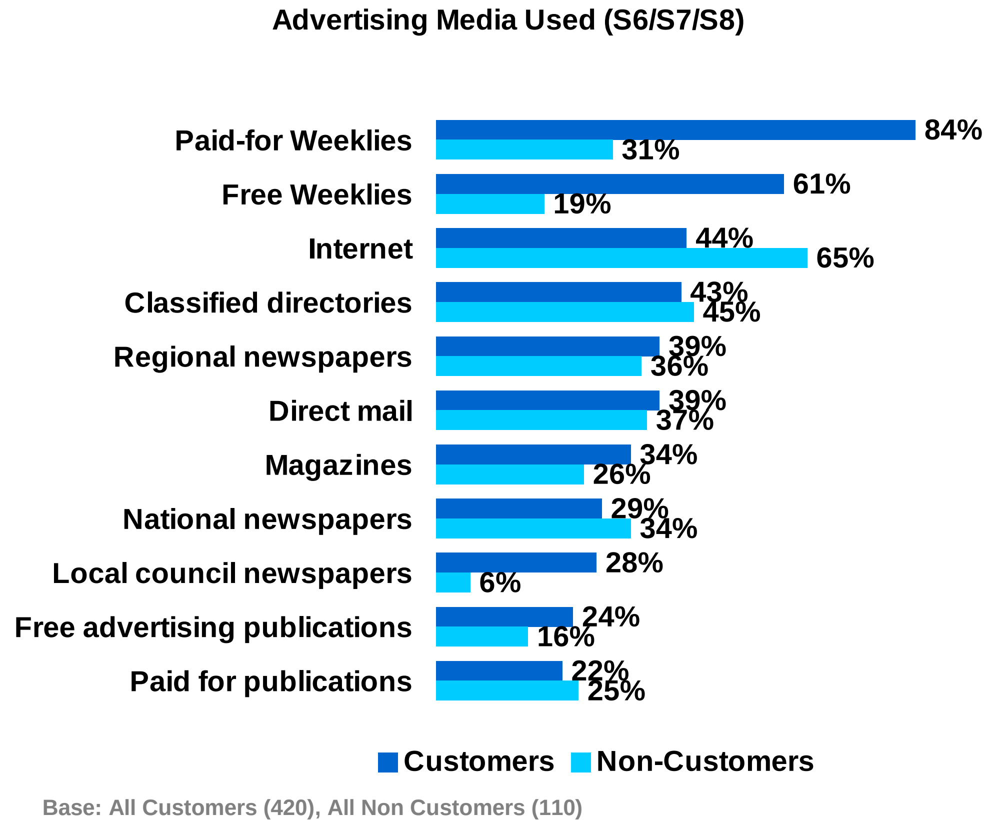
3. Summary Of Key Findings

- Weekly newspapers, both paid for and free, are important means of advertising for the Archant Customers and are used extensively.
- Local newspaper advertising is felt to be essential by 72% of Customers, with 43% agreeing strongly that this is the case.
- If the main local newspaper title that they use were not available, 75% of Customers would want to use a different title in the same area.
- When given a choice of alternative titles of local newspapers that they might use to advertise in this situation only around a third of Customers opted for a non–Archant/INM title.
- 46% of Customers agreed that other local newspapers could be used if their favoured title were not to be available.
- Publications devoted to advertising, such as Exchange & Mart or Loot, were not seen to offer an alternative to local newspapers as a place to advertise – only 28% of Customers agreed to this proposition whilst 38% disagreed strongly.
- London-wide newspapers, such as Evening Standard or Metro, polarised opinion among the Customers with 44% agreeing that they did offer a viable advertising alternative to local newspapers, but 43% disagreeing.
- Non-print media such as TV, radio, internet or outdoor advertising, were seen as a more viable alternative, with 49% of Customers agreeing, 29% strongly.
- There is low awareness of the Archant/INM acquisition among both Customers and non- Customers, with only 20% of Customers and 6% of non-Customers claiming to be aware of the acquisition when it was mentioned to them.
- Three quarters of both Customers and non-Customers felt that the acquisition would not affect the way they advertised.
- In the main, Customers feel that they were able to negotiate competitive advertising quotes before January 2004 (when the acquisition took place) – 44% agreeing to this, and 68% feel that this position remains unchanged currently.
- Although a quarter of Customers felt they did not know, 64% of Customers felt there had not been a change, either for the better or worse, in the advertising terms and conditions offered to them by Archant since the acquisition.
- A quarter of Customers feel that local advertising prices have increased this year but 60% feel there has been no change. Only 47% of those who feel the prices have increased have let their expenditure rise accordingly.
- Nearly a fifth (16%) of Customers would switch to national or regional newspapers and 4% to advertising only publications if advertising rates for local newspapers increased by unacceptable amounts.

4. Key Findings

4.1 Advertising Behaviour

Respondents were asked 3 questions to ascertain which media they ever used for their advertising (Questions S6, 7 and 8 - please see the questionnaire in the Appendix for definitions given to respondents). The chart below shows the key mentions for Customers and non-Customers (those used by less than a fifth of Customers are not shown).



Customers do use the paid-for and free weekly local papers extensively, standing at 84% and 61% respectively. They also use a variety of other media, particularly printed media (including directories, national and regional newspapers, etc) . Only 18% claimed to ever use the radio, 13% outdoor displays, 8% television and 3% cinema.

Non-Customers were less likely to use the local weeklies (partly by definition) and their key media were the Internet (65%), classified directories (45%), regional newspapers (36%) and direct mail (37%).

Not surprisingly, national advertising agencies were more likely than non-agencies to use all media types, except the paid-for local weeklies (the latter being largely due to sample definition).

Customers advertising in North or East London were more likely to use paid for publications devoted to advertising (e.g. Exchange & Mart, Loot) than were those advertising in Essex.

Customers with the highest advertising spends were also more likely to be using a wider range of media.

The chart below shows the media used by Customers split by the types of advertising they were placing. Care should be taken when interpreting the chart as base sizes are small in several cases.

		Type of Advertisment				
Media Used	**Total** *(420)*	**Houses & Property** *(86)*	**Motors*** *(34)*	**Jobs** *(163)*	**Retail** *(54)*	**Other** *(194)*
Paid-for weeklies	84%	83%	85%	82%	91%	84%
Free weeklies	61%	67%	74%	61%	72%	59%
Internet	44%	57%	47%	50%	35%	43%
Classified directories	43%	50%	62%	31%	56%	42%
Regional newspapers	39%	56%	56%	47%	43%	36%
Direct mail	39%	58%	50%	37%	52%	45%
Magazines	34%	40%	47%	40%	44%	34%
National newspaper	29%	36%	50%	39%	39%	27%
Local Council Newspapers	28%	33%	21%	29%	26%	30%
Free publications (e.g. Avenues)	24%	36%	35%	21%	37%	20%
Paid for publication	22%	49%	59%	20%	19%	20%

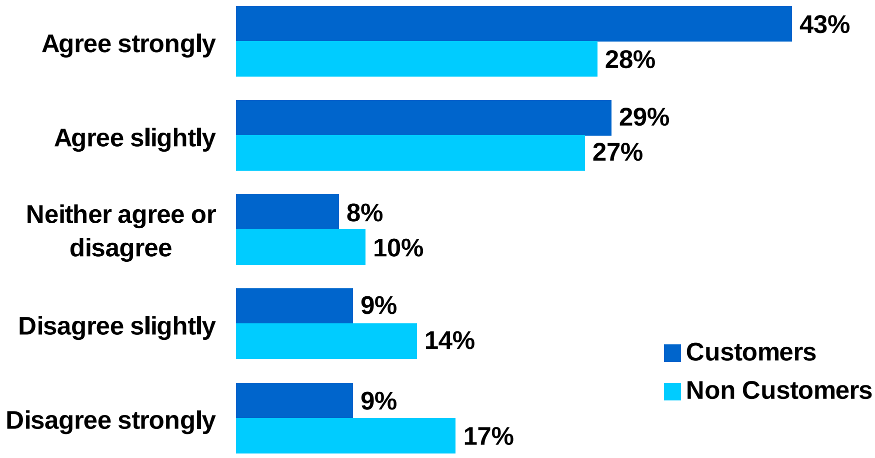
House and Property and Motor adverts tend to be placed across a wide range of the listed media. Free weekly local papers were less strong than paid-for local papers across all the advertising types.

4.2 Advertising Alternatives

Respondents were asked a series of questions designed to ascertain how important they felt local newspaper advertising was to their business, and to examine the alternative methods of advertising they felt they would adopt if their favourite titles were not to be available.

4.2.1 Importance of Local Newspaper Advertising

Importance Of Local Newspaper Advertising (Q1)



Base: All Customers (420), All Non Customers (110)

72% of Customers agreed that local newspapers were essential to the operation, development and sales of their business, 43% agreeing strongly. This compares to only 55% of non-Customers.

National advertising agencies were particularly likely to agree (85%). Customers spending over £10 K on any form of advertising were also more likely to agree strongly to this question than were the lower spenders (50% v 35%).

Customers advertising Houses and Property were particularly likely to agree strongly (57%) whilst those advertising Motors and Jobs were most likely to agree to any extent (85% and 71% respectively). There was no difference across the areas on this question.

Amongst non-customers those advertising Houses and Property were more likely to agree overall (85%) whilst those advertising Jobs were more likely to disagree, 51% of them disagreeing strongly.

4.2.2 Local Newspaper Titles Used Most Often

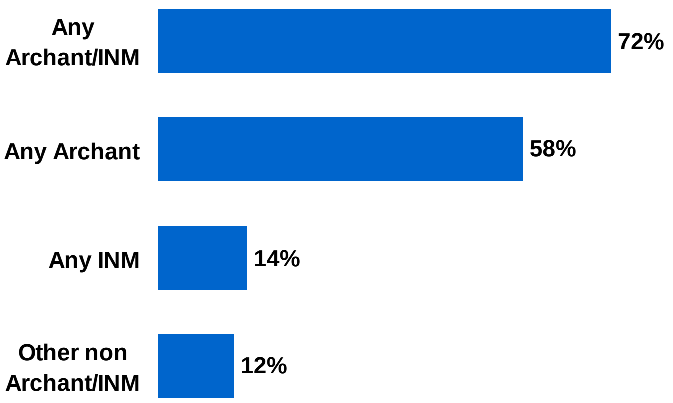
Respondents were asked in which geographical areas they advertised, using local weekly free or paid-for newspapers. For the area they used most often or through a system of prioritising the key areas, respondents were prompted with a list of the major local titles in that area to ascertain which titles they had used in the last 12 months (see the questionnaire in the Appendix for these lists), and which was most important to them. These questions were used to confirm whether the self-defining non-Customers were in fact using Archant or INM titles.

The chart below shows the combination for all the Archant and INM titles in relation to the title used most often by Customers, across all the areas. Also shown is the data by area, although caution should be taken given the low base sizes in some areas.

Just 12% of Customers used local newspaper titles other than those offered by Archant or INM as their main title for placing advertising in the last 12 months.

The analysis by area reflects the strength of the Archant/INM titles in East London and the availability of more non-Archant/INM titles, such as those offered by the Kent Messenger Group and Trinity, in North Kent. North London, where Trinity again have a presence and so do Newsquest, also displays lower loyalty to Archant/INM.

Local Newspapers Advertised In (Most Important Tilte) (Q4/5)



Area				
E. London	Essex	N.Kent*	N. London	NW. London*
(97)	(151)	(20)	(68)	(26)
81%	72%	40%	63%	77%
66%	66%	-%	41%	69%
15%	7%	40%	22%	8%
3%	13%	25%	21%	8%

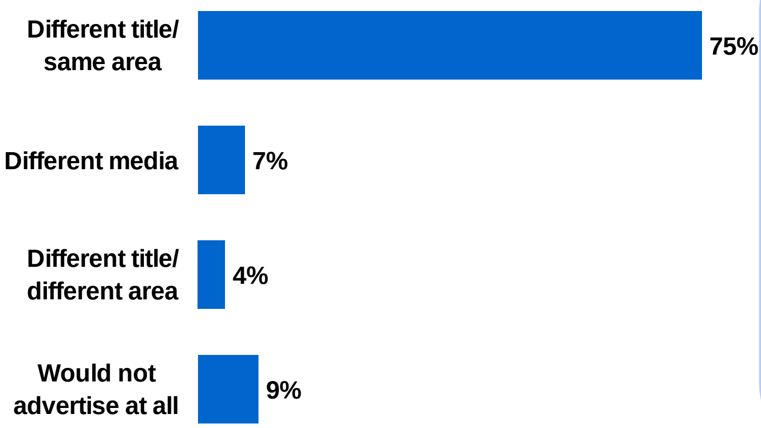
* CAUTION LOW BASE SIZE

Base: All customers advertising in local papers (362)

4.2.3 Potential Alternative Media/Titles

Customers were asked if their favoured local newspaper title had not been available where they would have turned to for their advertising needs. The chart below shows the response given relating to the 4 stated options. “Different media” was defined as “not local newspapers, e.g. radio,TV, leaflets, outdoor etc” Data by area is also shown.

Possible Alternative Media/Titles (Q6)



	Area				
	E. London (78)	Essex (117)	N.Kent* (13)	N. London (45)	NW. London* (22)
Different title/ same area	74%	74%	92%	80%	73%
Different media	12%	7%	8%	4%	-%
Different title/ different area	4%	3%	-%	4%	5%
Would not advertise at all	8%	11%	-%	7%	23%

* CAUTION VERY LOW BASE SIZE

Base: All customers mentioning main local newspaper (302)

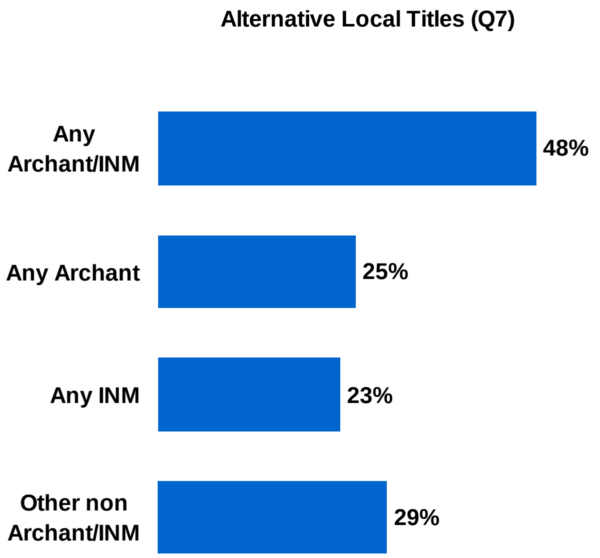
Three quarters of Customers opted to continue to advertise in the same area but in a different title. The remaining Customers either did not know what they would do (4%) or opted fairly equally between the three other options given.

There was no difference on this question between advertising agencies and non-agencies or by type of advert placed.

Those spending over £50K on advertising were most likely to say that they would use a different title in the same area (85%), whilst those spending between £10-£50K were most likely to state they “would not advertise at all” (16% v 3% among the high spenders).

The data by area again reflects the greater choice of titles in North Kent. (Base sizes are small here so caution should be taken).

Those customers who said they would continue to advertise in an area but using a different title were asked what title they thought they would select as their alternative, using the full lists as previously. The chart below shows the combined titles chosen by those who were currently using Archant /INM titles, including the data by area.



Base: All customers using Archant/INM titles as main advertising publication (195)

Area				
E. London	Essex	N.Kent*	N. London	NW. London*
(59)	(79)		(36)	(14)
47%	52%	-%	44%	50%
25%	34%	-%	19%	-%
22%	18%	-%	25%	50%
32%	25%	-%	19%	36%

* CAUTION VERY LOW BASE SIZE

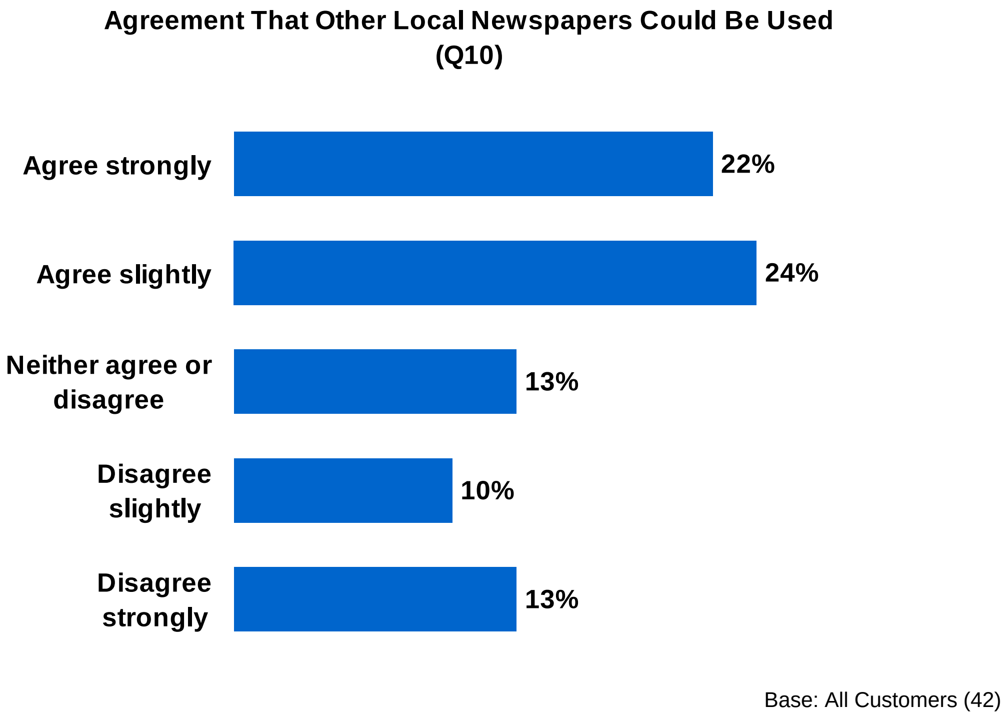
Almost half (48%) of Customers chose another Archant/INM title and only a third (29%) chose a non-Archant/INM title. There were no differences between the type of adverts placed or the level of advertising spend.

The area data is based on very small samples and consequently no significant differences are in evidence.

4.2.4 Potential Use of Other Local Newspaper Titles

Customers were asked to what extent they agreed that other local newspaper titles in their area could or would be used instead of the titles previously mentioned.

The chart below shows the responses given by Customers. 46% of them agreed that other titles could be used.



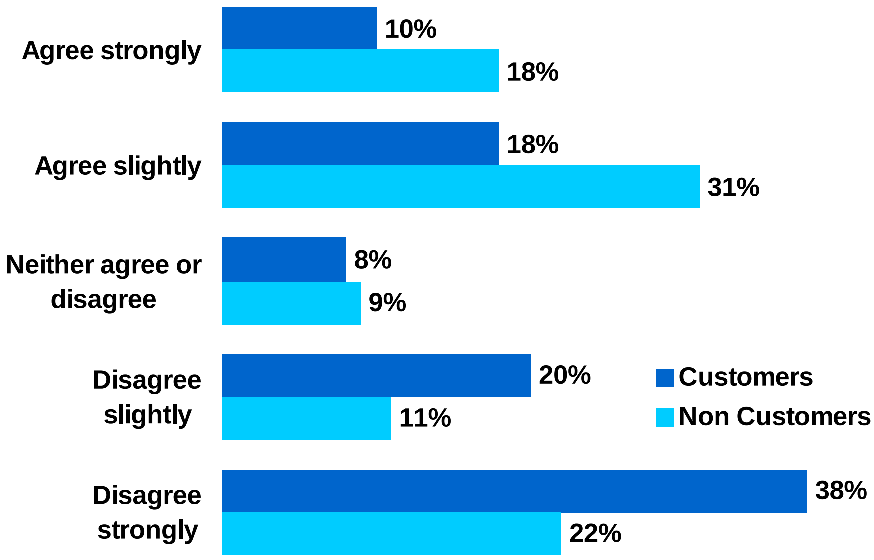
Only 8 respondents had considered using a Archant/INM publication but not actually done so in the last 12 months so the responses to Q8 and Q9 are not included in this report.

4.2.5 Potential Other Media

Respondents were asked about the ability of 3 other potential media to act as an effective replacement for advertising in local newspapers.

The first of these media was publications devoted to advertising (such as Exchange & Mart, Loot, Avenues, London Property News, East London Property Mart, Auto-Trader, Fabric, NM and others). The chart below shows the responses given by Customers and non-customers.

Publications Devoted to Advertising as an Alternative (Q11)



Base: All customers (420), All non-customers (110)

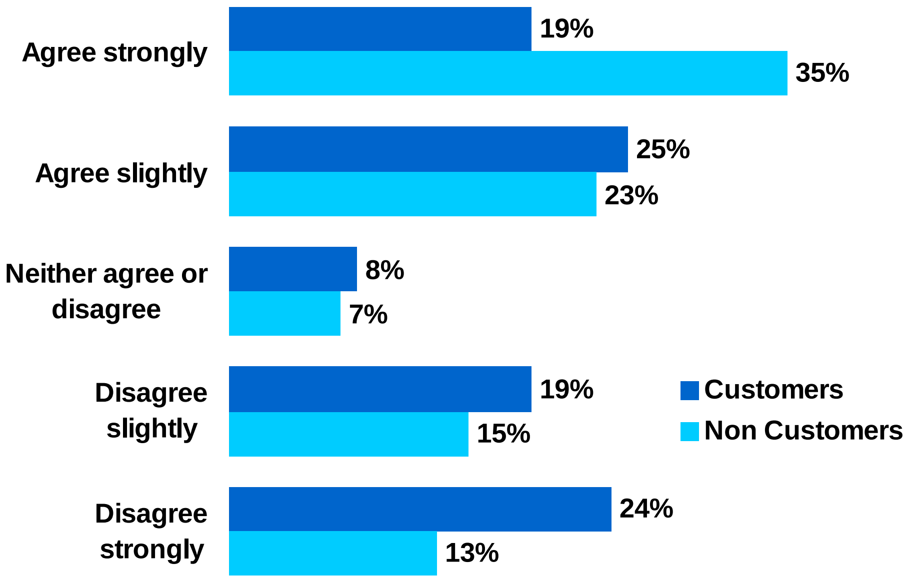
Around 1 in 3 (28%) Customers agreed that these publications did offer a viable alternative, compared with 49% of non-customers. Two-fifths (38%) of Customers in fact disagreed strongly that they offered an alternative.

There was no difference in the levels of agreement between advertising agencies and non-agencies. High advertising spenders were most likely to disagree (69% disagree overall compared to 55% of low spenders). Those advertising in East London and The City were more likely to agree that these publications could be used – 40% agreed overall.

Customers placing adverts for Houses and Property and Motors were more likely to agree overall (38% and 35% respectively), whilst there was no difference among non-customers placing different types of adverts.

The second type of alternative media covered was London-wide newspapers, such as Evening Standard and Metro. The chart below shows the responses given by Customers and non-customers.

London-Wide Newspapers as an Alternative (Q12)



Base: All customers (420), All non-customers (110)

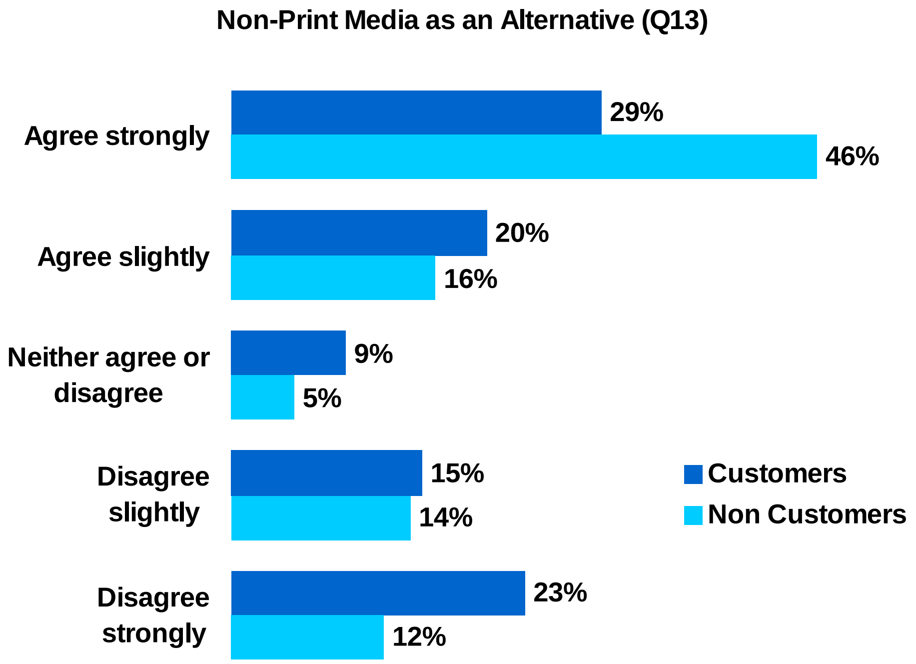
This suggestion polarised opinion among Customers, with 44% agreeing overall and 43% disagreeing overall that such newspapers offered a viable alternative, compared to 58% of non-customers who agreed and only 28% who disagreed.

National advertising agencies were more likely to agree with the use of such media (71% in agreement compared to only 44% of non-ad agencies). Customers with high advertising spends were also more likely to agree than were low advertising spenders (54% v 37%), whilst there was no difference between spend levels for non-customers.

Customers placing Job adverts were most likely to agree that this type of publication could form a viable alternative option (52%).

Thirdly, non-print media, such as TV, radio, internet, text messaging or outside advertising, was examined as an alternative to local newspapers for advertising purposes. (Please note that no mention was made about cost here).

The chart below shows the responses given by Customers and non-customers.



Base: All customers (420), All non-customers (110)

Non-print media is seen as a more viable alternative, with 49% of Customers agreeing as well as 62% of non-customers. However, 38% of Customers did disagree, 23% strongly.

High advertising spending Customers were more likely to agree (60% v 44% of low advertising spenders).

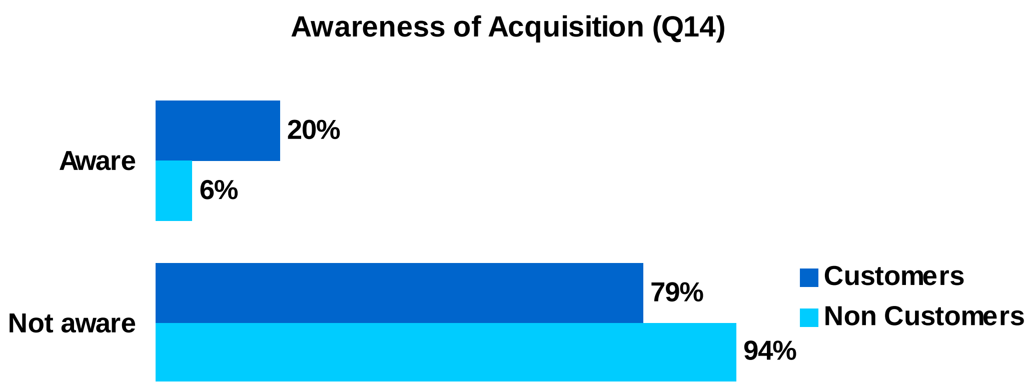
In terms of the type of advert being placed, Customers placing House and Property adverts were most likely to agree strongly (43%) whilst those placing Job adverts were most likely to disagree overall (40%).

4.3 The Effect of The Acquisition

Respondents were told “As you may be aware, Archant Limited have recently acquired the London regionals Division of Independent News & Media PLC. The merger involved the acquisition of several London and North West Kent local newspaper titles.”

4.3.1 Awareness of the Acquisition

Respondents were then asked if they were aware of this acquisition. The chart below shows the responses by Customers and non-customers.



Base: All Customers (420), All non-customers (110)

A fifth (20%) of Customers and 6% of non-customers claimed to be aware of the acquisition.

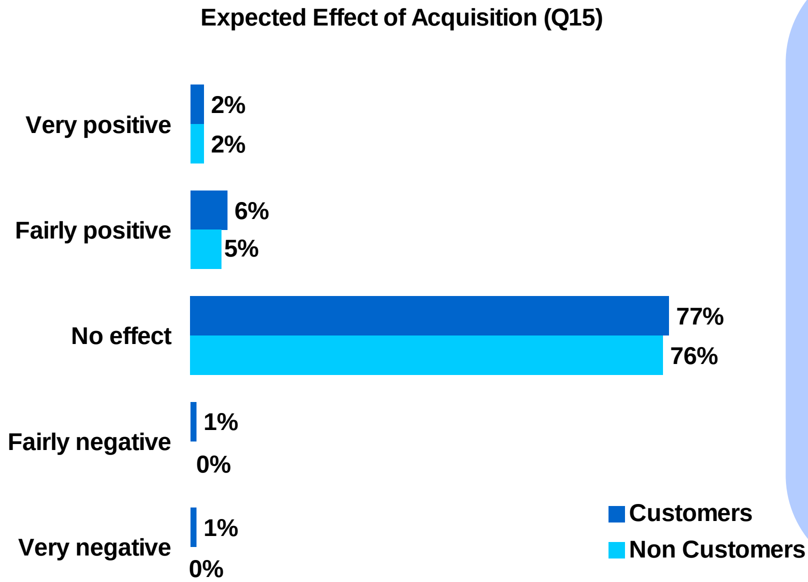
National advertising agencies were more likely to be aware (32%). There was, however, no difference by level of advertising expenditure.

Customers placing Retail adverts were most likely to be aware (33%) whilst those placing Job adverts were least aware (83% unaware).

Not surprisingly, those Customers with high local paper dependency (defined as those agreeing to Q1) were more likely to be aware of the acquisition than those with lower dependency (defined as disagreeing to Q1) -23% v 12% respectively.

4.3.2 Expected Effect of the Acquisition

Respondents were asked whether they felt the acquisition would affect the way they advertised at all in the future. The chart below shows the responses given, prompted by a 5 point scale.



	Area				
	E. London (86)	Essex (135)	N.Kent* (20)	N. London (49)	NW. London* (26)
Very positive	5%	3%	-%	-%	-%
Fairly positive	10%	4%	5%	8%	-%
No effect	67%	83%	75%	73%	77%
Fairly negative	2%	1%	-%	2%	-%
Very negative	-%	2%	-%	2%	4%

* CAUTION VERY LOW BASE SIZE

Base: All customers (420), all non-customers (110)

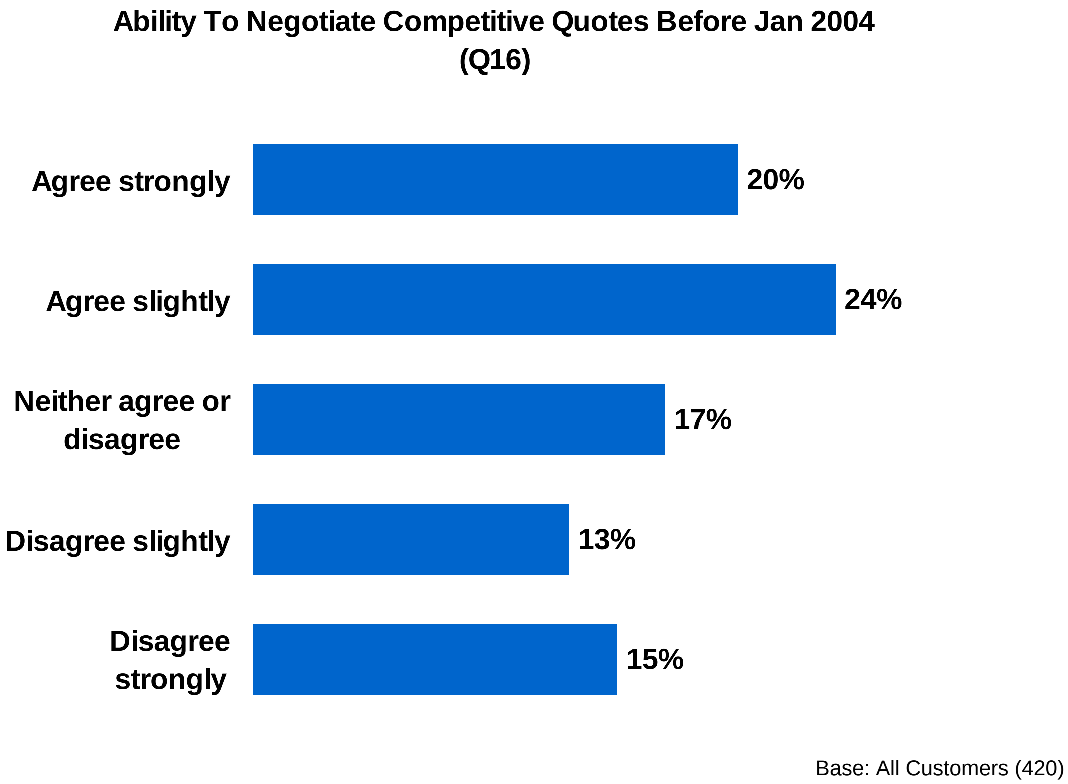
Whilst 12% of Customers and 17% of non-customers said they did not know what effect the acquisition would have, three quarters of respondents in both sample groups felt there would be no effect on the way they advertised in the future.

National advertising agencies were particularly likely to think there would be no effect (89%) and Customers with low paper advertising dependency were also more likely to think there would be no effect (86% v 74% for those with high paper advertising dependency).

The chart above shows the data by area among Customers. Base sizes are small and Don’t Knows range between 7% in Essex and 20% in North Kent. 15% in East London felt that there would be a positive effect following the acquisition. Otherwise all areas were registering the “no effect” response in the main.

4.3.3 Ability to Negotiate Competitive Advertising Quotes

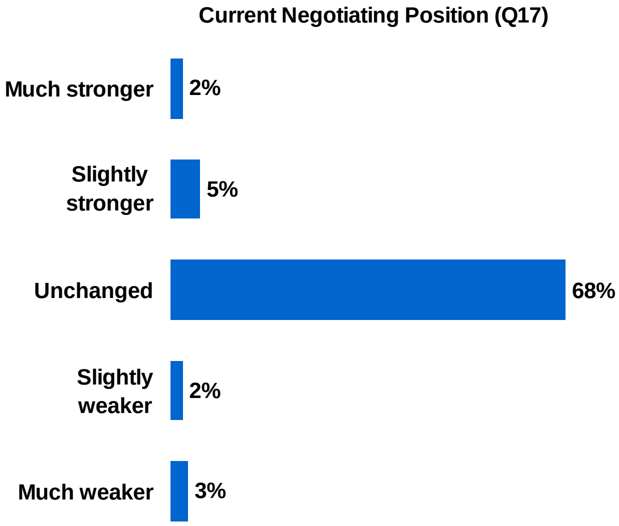
Customers were asked to what extent they agreed that "before January this year" they had been able to negotiate competitive quotes for advertising from the INM or Archant titles. The chart below shows the responses given.



Whilst 12% did not know, 44% agreed to some extent that they had been able to negotiate competitive quotes, and only 28% disagreed to any extent.

Surprisingly, there was no difference between advertising agencies and non-agencies on this aspect. Those placing Motor ads were most likely to be in agreement (62%), whilst mid advertising spenders were more likely to agree than were low spenders (55% v 40% respectively), and high paper advertising dependents were more in agreement than low paper dependents (49% v 33%).

When asked how their negotiating position now compared with that before January this year Customers gave the response shown in the chart below. The data is also shown by area.



Area				
E. London	Essex	N.Kent*	N. London	NW. London*
(86)	(135)	(20)	(49)	(26)
-%	4%	-	-%	-%
2%	5%	15%	6%	-%
71%	69%	75%	67%	88%
2%	4%	-%	4%	4%
3%	4%	-%	-%	4%

* CAUTION VERY LOW BASE SIZE

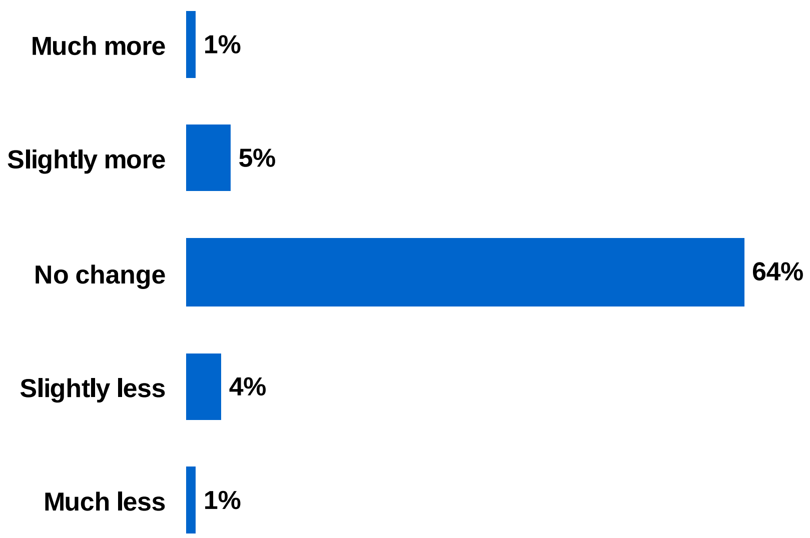
Base: All Customers (420), Don't know = 20%

Whilst 20% did not know, 68% felt that the position was unchanged. No differences were seen by advertising spend or by advertising type.

By area, in the main all areas reflect the "no change" position but North Kent does show 15% claiming an improved situation. (Beware base sizes are low here).

The chart below shows the responses given by Customers when asked whether advertising terms and conditions had become more or less favourable following the transfer of ownership of titles from INM to Archant.

Favourability of Terms and Conditions (Q18)



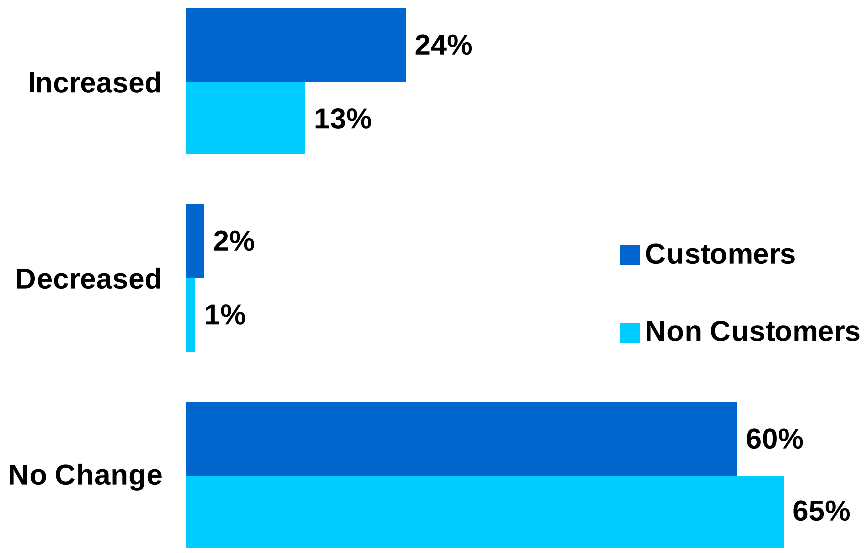
Base: All Customers (420), Don't know = 25%

Whilst 25% said they did not know, 64% said there had been no change and only 5% reported a negative shift. There were no differences between sub-groups on this aspect.

4.3.4 Changes in Advertising Prices

All respondents were asked whether they had experienced any change in local newspaper advertising costs this year compared to last year. The chart below shows the responses received from both Customers and non-customers.

Changes in Actual Advertising Prices Of Local Newspaper Adverts This Year (Q19)



Base: All Customers (420), All non-customers (110)

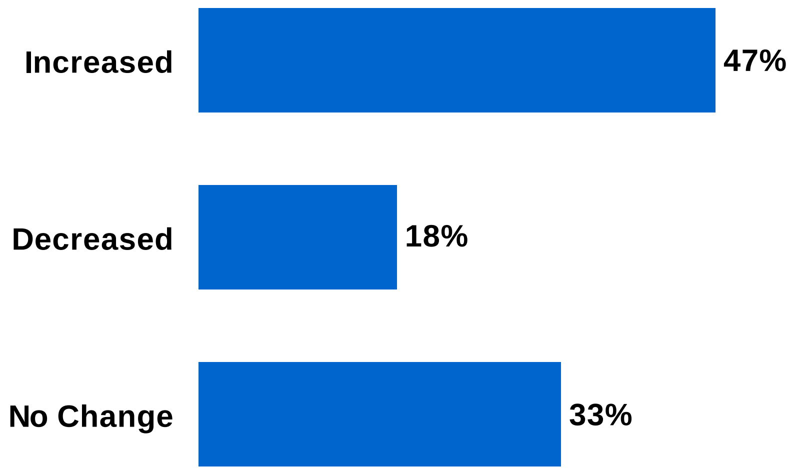
Whilst 14% of Customers and 21% of non-customers said they did not know, the main comment amongst both groups was that there had been no change. 24% of Customers felt that there had been price rises. (No mention was made here of whether this was over and above inflation).

Mid advertising spending Customers were more likely to mention an increase (34%).

Those claiming that prices had risen were asked by how much and the mean scores were 13% for Customers and 10% for non-customers.

Respondents who mentioned a change in advertising costs were asked whether this had altered their expenditure with local newspapers. The chart below shows the responses among Customers who mentioned an increase in costs.

Changes in Advertising Expenditure Related to Increase in Actual Advertising Prices (Q21)



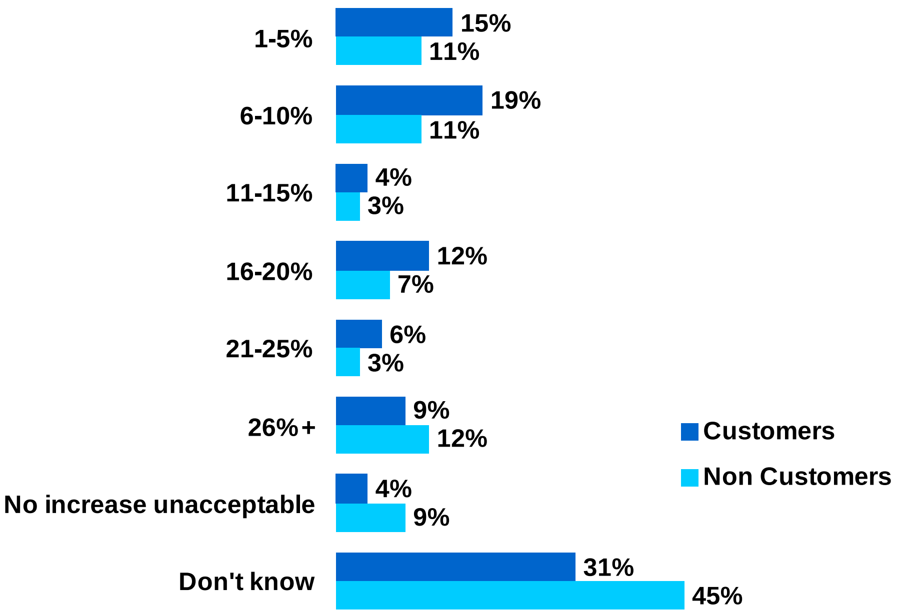
Base: All Customers mentioning an increase in advertising costs (100)

Nearly half (47%) of Customers claiming advertising costs have risen this year have increased their local newspaper advertising expenditure accordingly, but a third (33%) have made no change in expenditure so have cut back on their volume of advertising. Nearly a fifth (18%) claim to have decreased the amount they have spent so have cut back on their local newspaper advertising spend.

All respondents were then asked the following question “There is likely to be some level of increase in the cost of advertising in local newspapers that would stop you advertising in them. What percentage increase would you say that would be?”

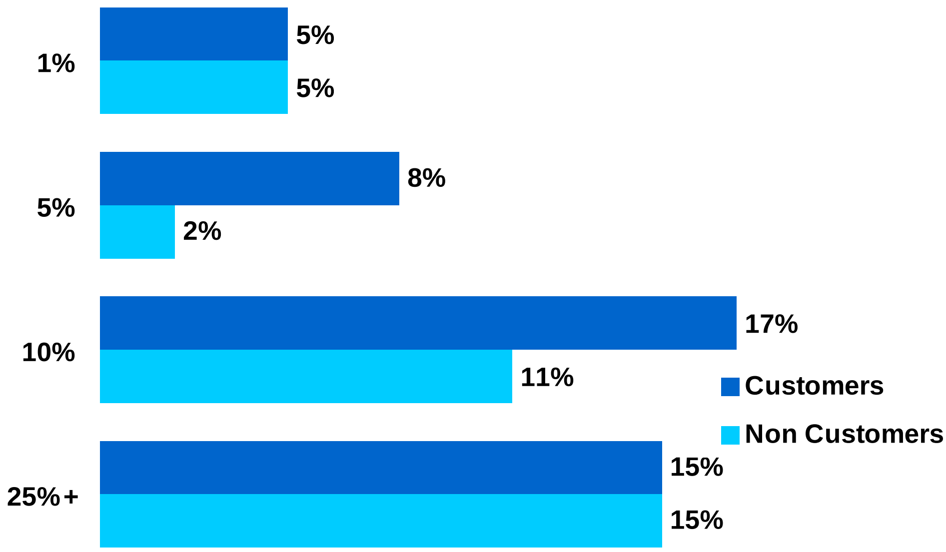
The grouped responses are shown in the following chart. 16% was the mean percentage rise that was claimed would stop clients using them to advertise. This was true for both Customers and non-customers.

The second chart shows specific increase levels that were thought to be of particular interest.



Base: All Customers (420), All non-customers (110)

Highest Price Increase Tolerance (Q22)

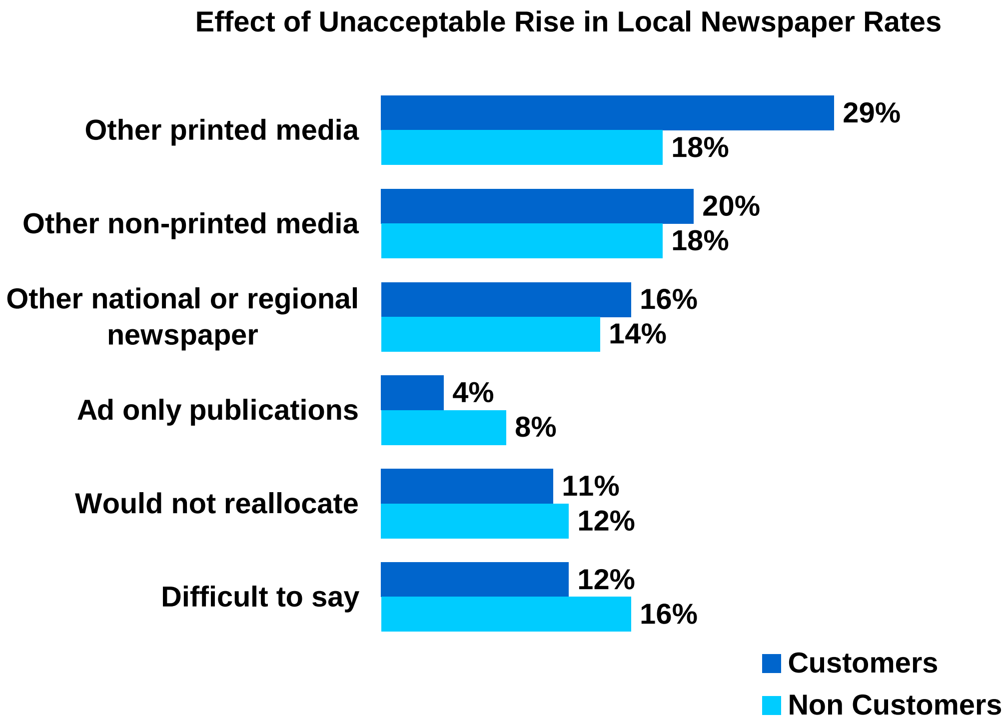


Base: All Customers (420), All non-customers (110)

There were high levels of ‘Don’t Know’ with 31% for Customers and 45% for non-customers, but around a third (34%) of Customers mentioned a rise of 1-10%.

National advertising agencies were particularly likely to say they would only tolerate a 1-5% rise (36% v 12% for non-agencies). Those Customers spending over £50K on advertising were only prepared to tolerate a 12% rise on average, compared to a 17.5% rise for the under £10K spenders. Those placing Job adverts were prepared to tolerate a 17.6% increase on average.

If such a rise in local newspaper advertising costs were to take effect respondents were offered 5 options of where they might reallocate that part of their advertising budget. The chart below shows the responses received from those who had mentioned some level of increase in costs that would make them reallocate their budget.



Base: All mentioning an increase in the cost of local newspapers would stop them advertising (275), Non-Customers (51)

Nearly a third (29%) of Customers selected "Other printed media", in other words printed media but not the 2 items listed above that option in the list, which were national or regional newspapers, such as Evening Standard or Metro, and publications devoted to advertising such as Exchange & Mart or Loot. Other non-printed media was marginally less popular, at 20%.

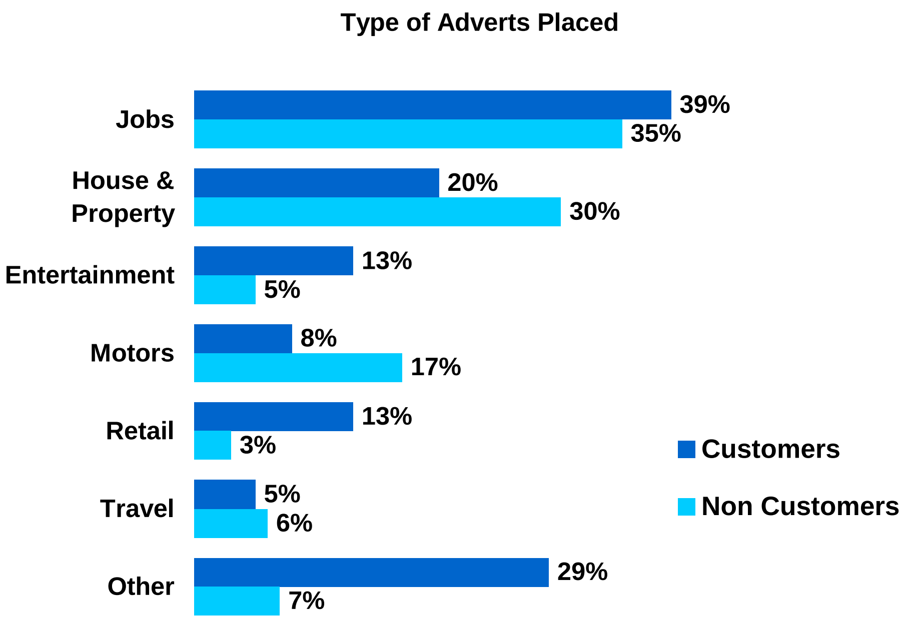
Nearly a fifth of Customers (16%) would switch to national or regional newspapers and 4% to advertising only publications (Exchange & Mart or Loot).

Many of the non-customers were unable to say what they would do (31%), but their top 2 categories were the same as for Customers, whilst 14% and 8% mentioned national or regional newspapers and advertising only publications respectively.

Customers placing adverts for Houses and Property were particularly likely to mention non-printed media (28%) and national or regional printed media (25%) whilst those placing Job advertising were particularly likely to mention non-printed media (27%). The Customers with a mid range advertising spend found it more difficult to answer this question (22% v 11% for low spenders and 5% for high spenders).

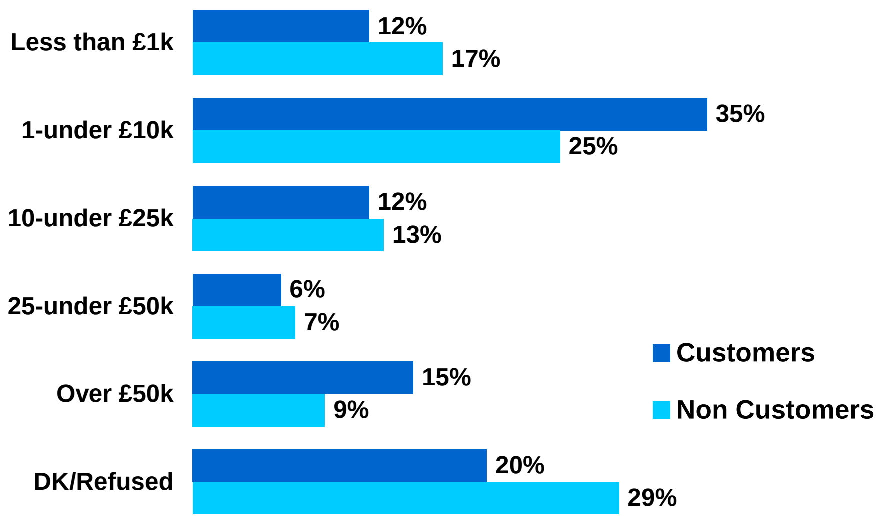
5. Demographics Of Sample

i) Main Type of Adverts Placed (Multi-coding allowed)



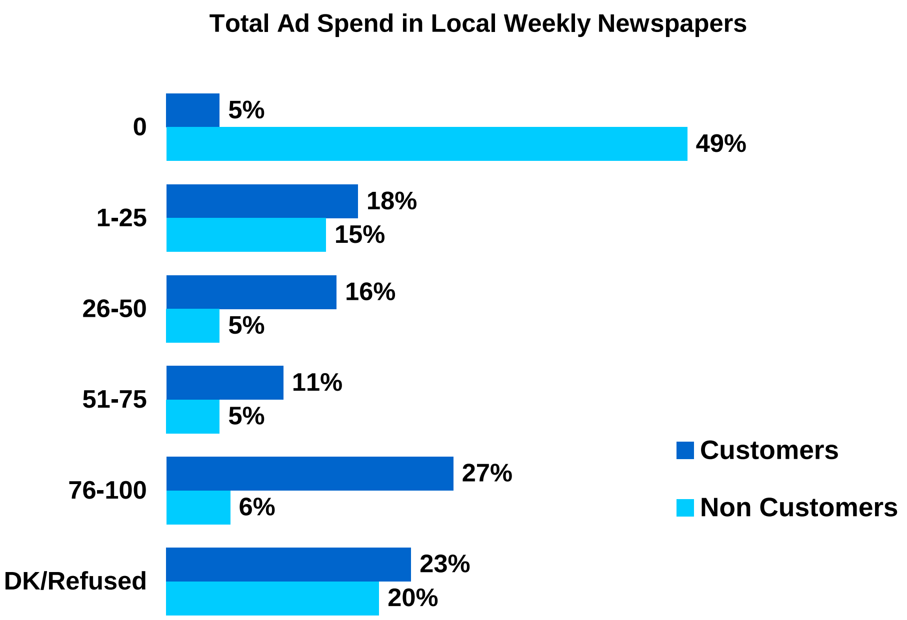
Base: All Customers (420), All non-customers (110)

ii) Total ad spend in Greater London area in last 12 months



Base: All Customers (420), All non-customers (110)

iii) Percentage of total ad spend in Greater London area in last 12 months in local weekly newspapers



Base: All Customers (420), All non-customers (110)

APPENDIX

Questionnaire

SYNOVATE, MOUNT OFFHAM, OFFHAM, WEST MALLING, KENT, ME19 5PG

COMPETITION COMMISSION – ARCHANT SURVEY May 2004

ARCHANT/INM CUSTOMERS

Could I speak to XXX? (CATI TO SHOW NAME OF CUSTOMER ON THE SAMPLE)
IF NO NAME ON SAMPLE OR PERSON NOT KNOWN IN ORGANISATION SAY: **Could you please put me through to one of the main people responsible for advertising in your business?**

ONCE THROUGH: **Good morning/afternoon/evening. My name is xxx and I am calling from Synovate, an independent market research agency. We're conducting a survey on behalf of the Competition Commission, who is interested in the views of organisations like yours about your use of local advertising and media. Would you be willing to answer a few questions, it shouldn't take more than 10 minutes?**

NON-ARCHANT/INM CUSTOMERS

Could you please put me through to one of the main people responsible for advertising in your business?
(ONCE THROUGH) **Good morning/afternoon/evening. My name is xxx and I am calling from Synovate, an independent market research agency. We're conducting a survey on behalf of the Competition Commission, who is interested in the views of organisations like yours about your use of local advertising and media. Would you be willing to answer a few questions, it shouldn't take more than 10 minutes?**

IF FURTHER INFORMATION ABOUT THE SURVEY REQUESTED PLEASE ACCESS THE HELP SCREEN:

- **I can reassure you that your answers are completely confidential and we are not permitted to reveal the names or phone numbers of survey respondents to any party. The results will be summarised so you cannot be personally identified.**
- **If you would like to verify this information, I'll be giving out the number for the MRS Freephone Service at the end of the interview (if necessary give respondent the number now - 0500 39 69 99) or I can give you the**

number of the person in charge at the Competition Commission if you'd prefer (Dr Frederick Wheeler - 020 7271 0330).

- **Your details were xxx (CUSTOMER SAMPLE 'provided to us by the Competition Commission who are seeking to speak to organisations that advertise in certain media in London and surrounding area.' NON-CUSTOMER SAMPLE 'drawn from a random sample of businesses listed in the Yellow Pages.').**

SCREENER

First of all, I've got some general questions about your businesses for classification purposes.

S1. **Can I just check, does your organisation ever place advertisements in the Greater London area (including parts of Kent and Essex) across any type of media? (**IF NECESSARY: **That would be local and non-local newspapers, magazines, directories, TV, radio, internet, outdoor advertising etc.)**

Yes – CONTINUE
No – THANK & AND CLOSE

S2. **And are you one of the people primarily responsible for placing business advertisements? (**IF NECESSARY: **That would be local and non-local newspapers, magazines, directories, TV, radio, internet, outdoor advertising etc.)?**

Yes – CONTINUE
No – ASK FOR REFERRAL AND CLOSE

S3. **Is your business an advertising or media buying agency?**
PROBE AS PER PRECODES.

Yes – National agency
Yes – Regional or local agency
No

IF NON-CUSTOMER ASK:
S4. **Can I just check, in the last year, have you advertised in Greater London (including parts of Essex or Kent) in any local weekly newspapers published by Independent News & Media (INM) or Archant?**

Yes – THANK & CLOSE
No - CONTINUE
(Don't know) – CONTINUE

ASK ALL:

S5. Which of these categories <u>best</u> describes the type of advertisements that you place in and around Greater London (including Kent and Essex)?

READ OUT. PROBE FOR <u>MAIN</u> CATEGORY BUT MULTICODE POSSIBLE.

Houses & property
Motors
Jobs
Retail store offerings
Entertainment, including restaurants
Travel
Other (SPECIFY AND RECORD)
(Don't know)

S6. And do you ever advertise (IF AD OR MEDIA AGENCY: your clients' businesses) in the Greater London area in <u>publications</u> such as…?

READ OUT EACH ONE AND CODE ALL THAT APPLY (CATI TO RANDOMISE)

National newspapers
Regional newspapers, such as Evening Standard or Metro etc.
Paid-for local weekly newspapers
Paid-for publications devoted to advertising, such as Exchange & Mart or Loot etc.
Consumer or business Magazines
Classified directories
(No, none of these)
(Don't know)

S7. **And do you use ever use <u>publications</u> that are distributed free such as…?**
READ OUT EACH ONE AND CODE. CATI TO RANDOMISE. MULTICODE.

Free local weekly newspapers
Local council newspapers
Free publications devoted to advertising (such as Avenues)
Direct mail & delivered leaflets
(No, none of these)
(Don't know)

S8. **And do you ever use <u>any other media</u> to advertise? IF YES: Which ones…?**
CODE ALL MENTIONS

Outdoor displays (e.g. buses & hoardings)
Radio
TV
Internet or Web
Cinema
Other
No, do not advertise in any other media
Don't know

MAIN INTERVIEW

ASK ALL:

Q1. **To what extent would you agree or disagree that local newspaper advertising is essential to the operation, development and sales of your business? Do you…**READ OUT (CATI TO ROTATE TOP TO BOTTOM)

Agree strongly
Agree slightly
Neither agree or disagree
Disagree slightly
Disagree strongly
(Don't know)

ASK ALL:

Q2. **In 2003, did you advertise (**IF AD OR MEDIA AGENCY: **your client's business) in weekly free or paid-for local papers in any of the following areas in and around Greater London?** READ OUT AND CODE ALL THAT APPLY. CATI TO RANDOMISE.

East London & City
Essex
North Kent
North London
North West London

(None of these)
(Don't know)

IF MORE THAN ONE AREA MENTIONED AT Q2.

Q3. **Which would you say is the one area you most frequently placed advertisements in the last year?** (SINGLE CODE)

East London & City
Essex
North Kent
North London
North West London
(Don't know)

ASK Q4-Q9 FOR REGION MENTIONED AT Q3 (IF NONE SELECTED AT Q3 THEN SELECT FROM Q2, PRIORITISING EAST LONDON & CITY, ESSEX OR NORTH LONDON)

Q4. In the last 12 months, which of the following local newspapers did you advertise with in xxx (East London & City/Essex/Kent*/North London/North West London)? (CATI TO ROTATE INM/ARCHANT LIST, DISPLAYING APPROPRIATE LIST FOR REGION SELECTED) READ OUT EACH ONE IN TURN AND CODE THAT APPLY

IF MENTIONED MORE THAN ONE:

Q5. And which of those local newspapers was the most important to you in the last 12 months in (East London & City/Essex/Kent*/North London/North West London)? SINGLE CODE

EAST LONDON & CITY PUBLICATIONS
(Archant) Barking and Dagenham Recorder
(Archant) City of London Recorder
(Archant) Hampstead and Highgate Express
(Archant) Ilford Recorder
(Archant) Newham Recorder
(Archant) Romford Recorder
(Archant) Tower Hamlets Recorder
(INM) Camden Chronicle
(INM) Docklands Express
(INM) East London Advertiser
(INM) EC1 - Clerkenwell Edition
(INM) Hackney Gazette and North London Advertiser
(INM) Hoxton & Shoreditch Express
(INM) Islington Gazette
(INM) Islington Gazette EC1
(INM) Shoreditch & Hoxton Express
(INM) Stoke Newington & Stamford Hill Express
(INM) Stratford, (Newham) & Docklands Express
ESSEX PUBLICATIONS
(Archant) Barking and Dagenham Recorder
(Archant) Barking and Dagenham Weekender
(Archant) Havering Herald
(Archant) Ilford Recorder
(Archant) Newham Recorder
(Archant) Romford Recorder
(INM) Woodford Weekly Post
(INM) Barking & Dagenham Post
(INM) Barking & Dagenham Post Weekender
(INM) Ilford & Redbridge Post
(INM) Ilford & Redbridge Weekly Post
(INM) Romford & Havering Post
(INM) Thurrock & Lakeside Post
KENT PUBLICATIONS
(INM Kentish Times) Bexley & Eltham Express
(INM Kentish Times) Bexley & Welling Times Series
(INM Kentish Times) Bexley Times
(INM Kentish Times) Bromley & Beckenham Express
(INM Kentish Times) Bromley & Beckenham Times Series
(INM Kentish Times) Bromley & Orpington Express
(INM Kentish Times) Bromley Times
(INM Kentish Times) Chislehurst Times
(INM Kentish Times) Dartford & Swanley Express

(INM Kentish Times) Dartford Times
(INM Kentish Times) Eltham Times
(INM Kentish Times) Gravesend & District Express
(INM Kentish Times) Gravesend Reporter
(INM Kentish Times)Orpington & Chislehurst Express
(INM Kentish Times) Orpington Times
(INM Kentish Times) Swanley Times
NORTH LONDON PUBLICATIONS
(Archant) Hampstead and Highgate Express
(Archant) Highbury and Islington Express
(Archant) Newham Recorder
(Archant) St John's Wood & Maida Vale Express
(Archant) Stoke Newington & Stamford Hill Express
(INM) Camden Chronicle
(INM) Camden Times
(INM) Haringey Herald
(INM) Hornsey & Crouch End Journal
(INM) Islington Gazette
(INM) Islington Gazette EC1
(INM) Islington Herald
(INM) Kilburn Times
(INM) Muswell Hill Journal
(INM) Tottenham, Wood Green & Edmonton Journal
(INM) Willesden & Brent Chronicle
NORTH WEST LONDON PUBLICATIONS
(Archant) Hampstead and Highgate Express
(INM) Camden Chronicle
(INM) Camden Times
(INM) Hammersmith Times
(INM) Harrow & Sudbury Chronicle
(INM) Islington Gazette
(INM) Islington Gazette EC1
(INM) Job Watch
(INM) Kensington Times
(INM) Kilburn Times
(INM) Paddington Times
(INM) Wembley & Kingsbury Chronicle
(INM) Westminster Times
(INM) Willesden & Brent Chronicle

Other local newspaper title in xxx (INSERT REGION)
(Don’t know/ Can’t remember)

IF TITLE MENTIONED AT Q5 (OR SINGLE MENTION AT Q4) ASK:

Q6. And if the XXX [CATI TO INSERT ANSWER AT Q5 (OR Q4 IF ONLY ONE MENTIONED AT Q4)] had not been available in 2003, which newspaper

would you have turned to for your advertising needs instead? Would you have…READ OUT (SINGLE CODE)

Advertised in another title in the same area
Advertised in another title in a different area
Used a different advertising media (i.e. not local newspapers, e.g. radio, TV, leaflets, outdoor etc)
Or would you not have advertised at all

(Don't know / couldn't say)

IF ANOTHER TITLE IN THAT REGION:

Q7. Which local newspaper would you have been most likely to turn to in that region? SINGLE CODE

LIST AS PER Q4/Q5

Q8a. IF Q4 SAYS NOT USED ANY ARCHANT OR INM PUBLICATIONS ASK: IF NOT SKIP TO Q 10 You said that you have not advertised in any of the publications I mentioned. Can I just check, did you consider advertising in any of those titles in the last 12 months in XXX (Region)?

Yes – ASK Q8b
No –Go to Q10

Q8b. Which title did you consider advertising in?
List as for Q4 – No prompt

IF YES at Q8a:

Q9. You said you considered advertising in one of those local papers but didn't eventually use them. Can I ask what you did instead?
DO NOT PROMPT BUT PROBE AS PER PRECODES FOR CLARIFICATION
CODE ALL THAT APPLY.

Used other local weekly newspaper
Used other national or regional newspaper, such as Evening Standard or Metro
Used publications devoted to advertising such as exchange & Mart or Loot
Used other printed media
Used other non-printed media
Chose not to advertise at that time

(Don't know)

ASK ALL

Q10. To what extent would you agree or disagree that there are <u>other</u> local newspapers in [CATI TO INSERT (East London & City/ Essex/ Kent/ North London/ North West London)] **that you <u>could and would use</u> instead of the titles I mentioned. Would you say you agree or disagree, or neither?** IF AGREE/DISAGREE **Is that strongly or just slightly?**

Agree strongly
Agree slightly
Neither agree or disagree
Disagree slightly
Disagree strongly
(Don't know)

ASK ALL:

Q11. I'm going to ask about various types of media & for each one I would like to know to what extent you agree or disagree this media is an effective substitute or replacement for advertising in local newspapers.
Firstly, publications devoted to advertising (such as Exchange & Mart, Loot, Avenues, London Property News, East London Property Mart, Auto-trader, Fabric, NW and others). Do you agree or disagree, or neither that these are an effective substitute or replacement for advertising in local newspapers.

? IF AGREE/DISAGREE **Is that strongly or just slightly?**

Agree strongly
Agree slightly
Neither agree or disagree
Disagree slightly
Disagree strongly
(Don't know)

Q12. What about London-wide newspapers (such as the Evening Standard and Metro)?
Do you agree or disagree, or neither (that these are an effective substitute or replacement for advertising in local newspapers.

)? IF AGREE/DISAGREE **Is that strongly or just slightly?**

Agree strongly
Agree slightly
Neither agree or disagree
Disagree slightly
Disagree strongly
(Don't know)

Q13. **And what about <u>non-print</u> media (such as TV, Radio, Internet, text messaging or Outdoor advertising (are these are an effective substitute or replacement for advertising in local newspapers)?**
IF AGREE/DISAGREE **Is that strongly or just slightly?**

Agree strongly
Agree slightly
Neither agree or disagree
Disagree slightly
Disagree strongly
(Don't know)

As you may be aware, Archant Limited have recently acquired the London regionals Divison of Independent News & Media PLC. The merger involved the acquisition of several London and North West Kent local newspaper titles.

Q14. **Were you aware of this acquisition? (**IF NECESSARY: **The merger involved Archant Ltd recently acquiring the London Regionals Divison of INM. INM stands for Independent News & Media PLC).**

Yes
No
(Don't know)

Q15. **In your opinion will this acquisition affect the way you advertise (**IF AD OR MEDIA AGENCY: **your client's business) at all in the future?** SINGLE CODE.
If YES: **Will this have a positive or negative affect?** (PROBE FOR DEGREE AS PER PRECODES)

Very positive effect
Fairly positive effect
No effect
Fairly negative effect
Very negative effect

(Don't know/No opinion)

ARCHANT/INM CUSTOMERS ONLY:
Q16. **To what extent would you agree or disagree that <u>before January this year</u> you were able to negotiate competitive quotes for advertising from the INM or Archant titles in your area, for example, by playing different**

newspapers off against each other. Do you agree or disagree, or neither? IF AGREE/DISAGREE **Is that strongly or slightly?**

Agree strongly
Agree slightly
Neither agree or disagree
Disagree slightly
Disagree strongly
(Don't know)

ARCHANT/INM CUSTOMERS ONLY:

Q17. Comparing the present with before January this year, has there been any strengthening or weakening of your negotiating position with Archant as far as you are concerned? Would you say your business is in a …? READ OUT. CATI TO ROTATE.

Much stronger position
Slightly stronger position
The situation is the same as before January 2004
Slightly weaker position
Much weaker position
(Don't know)

ARCHANT/INM CUSTOMERS ONLY:

Q18. Following the transfer of ownership of titles from INM to Archant, have the advertising terms and conditions available to you from them become more or less favourable…? (IF NECESSARY: **More or less favourable terms could relate to better or worse credit arrangements, or lower or higher advertising rates etc.) Would you say …** READ OUT. CATI TO ROTATE TOP TO BOTTOM.

Much more favourable
Slightly more favourable
No change
Slightly less favourable
Much more unfavourable
(Refused)
(Don't know)

ASK ALL:

Q19. As far as you are aware, have you experienced any change this year (that's since January) in the cost of local newspaper advertisements compared with the cost of similar advertisements last year? MULTICODE POSSIBLE.

Yes, an increase – Ask Q20
Yes, a decrease – Ask Q20
No – SKIP TO Q22
(Don't know/ Couldn't say)

Q20. Using your best estimate, by how much in percentage terms have advertising costs of like for like advertisements (increased/decreased)? IF DON'T KNOW **Just your best estimate will do.**

Record Exact Percentage……%

(Don't know)
(Refused)

Q21. And has this change in advertising rates altered your expenditure with the local newspaper publishers concerned? IF YES ASK: **Has it increased or decreased?**

Yes, increased
Yes, decreased
No change

(Don't know)
(Refused)

ASK ALL

Q22. There is likely to be some level of increase in the cost of advertising in local newspapers that would stop you advertising in them. What percentage increase would you say that would be? IF NECESSARY: **I just need your best estimate.**
PROBE FOR PERCENTAGE BUT DO NOT HINT.

Record Exact Percentage……%

(Don't know) – SKIP TO Q24
(Refused) – SKIP TO Q24

IF ANSWER GIVEN AT Q22:
Q23. If the cost of advertising in local newspapers actually did rise by (CATI TO INSERT ANSWER AT Q22) **where would you be <u>most</u> likely to reallocate that part of your advertising budget?**
SINGLE CODE. PROBE AS PER PRECODES FOR CLARIFICATION WHERE NECESSARY.

Other national or regional newspaper, such as Evening Standard or Metro
Publications devoted to advertising such as exchange & Mart or Loot
Other printed media
Other non-printed media
Would not reallocate my budget to any other type of media
Difficult to say/depends
(Don't know)

ASK ALL:
Q24. Using your best estimate, and excluding promotions, approximately what was your organisation's <u>total</u> advertising expenditure in the last 12 months across any media in the Greater London area (IF AD /MEDIA AGENCY: **on behalf of all your clients)?** CLEAR DON'T KNOW WITH: **I**

just need an approximate answer to fit into broad bands I have. Just your best estimate is fine.
DO NOT READ OUT. OBTAIN RESPONDENTS BEST ESTIMATE AND CODE WITHIN BANDS.

Less than £1,000
£1,000 - £9,999
£10,000 - £24,999
£25,000 - £49,999
£50,000 - £99,999
£100,000 - £199,999
£200,000 - £499,999
£500,000 - £999,999
£1m - £1.9 m
£2m+
(Don’t know)
(Refused)

Q25. What percentage of your total advertising expenditure for the past 12 months in the Greater London area did your organisation spend in local weekly newspapers?

Record Exact Percentage……%

(Don't know)
(Refused)

Q26. If we needed to re-contact you to ask a few extra questions on this topic, would this be OK? REASSURE RESPONDENT THAT THIS RESEARCH WOULD ONLY AGAIN BE ON BEHALF OF THE COMPETITION COMMISSION.

Yes
No
(Don't know)

That is the end of the interview. Thank you for taking the time to help us with this survey. I would just like to confirm with you that my name is XXX, and I have been calling you from Synovate – a market research agency that is independent of the Competition Commission. If you would like to verify this information, you can do so at no charge to yourself by dialling the MRS Freephone Service on 0500 39 69 99.

Thank you for your time.