

**THE RATE CARD OF THE FUTURE?**  
**AN INNOVATIVE APPROACH AT**  
**LE PARISIEN/AUJOURD'HUI**

**This report is published as part of the READY project, generously sponsored by Cepiprint, the association representing the newsprint and magazine papers industry sector within the Confederation of European Paper Industries ; PubliGroupe, the Swiss-based international advertising and promotion group ; Telia, the Sweden-based international telecommunications company ; WRH Marketing, the marketing and distribution organisation of Swiss-based WRH Walter Reist Holding AG, which includes the Ferag group of companies ; and MAN Roland, a leading world company for newspaper production systems.**

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**This report is based on presentations and discussions at a One Day Visit to Le Parisien organised by the WAN Newspaper Management and Marketing Bureau in September 99**

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## INTRODUCTION

Is it possible for a general interest, daily newspaper to guarantee its advertisers daily circulation levels? Can it go one step further and offer advertisers rates that are based on these daily circulation levels? Most newspapers balk at the very idea of embarking on such a strategy, but it is precisely what Groupe Amaury in France has done with Le Parisien/Aujourd'hui, whose circulation of 471,409 makes it France's largest-circulation national newspaper.

In essence, Le Parisien/Aujourd'hui guarantees advertisers daily circulation levels, grants them rates that vary according to days of the week and reimburses them on a pro-rata basis if it does not meet its commitments.

The newspaper was not jumping into the unknown when it adopted this bold advertising policy in 1997. The previous year, its sister publication L'Equipe, the Groupe Amaury's daily sports paper, had adopted a rate policy that took into account variations in circulation around specific sports events. However, while it is relatively easy for a sports daily to forecast circulation levels — after all, it's easy to predict that circulation will increase the day following a Formula One race or during the World Cup — a general interest daily simply cannot predict the news.

This is the story of how Le Parisien/Aujourd'hui overcame this barrier — and how it improved its profitability in the process.

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## **THE GROUPE AMAURY: AN INTRODUCTION**

Le Parisien/Aujourd'hui belongs to Groupe Amaury, the second largest press group in France as well as Europe's most important sports event organiser. Owned 75% by Philippe Amaury (25% of its capital is held by Groupe Hachette), the paper employs 1600 people in a host of different companies.

Among these is L'Equipe, France's only sports daily. Thanks to a very late print run, the paper is able to offer its 2.5 million readers, 85% of them men, the most recent sports scores and game analyses. L'Equipe comes with a Saturday supplement and is complemented by Equipe TV, a cable sports news channel.

Another subsidiary, ASO, presided over by former Olympic ski champion Jean-Claude Killy, organises all the sports events. There are 17 of these — the Tour de France cycling race and the Paris-Dakar car race are two of the better-known ones. Other Groupe Amaury companies include Manchette Publicité, its advertising sales arm; Communication Jeunes, which publishes a youth magazine; Sicavic, the printing plant; and Promogedis, its home distributor.

The flagship publication is Le Parisien/Aujourd'hui, which is in fact two publications: Le Parisien, which circulates in the greater-Paris region of Ile de France; and Aujourd'hui, which is sold throughout the rest of France. While both publications have a common core and are sold to advertisers as a single, national publication, they are adapted to the audiences they serve.

Le Parisien, for instance, publishes 10 editions, which correspond to the Ile de France region's 10 different departments. There is one single edition of Aujourd'hui. Groupe Amaury positions Le Parisien as part of the French

regional press, and Aujourd'hui as a national title. Not surprisingly, Le Parisien/Aujourd'hui belongs to both the regional and the national press syndicates. "The 'national' definition is a bit of a misnomer in France, as most national titles sell fully 50% of their circulation in Paris," explains Alix Imbert, the paper's communication and promotion director. "In France, the bulk of the press is regional, and the leading title, Ouest France, is a regional title."

The paper's cover price strategy reflects this reality. "Our price is very close to that of the regional press and is lower than national press titles," she continues. This may explain, in part, why Le Parisien gets 80% of its revenues from circulation and 20% from advertising. "This is somewhat of an oddity when compared to other countries, where the ratios are more balanced — even reversed," she continues.

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## **THE FRENCH ADVERTISING MARKET**

Two factors characterise the French advertising market, and they are among the main drivers of Le Parisien's strategic approach. The first factor is a historical lack of transparency with regards to advertising rates. The "Sapin Law", introduced in 1993, aimed at ending media buying practices that had enriched media buying agencies at the expense of customers. In its wake, advertisers began demanding more vigilance from their agencies as well as a greater return on investment. In spite of this, though, "the daily print press traditionally communicates circulation figures based on two-year-old circulation audits (Year 2000 rates are based on figures for 1998, for example)," explains Corrine David, Le Parisien's marketing manager.

Secondly, the daily press in France is a very expensive buy for both readers and advertisers — too expensive, says Imbert. In fact, popular press titles in Great Britain and USA Today in the US, are half as expensive as Le Parisien; Bild, in Germany, is even less than that. In parallel, "if you look at a cost index to reach 1000 adults, that index in France is 78 for television and 258 for daily newspapers," says Imbert. Perhaps as a result of this, "we are playing in a market that is not very large: only 24% of advertising revenue goes to the daily newspaper market," she says.

Le Parisien/Aujourd'hui is fourth in terms of advertising volume share among France's five general-interest, national dailies (Le Monde is first, Le Figaro second, Libération, third, Le Parisien/Aujourd'hui, fourth and France Soir, fifth). Its 16% market share, which is holding steady, is divided equally amongst three types of advertisers: national advertisers, departmental and local advertising and finally, classifieds.

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## **STEP ONE: INTRODUCING NEW RATES AT L'EQUIPE**

When L'Equipe completely overhauled its sales strategy in 1996, it took into account a number of factors. The first was significant variation in daily circulation. "L'Equipe has high circulation, but it has very, very strong variations according to annual sports events," says Thierry Perrin, L'Equipe's deputy general manager. Indeed, circulation in 1998 varied from a low of 248,000 to a high of 687,000 (obtained after the World Cup football final). With such fluctuations, "it wasn't right to apply the same rates every day," he says.

At the time, the paper had already been offering three different seasonal rates; it then decided to adopt a TV-like approach and offer a wider range of rates based on days of the year. "Four or five months in advance, our circulation manager gives us an estimate of daily sales according to the sports calendar," he explains. "It's pretty easy to figure out that, on a day in the middle of the Five Nations rugby competition, our circulation will be so much."

This does not mean L'Equipe has 365 different rates. Rather, it has 13 rates for its daily publication, and eight rates for the magazine. The rates are based on circulation range, from under 200,000 to over 500,000, and the rate itself doubles from the lowest to the highest levels. "We could have gone even further but we didn't want to have rates that were exorbitant," he says.

The change in policy was a major change for L'Equipe. "It was a real cultural revolution. We did a lot of work vis-à-vis our sales people and undertook a major advertising and PR campaign," Perrin continues. The market — advertisers, agencies and media buyers — welcomed the new rates. For its part, L'Equipe was able to increase its revenues. "On days where circulation is high, our rates are higher, and we have more advertising," he adds. Indeed, the new policy "was a way for us to increase our rates, in a fully 'transparent' way."

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## **THE GOAL: TO BE THE MOST COMPETITIVELY-PRICED PUBLICATION**

An integral part of L'Equipe's strategy is its desire to be competitive. "We want our titles to be both high-reach AND affordable," says Perrin. L'Equipe has a yearly average cost per

thousand (CPM) of 194 F, while Le Parisien/Aujourd'hui's is 238 F. "We decided to establish our rates so that advertisers would never pay a CPM higher than 235F. If they did, we would reimburse the difference," he explains.

Such a policy, however, is only possible if circulation figures are available on a daily basis — and as early as possible. "In today's media market, most publications are planning their 2000 rates based on 1998 circulation figures. We decided to break with this system by obtaining our figures much more rapidly," Perrin says.

L'Equipe established its own circulation panel, which examines feedback from the various points of sale. Sales figures are obtained from 80% of these points within seven to eight days, and passed on to the sales team. "The daily circulation figures we gather are then submitted to the OJD audit bureau for review, but experience has shown that we are clearly on the mark," he says. In fact, the OJD audit showed that in 1998, L'Equipe's internal circulation figures were off by only 720 copies — a mere 0.2%. "It is clear that the panel put in place is trustworthy and representative," he adds.

Transparency is the final, necessary element in the strategy; after all, media buying agencies had to be able to show their customers how well they were buying if the new policy was going to be accepted.

L'Equipe offers its advertisers a campaign status report on its Web site, where the advertiser can review circulation figures for each of its advertisements. The site offers a recall of the story which appeared on the front page, that day's actual circulation as well as the obtained CPM. If, for instance, there were 24 insertions in a campaign, the report would state the average circulation, how many copies the ad appeared in as well as the gross CPM.

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## **HELPING ADVERTISERS OPTIMISE THEIR MEDIA PLANS**

At the same time, L'Equipe provides its advertisers with a software tool which enables them to select their insertion dates according to three different criteria: circulation, sport and audience targeted. For example, if advertisers are interested in choosing insertion dates that have high circulation, they can look at the average circulation in the first quarter of 1999, which appears in bar graph form. They can then click on each day, look at the different CPMs, look at the daily indexes and the major headlines. They can then choose dates which optimise their budget.

If, on the other hand, advertisers are trying to reach aficionados of a specific sport, L'Equipe offers them the year's sports calendar. They can click on ski, for example, and the dates will appear automatically. They can then click on those dates to view the forecasted circulation.

The last parameter is target group. Again, behind L'Equipe's average reader profile lies a great amount of disparity according to months as well as days. Thanks to the three-year EuroPQN study, conducted by France's national press syndicate, L'Equipe can tell its advertisers which sports appeal to their particular target. Football, for example, has both a younger and an older readership than the average structure. Rugby, for its part, attracts a lot of 25-35 year olds, while Formula One races attract a higher percentage of women, and 25-35 year olds.

"This overall strategy is truly without risk for advertisers. We offer the most competitive CPM on the market, and it is optimised according to day, sport, and target. We guarantee our advertisers that they will never pay too much," Perrin stresses.

Of course, not everything is foreseeable. On the day of the WAN visit, French tennis player Cedric Pioline had won in the Roland Garros quarter finals. "Clearly, we did not calculate our rate with Pioline's victory in mind. Today's advertisers will have received a very good deal," he says.

L'Equipe's rate policy has now been in effect for over three years, long enough for the paper to have both a clearer idea of its advantages and more confidence in its effectiveness. "When the policy was first established in 1996, we took big security margins and did not offer refunds. Since then, we've refined the policy. We do have rates that are higher, but we are also reimbursing on some 20 days per year (our index ranges from 101 to 120). Nonetheless, the small amount that we pay out in refunds is largely compensated by what we gain on other days," he says.

Meanwhile, one of the advantages of this system is that there is no longer any pressure to 'deal' on prices. "It's a big advantage: why give into negotiation when our rates accurately reflect circulation and our CPM is the lowest on the market?" he says.

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## **INTRODUCING A NEW RATE POLICY AT LE PARISIEN/AUJOURD'HUI**

Le Parisien faced the same market expectations as L'Equipe, and took a similar approach. However, it had to deal with an extra factor: the total unpredictability of news.

One thing did make life easier for Le Parisien/Aujourd'hui: after examining trends over several years, it was clear that the paper's circulation was relatively stable throughout the year, with no real seasonal differences except

for traditional holiday period of July and August. However, there were significant circulation variations on different days of the week.

Mondays, for example, are very strong, with an index of 110 over 100 (with 100 being average total circulation). Why such interest on this day? "There are four specific factors driving circulation on Mondays," explains Alix Imbert. "One, our employment ads appear on that day, as do national and sports results. We also run the horse race results. Plus, given the low Sunday circulation in France, Monday acts as a bit of a catch-up."

There are three average days (Wednesdays, Fridays and Saturdays) and two weaker days (Tuesdays and Thursdays), where the index falls to 95 out of 100. Tuesday still lacks a specific driver, while the team is trying to increase Thursday circulation with a health column and real estate ads. Wednesday's strength is attributed to horse race news and news dedicated to Wednesday activities (children in France do not have school on Wednesdays). Imbert had no particular explanation for Friday's popularity, but clearly, the paper's efforts to improve the Saturday issue have been successful.

The result is a 15% difference in average circulation between a Monday and a Tuesday. "That's significant, so it was a logical step to make our customers benefit from rates that would reflect this," says Corrine David.

Le Parisien calculated its rates by using the standard reference for testing media plans in France: a 1000 millimetre ad on an interior, right-hand black and white page, which is generally the lowest rate. It set a maximum CPM of 250 French Francs (\$168), making it, along with L'Equipe, the most competitively priced daily paper against its direct competitors.

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## DEVISING A FOOL-PROOF FORMULA

The challenge was guaranteeing circulation on a daily basis — something which requires careful calculation. In 1999, for instance, the team started with actual 1998 circulation, took out all the highest and lowest anomalies, and looked at the indexes for the days of the week. Then, it took into account the circulation objectives for 1999, and weighted this figure. Finally, it applied a security margin of 5 to 10% to calculate its rate.

Take Mondays, for example. In 1998, average circulation for Le Parisien on a Monday was 517,784. By taking out atypical days (i.e. election days, Easter holidays, the World Cup final), Monday circulation was brought to 513,000, giving it an index of 109. By applying this index (1.09) to Le Parisien's minimum circulation objective for Mondays in 1999, i.e. 480,000, one gets to a figure of 523,000. The paper then applies a 3.5% security margin (low because Monday is always a good day), and arrives at a guaranteed Monday circulation for 1999 of 505,000. Since Le Parisien has committed to a maximum CPM of 250FF, the cost of a 1000 mm ad for a Monday in 1999 is 126,250FF.

This process is then repeated for all days. Guaranteed circulation for 1999 is thus 505,000 on Mondays, 445,000 on Tuesdays, 460,000 on Wednesdays, 445,000 on Thursdays, 465,000 on Fridays and 470,000 on Saturdays. The same process is carried out for July and August, traditionally slow months with lower rates — though the paper maintains its 250 CPM here as well.

But that's not all. Like L'Equipe, if circulation falls short of guaranteed levels, Le Parisien reimburses its customers. For instance, on

January 1, 1999, circulation was off by 36%, so the paper reimbursed its customers 36% of the net rate. In total, Le Parisien reimbursed 11 days in 1998, eight of which were legal holidays. It reached an average CPM of 239 FF in 1998 and 243 FF in 1999, with 10 days reimbursed so far (five of them legal holidays).

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## MAKING IT EASY FOR CUSTOMERS AND MEDIA PLANNERS

The new system has been well received by both sales staff and customers. Results are communicated through the web site 10 days after the end of the month and are also published in the trade press. In addition, Le Parisien presents each advertiser with two half-year status reports, in the form of a spreadsheet. "Not only does this allow our customers to see how we're meeting our guarantees, but they can also see how well they are optimising their budgets," she explains. After all, circulation can far exceed the guaranteed minimum — and of course, the paper does not charge retroactively for the increased circulation.

Ad agencies have also been receptive, in spite of initial apprehension that it would complicate their lives. "We gave them a specially-designed software to process their orders," she says. Entitled QualiPlan, the tool enables planners to optimise their insertion dates according to desired target, number of insertions and pre-defined period.

QualiPlan very closely resembles the tool used for optimising media plans in L'Equipe, and is based on the same research matrixes (EuroPQN) that are typically used for testing media plans in France. The tool can be used to target 73 different targets: 37 of them throughout the whole of France, and 18 each in the Ile de

France and Ile de France/Oise regions. The tool can be used to optimise campaigns that last over a period of 10 weeks.

For instance, QualiPlan will advise planners seeking to reach top managers with four insertions over a period of two weeks to place their insertions on Thursdays and Saturdays. It can also tell planners what audience they would reach if they placed their inserts on Monday, Thursday and Friday. "Most media planning tools will give you a response for three days, but not for those specific three days," David explains.

At the moment, Le Parisien is refining this tool to fix a particular problem: while circulation is strongest on Mondays, the QualiPlan tool seems to prefer Tuesdays for many targets. "This does not correspond to what we know to be true about our readership," says David. Apparently, the problem stems from how the EuroPQN readership questions are posed: when people are asked on Tuesday whether they've read a Parisien this week, there is no way of distinguishing those who have read that day's paper and those who have reread the previous day's. The readership study it is undertaking with market research firm IPSOS — and which will be integrated into the research matrix — will allow it to question readers about a specific issue of Le Parisien.

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## **GREATER PROFITABILITY AND IMPROVED IMAGE**

David says Le Parisien's rate policy has not only improved its image vis-à-vis customers — which has positively contributed to the paper's image — it has also increased the paper's profitability. "We've made our strongest days very profitable, and we can better manage our

daily page fill-up. Indeed, page profitability has gone up 10 to 12%," says David. "The only potential difficulty is properly evaluating your circulation levels if you don't want to find yourself redoing all your billing."

Le Parisien did not undertake any research prior to this initiative. "We simply observed that advertisers were sensitive to transparency," she adds. David and Imbert concede that this pricing approach is nearer to that of television, which takes into account GRP (gross rating points) and performance almost to the exclusion of other factors. Nonetheless, David makes clear that media agencies do not directly compare Le Parisien with television. "What they appreciate is the more practical way of buying ad space," she maintains.

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## **ON THE HORIZON**

The recent proliferation of advertising alliances — Plein Cadre, which groups Le Monde, financial daily Les Echos and L'Equipe; Piment, which groups national dailies Le Figaro, Libération and financial La Tribune, for instance — has successfully positioned newspapers as an obligatory medium for reaching 'les cadres', as France's senior and young executives are known. These packages have boosted the advertising market for French newspapers. As a result of these alliances, "we thought it was indispensable that Le Parisien also offers advertisers specific products which correspond to their requirements," David explains. For instance, advertisers already running a campaign through Plein Cadre can get a 30% discount on one insertion in Le Parisien with the Booster Plein Cadre product. It also has a print plus online package with its web site.

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## **ARE OTHER COUNTRIES UNDER PRESSURE TO ESTABLISH A SIMILAR SYSTEM?**

### **Comments from participants:**

Switzerland: No. In our country, a price is a price. But our structures are different: there are a lot more subscriptions, so we don't experience this fluctuation between days. The annual figures are not contested. Perhaps our mediametrics are not as sophisticated, either.

Denmark: We have been experiencing much greater pressure to 'open' pricing since the beginning of the year, when regulation changed. The five big media buying houses are now in the process of trying to set their own rules. They are thinking more and more in terms of TV sales. In the past, prices were agreed upon by both newspapers and ad agencies.

Italy: Agencies in our country would never trust figures submitted to them by a publisher. Here, major advertisers turn to television: it's obligatory.

England: We don't feel any particular pressure to adopt such a rate policy. TV as a medium is increasingly fragmented, the regional press is seeing a resurgence. There is one point that comes up and that's the transparency of sales data. There is an issue of credibility over bulk sales. I think that's one issue that needs to be addressed.

Poland: There is an agency which analyses readership in the country on a daily basis. They choose people among a representative group of 15,000; this data is then used by both agencies and clients.

Ukraine: Like Denmark, there are very strong media buying agencies in the Ukraine. However, with only two strong TV stations, one business publication, and one generalist, it's hard to make a mistake.

Austria: Fully 90% of sales are by subscription, though there are fewer copies sold on Mondays. Prices are 15% less on Mondays.

Ireland: It would be nice to return to a clear and transparent situation, but I feel a lack of bravery because we have a lot of bulk sales and sponsored copies. Also, our agencies buy more on demographics. There should be more transparency between clients, agencies and newspapers. For instance, some agencies are still charging their clients for bromides, just like in the old days, even though technical costs have virtually disappeared with digital formats.

Turkey: This approach is not appropriate to Turkey. It's a very complex market. There are lots of promotions to sell more copies. A newspaper can increase circulation by 30% with a good promotion. If one paper reduces its cover price by half, we can lose 25% of our sales for three days.