# Digital Magazine Publishing Strategy Basics

## Digital Publishing Information and Tips for Your Digital Magazine Publishing Strategy

**Don Nicholas**
**Chris Sturk**

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**Contact Information**
Mequoda Group, LLC
Customer Service
(866) 713-1005
77 Main Street
Hopkinton, MA 01748

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# Introduction

What's there to say about the digital publishing industry? It's been booming as of late, when prior, it had been lifeless.

Although digital publishing has been around since the 1990s, it had never reached any desirable level of success. Digital publishers were historically offering some amount of content for download in the form of PDFs…but there wasn't anything very interesting about them. And there wasn't a good method for consuming this content. Whereas print magazines were portable and collectable, digital editions had to be printed or accessed on laptops to be portable. The return didn't justify the investment in time and effort for most consumers.

Then digital reading devices – eReaders and tablets – were developed. The iPad reached the market and changed the world of digital publishing forever.

Now, legacy content publishers are actively learning the best strategies for content development, distribution and operational management. Some have found success; many others are still far behind.

This free report compiles information, tips and expectations for digital publishers going forward.

Don Nicholas, CEO of Mequoda Group, wrote the following article in 2010 before the tablet revolution started to take flight. Its content defines his vision of the perfect digital magazine.

# The Perfect Digital Magazine

**Nine characteristics of a digital magazine that are defined by the user experience and dictate future requirements**

We have seen the future of magazine publishing and it's paperless.

It's not only us publishers who think so.

Today, many consumers have begun predicting the demise of print publications. Pay-for-access online content is gaining newfound acceptance, and eReaders and computer tablets are enjoying soaring popularity.

So, is it possible? Will all magazines be digital in the not-too-distant future?

Whether that "not-too-distant future" is three years, five years or 10 years away, we can see the inevitable metamorphosis. The 10 percent of the literate population that consumes the lion's share of all written information has begun to devour digital content on new, intriguing and attractive platforms that are convenient, portable and — there's no denying it — fun!

But are we still reading magazines? Or does the delivery system redefine the essence of the magazine experience?

What *characterizes* a magazine in 2010, as many publications transform from print to digital and deliver content on a tablet computer that's part netbook, part phone, part personal digital assistant, and part mobile Internet device?

What is the true essence of a magazine in the digital delivery world of 2010 and beyond?

**What is a magazine? My criteria may surprise you.**

The magazine is a reading experience like no other.

What has made the medium so successful over the past 100+ years? What brought it to its initial success?

How has the magazine survived as initially radio, and later television challenged the medium for readers' time and attention?

What differentiates a magazine from a book, or a website, or any other collection of written content?

*I have always loved magazines!* But frankly, over the years, I've wondered if the *magazine*, as a *medium* would survive. And now, with the advent of the digital tablet — *the perfect platform for digital magazines* — I am no longer worried that the magazine medium will disappear.

In fact, I believe it will evolve and thrive. Here's why.

The essential core characteristics of a magazine are those that define the user experience.

The attributes that define a magazine are not necessarily better or worse than those that define other media — websites, movies, books, etc. They are simply *different in terms of the user experience*.

The combination of a magazine's attributes make it desirable and "survivable" for some part of the reading population, for certain topics.

The magazine will survive because magazine lovers like you and me will continue to demand this magazine user experience, which transcends its physicality.

Paper or tablet, the essential attributes of a magazine will not change. Consumers like you and me are not going to let publishers change the characteristics of a magazine that have made the medium so successful over the years.

That it has traditionally been printed on paper is not an essential characteristic of a magazine. Some publishers will inevitably disagree, but they are mistaking physical appearance for user experience.

Here's what I believe is the core of a magazine. As your publication is transformed from print to tablet, make certain it doesn't lose even one of these essential attributes, which define the user experience.

## #1: Magazines are linear.

Magazines are designed to be read from front to back. Magazines have covers and a table of contents. Magazines are arranged in a series of articles.

Magazines are not meant to be read in their entirety. For the three decades that I've been a publisher, the average time spent with the average issue of a magazine — whether a weekly, monthly or quarterly — is about an hour.

Compare that with other media, where the articles constitute hundreds of pages, are arranged with taxonomies and hyperlinks, and are *not linear*.

Hyperlinking is not linear. Any medium that enables or encourages the reader to bounce around among hundreds or thousands of articles, is not a linear medium.

## #2: Magazines are finite.

Magazines share this characteristic with books, movies and other media, but not Internet websites. The web is an infinite medium, with no beginning or end. You can never finish it.

Humans desire closure, which magazines provide. A reader can say "I have read the April issue of *Vanity Fair*. I finished it on Sunday."

And that doesn't mean the reader has read every word and studied every photo. It means he started at the cover, read the table of contents, read the articles that were of interest (usually a combination of reading and skimming), and eventually put the magazine down and declared, "I am done with that. And now I'm looking forward to the next issue."

But no one has ever said she has finished the *Vanity Fair* website. And no one ever will finish it.

## #3: Magazines are periodic.

Weekly, monthly or quarterly, magazines are periodic, based on how often the user wants to consume content, and how often the content is needed and changing.

If you are a knitter, and you need six new knitting projects each year, a knitting magazine that is delivered six times annually is ideal for you.

If you are a political news junkie and you love to catch up on the politics of the week on rainy Sunday afternoons, then a weekly subscription to *The American Spectator* or *The Nation* is your ideal.

Traditionally, the printing and postal system pushed magazine publishers to lower frequency. When publishers complete the switch from print to digital, we will pay greater attention to the natural *organic* frequency of magazines, rather than the economic frequency that has been imposed by postal delivery.

Some users will wish there were a new issue of *Vanity Fair* published every Friday afternoon instead of monthly. Or published with 75 pages every week instead of 300 pages once a month.

Such a publishing schedule might capture an hour of the user's time each week

instead of an hour monthly. And if a publication meets the users' frequency needs, they will be more engaged with both the editorial content and advertisements in the medium, and more inclined to buy more affiliated publications and products. Overall, customer satisfaction and subscriber retention rates will increase.

## #4: Magazines are cohesive.

Part of the appeal of a magazine is that it has been edited and curated. Its editors have culled out the most interesting and most relevant content for the reader.

The content is not comprised of an isolated collection of articles or stories. Instead, the editorial content is connected and cohesive. There is frequently an introductory letter from the editor that creates context for the content that follows.

The whole (the collection of curated articles) is greater than the sum of the parts. The cohesive property of its editorial content is core to great magazine publishing.

## #5: Magazines are portable.

Users can fully experience a magazine on the beach or on the toilet.

Tablet computers do not diminish this experience.

But laptops, desktops, eReaders and smart phones were not adequate media for the digitization of magazines. Going forward, tablets will do for magazines what eReaders have done for books; they will kick-start a resurgence of reading among literate people who consume elite media.

## #6: Magazines are textual.

Magazines are an elitist medium.

Most Americans are not regular readers and are appallingly ignorant of anything even remotely resembling enlightened thought. Unfortunately, this condition will not change with new delivery platforms. Television will continue to be the mass medium.

Newspapers, magazines and books are all elite media as compared with television because they are textual. Magazines and magazine articles are "text first;" photographs are ancillary. This will not change as magazines are delivered on tablets.

Editorial content, the art of storytelling, and the ability to write a paragraph that paints a picture with words and enables the user to close her eyes and visualize what the writer is describing, is not going away.

Readers live in the world of ideas. The written word is their reason d'être.

Magazines are an elite experience, with the written word what readers enjoy most. But what 70 percent of Americans don't have is the magazine experience on a regular basis.

## #7: Magazines are collectible.

People like to *own* magazines.

As a child, I lived in a household that collected and displayed every issue of *National Geographic* and *Reader's Digest* magazines.

Apple's Steve Jobs says that while there is a small group of consumers that wants to own television shows, most want to rent.

But many magazine subscribers *collect* their back issues. For some specialty magazines such as Sunset and Interweave Knits, as many as 70-80 percent of subscribers keep their back issues for future reference.

At a magazine website, users must be able to download an issue of the magazine. If not, it's not a *magazine* website.

## Going forward, magazines will be universal and searchable

In the future, magazines will not be limited by platform. Readers (subscribers) will expect to be able to access the content of your magazine on any platform that delivers four-color-saturated, editorial content. Currently, that means desktops, laptops and tablets.

Going forward, publishers will make their magazines available on the Apple iPad, the Samsung Galaxy Tab tablet computer, the rumored Google Android tablet, the HP Compaq tablet PC, and all other lightweight, portable, touchscreen, tablet-sized, personal computers, regardless of operating system.

Users will expect their subscription content to be available to them everywhere. Publishers will not risk disappointing them by making exclusive platform alliances.

Additionally, in the future, a magazine delivered on a digital platform must be searchable.

Whether he previously read an article in *Sunset* and is now actively planning a Hawaii vacation, or previously read an article in *Consumer Reports* and is now preparing to buy a kitchen appliance, the user wants to be able to revisit and find specific information.

## Why every publisher will need a subscription website

In 2011, every publisher must build a subscription website that is the nexus for all the other platforms.

Of course, the subscription website must enable the user to experience their magazine using all these criteria.

With a companion website, publishers will disaggregate all the magazine content and create a searchable content database.

While the traditional print magazine could only be searchable in a linear review of past issues, a companion magazine website enables the publisher to offer subscribers a searchable HTML database of editorial content.

In 1997, I advised *Consumer Reports* magazine to publish on two platforms and offer two separate subscriptions. One is the print magazine, for a linear, one-hour, once-a-month experience. The other is an online database — call it a reference book or even an encyclopedia, if you like — for researching previously published editorial content in preparation for making a purchase.

I would offer the same advice today, in 2010. And I would recommend the launch of a second website — a truly *subscription* website — that would enable subscribers the nine magazine user experiences we have described above.

Note the difference between a subscription to the reference book website and a subscription to the magazine content website. The magazine website would enable users to buy and download individual issues or a 12-month subscription.

The magazine website would power the digital issues, viewable on the iPad and other tablet platforms, and would have a searchable archive of all the editorial content that appeared in the magazine as a subset of the reference book website.

The subscription magazine website and the subscription online reference book are different products with different uses.

The *Consumer Reports* reference website is used exactly like a book. The average subscriber accesses it 2.7 times annually for 5-10 minutes each time.

The average *Consumer Reports* magazine subscriber spends 50-60 minutes per month with each new issue.

Subscribers access the online reference book for solutions. They read the magazine for mastery.

Users can buy either the subscription magazine, or the subscription reference book, or both.

# Digital Publishing Information

**There is digital publishing information we've come across that's made digital publishers hopeful**

Millions of tablet devices are expected to ship in the coming years. The ownership of digital reading devices has reached 29% for Americans.

More than one in four US consumers own a digital reading device. The time is perfect for digital publishers to enhance their print magazine content by making the digital transformation. After doing so, they have the opportunity to provide a better content experience through the help of rich digital media.

The information in the following chapter is a compilation of information we already know about digital publishing. We are presenting it here so publishers can understand the market a little better.

# The Momentum of Tablet Monetization

## Online publishers find success with digital magazine content

For some online publishers, 2011 can be considered as the year digital became "solidly profitable".

These words came from David Carey, Hearst Magazines President, in a memo sent to employees. With over 400,000 digital editions sold each month, Hearst has found digital to be a profitable medium for their magazine content.

Hearst is not the only publisher experiencing success with digital publishing. The Economist reported a 6% year-over-year increase in the group's operating profit. They also reported a revenue increase of 4%.

With a predicted growth rate of 33.7% per year until 2014, these current digital profits may reach new plateaus.

Let's take a look at some of the reasons why tablets are helping digital publishers monetize their magazine assets, and some of the strategies these publishers are working on for 2012.

**Reasons for success**

**Technology:** With more than just the iPad on the market, and the price of tablets decreasing significantly, tablet devices are more prevalent and more affordable. This current truth is leading publishers to think more about the manner in which consumers use tablets. One of Hearst Digital's plans for 2012 involves deploying HTML5 throughout their portfolio. This change is expected to create "a far better user experience on mobile devices."

**Partners:** With growth in the market and digital publishing success recognized as a possibility, more advertisers are turning to digital, especially as part of a package campaign (print, digital, online, etc.). Hearst Digital realized this with recent collaborations that created "deeply integrated, cross-platform shopping experiences" that utilized media brand influence. According to Grant Whitmore, VP Digital for Hearst, these campaigns resulted in "customer purchases and higher conversion metrics."

**Consumers:** As publishers realize the importance of digital publishing, more are taking steps to understand how their audience feels towards tablets. Interweave surveyed their audience in their Tablet Ownership Survey to find out how many are fully able to consume their digital products. This information helps publishers

determine the amount of attention that should be given to their premium digital products.

## Strategies for the future

Advertising on tablets will be an area deserving of attention going forward in the tablet revolution.

Unsurprisingly, Google has already launched their attempt at infusing rich media into tablet advertisements. The announcement came last month, when the company released information on their new ad templates.

According to Google, "consumers don't view ads differently on tablets, but they do expect more interactivity."

Google's ad templates range in variety from slideshows and galleries to 360 showcases. There is even a template for local search, with the expectation of driving foot traffic.

As tablet users expect high quality advertisements, and want the ability to purchase directly from digital content, new ad formats will play a part in the overall acceptance and appreciation of digital content.

# Three Important Stats for Digital Publishers in 2012

## For online business owners, 2011 brought many new operational considerations

As an industry, publishers cannot wait to see what the next "big thing" will be in 2012.

Instead of waiting for it, we need to continue moving upon the momentum from 2011 and the lessons learned during this time period.

One of the most recognizable is the need for prioritizing our digital activities. If the time spent working isn't accurately focused in the best, most rewarding way, we're setting ourselves up for failure.

Towards the end of 2011, comScore released a report entitled "It's a Social World: Top 10 Need-to-Knows About Social Networking and Where It's Headed". This report includes a lot of helpful reminders, including information on the social network penetration.

### The first important statistic

If you take all age demographics ("15-24", "25-34", "35-44", "45-54", "55+") and take the average penetration percent, it's over 82%.

The online world is becoming more social due to vast penetration and growth for all age demographics. Social media isn't just reserved for teens and young adults anymore. Even the oldest demographic surveyed, the 55+ category, has a penetration of nearly 80%. This is a 9.4% increase from July 2010 to October 2011.

This means that regardless of your target audience's age demographic, social media is present in their lives. If you do not have a successful social media strategy, 2012 is the time to adopt one.

### The second important statistic

Although there is already saturation in the social networking world, new players can enter the market and become legitimate contenders depending on the level of engagement with audience members.

For instance, the website Pinterest has experienced a growth of 512% in the last six months, pertaining to the average amount of minutes per visitor (72.1 minutes).

Although Facebook is experiencing more than five times that at 378.7 minutes per visitor, it is possible for more social networks to develop that are of greater importance to your audience.

**The third important statistic**

Another report, released by comScore Media Metrix, ranked the top 50 US web properties for November 2011.

Google and Yahoo! are in the top three, showing the popularity of search engines. Facbook is in the fourth position, relating back to the popularity of social media.

Amazon, at position five, and Apple at the 13th position, should be encouraging to the online magazine publishers creating content for the Apple Newsstand and the Amazon Kindle.

The take-aways here are that search engine optimization, social media and the tablet revolution all present opportunities for online publishers in 2012. There is consistent usage and apparent growth in these areas of the digital landscape. By utilizing proven strategies and prioritizing the roles of your employees to focus on these areas, you may come to find more success in 2012.

# Tablet Owners Make Purchases on Their Devices

**Hundreds of millions of tablet devices are expected to be in the market within the next few years**

Those expected numbers would create a large consumer base; especially since tablet owners have already been using their devices to make purchases. A study from Zmags reported that 87% of tablet owners expected to use their devices for purchasing during the 2011 holiday season. The average shopping amount of these buyers was $325.

Earlier in the month, JiWire reported that 82% of tablet owners they surveyed said they were comfortable making purchases on their tablet device.

It's clear that tablets should be a focus for online publishers as the devices are selling and are expected to continue selling at a fast rate for the next few years. And since the current statistics show that tablet owners are typically young and affluent, they are willing and able to buy content and products through their tablets.

# Ads on Tablets More Effective Than Ads on eReaders

**A study on consumer response to ads on both tablets and eReaders shows that tablet ads attract more attention**

Which device do you think would engagement and attract consumers more with advertisements, tablets or eReaders?

New findings from GfK MRI Starch Advertising Research show that tablets are more successful with their advertising efforts than tablets.

The survey included "approximately 7,000 users of magazine apps on tablets and eReaders between May and July 2011", according to a press release from GfK MRI.

According to the findings, 55% of consumers saw or read an ad while using their tablet device (the data referred to this as "noted"). On eReaders, 41% of users reported noting an ad.

In 2010, Starch researched the engagement of hard copy print magazines in the same manner and found that 53% noted ads in print magazines. Therefore, currently it seems that tablets ads receive more attention than both eReader ads and ads found in print magazines.

### Engagement

All advertisers want their audiences to be engaged with their content. According to the data, 26% of those who were exposed to ads on their tablet "had a more favorable opinion of the advertiser after viewing the ad." For eReaders, 19% responded in the same manner. Furthermore, 21% of tablet users that noted ads placed more attention on finding more information about the product or service, compared to 15% for eReader users.

Although the tablet seems to be more effective in getting ads noticed, an equal percentage of users on eReaders and tablets (22%) reported considering a purchase after being exposed to an ad.

### Interaction

Tablet advertisements are more interactive, according to the study. For those tablet users who noted an advertisement, 23% reported accessing a website in the ad. Less than 1% of eReader users did the same.

Additionally, 9% of tablet owners reported viewing multiple pages of advertising content. Again, less than 1% of eReader users reported the same.

Finally, 8% of tablet users watched a video or commercial associated with the ad. Less than 1% of eReader users did the same.

These findings on interaction are low for eReader usage probably because of the less interactive qualities on the devices themselves. With fewer bells and whistles, it's harder to drum up the same type of engagement found on tablet devices.

In conclusion, it appears the tablet is ahead of eReaders, and maybe even print magazines, when it comes to the attention, interaction and engagement found through its advertisements.

# Digital Publishing Tips and Strategies

The digital publishing industry is heavily monitored. Analysts, business owners, publishing professionals and consumers alike are interested in the disruptive changes taking place all around us.

Have you been paying attention to digital publishing tips and strategies that have driven success?

The following content discusses some of the observations being made within the market, including pricing strategies that benefit both publishers and subscribers alike.

If you are in the process of creating your first digital publication, taking these tips into consideration may help you avoid failure with digital transformation.

# Creating Digital Magazines: Four Ways to Monetize Your Efforts

**With a myriad of digital magazine software platforms emerging, choosing the best digital magazine publishing strategy for your brand has never been harder**

The magazine industry feels it is on the edge of a Renaissance. Digital magazines are the hot topic of industry events, digital magazine software platforms abound, and massive retail partners including Apple, Amazon, and Zinio are seducing magazine publishers with their siren songs.

"I simply don't understand the opportunity," one veteran magazine publisher told me at a recent industry conference. "My magazines are sponsor-driven. My issue archive includes hundreds of back issues. I have all these vendors and partners offering to digitize my back issue archive and make it available online. But I don't have a clue how I make any money if I do it. Near as I can figure, my digital magazine archive is worthless."

Now, I do understand my colleague's dilemma. Historically, she has sold advertising pages into an issue, published that issue, and sent invoices to her sponsors. The issue is now dead to her. Because her magazine has always been free to readers, she sees no market for back issue sales through retail partners that would generate meaningful revenues.

As a lifelong consultant, I do hesitate to prescribe free business advice to someone I have just met. In my experience, free consulting advice is often the same bad fit as a free pair of shoes.

With that caveat, I'll share with you now the list of revenue-generating ideas I shared with my colleague after knowing her for less than five minutes:

**Four ways to monetize a free digital magazine archive**

**Brand building:** Magazine issues are simply more impressive than HTML content. Because readers associate magazines with high quality, curated content, they will think better of your brand if they understand that the content on your website originated in a magazine format. The cost of putting a few years worth of back issues on your website is minimal, and the boost it will give your brand is more than enough reason to digitize at least a part of your back issue archive.

**Traffic generation:** Virtually all of the leading digital magazine software platforms generate pages with unique URLs that can be indexed by the search engines. With your digital magazine archives online and findable, your editors can create blog posts that reference and link to back issue content in a valuable way. More findable content almost always equals more website traffic. And even though you may not be making extra money on back issue page views, most digital magazine archive generated arrivals will also produce cross readership of your current HTML content.

**Lead generation:** Even if you choose to make your back issue archives completely free, creating digital magazines can provide a reason for new users to visit your website and register for your e-mail newsletters and free downloads. A visit to a digital magazine back issue is also a great opportunity to let users subscribe to notifications about future releases of new digital magazine editions.

**Retail visibility:** While it might not be worth creating digital magazines for the sole purpose of distributing them freely through Apple, Amazon, and Zinio, once you have created them it probably makes sense to add retail distribution of current and back issues to your audience development mix. You may choose to make your digital magazines available for free on these platforms, or to charge a nominal amount. Either way, you open up a new way for new customers to discover your brand.

# Three Ways to Fail in 2012: Digital Publishers Beware

**Unless your website portal, subscription websites, online stores, customer lists, digital books, periodicals and videos are state-of-the-art, you probably shouldn't be doing the following three things in 2012.**

Most publishers I know, including me, suffer from a mental illness called BSOS or Bright Shiny Object Syndrome. Someone who suffers from this malady exhibits behavior that resembles a child on Christmas morning with too many presents. They move from one shiny gift to the next, never fully exploring or realizing the potential of the trail of unopened gifts left in their wake.

**Three things digital publishers probably shouldn't be doing in 2012**

**Creating ancillary products:** most of us have our hands full trying to transform our books, periodicals, and videos into Digital Products, which we can sell online through our own subscription websites and online stores, and through a rapidly expanding retail network that should include Amazon, Apple, Barnes & Noble, Zinio, and more. We are not software publishers, and wasting resources learning to be software publishers is likely not a good use of time in 2012. There is no argument that opportunities abound as we transform our companies into digital media publishers. But the tablet computer revolution, which is designed to distribute our products, provides us the opportunity to focus on core skills and product types that we have been honing for decades.

**Selling other people's stuff:** when you've invested a lot of time and money in building out a retail store that allows you to sell both physical and digital products, it's easy to become delusional and decide you're an online retailer. Companies like Amazon and Apple are state-of-the-art online retailers. They know how to sell their own merchandise, and how to source merchandise from other manufacturers and publishers.

I've watched more than one publisher with a successful online store venture into the realm of selling other people's stuff with disastrous results. Sourcing, merchandising, and shipping other people's stuff is different than selling your own; being good at one does not automatically make you good at the other. Perhaps the biggest reason to not start selling other people's stuff in 2012, is the sucking sound you will hear on the resources that should be used to maximize the performance of your own retail and subscription websites at selling your own branded information products and services.

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**Spreading yourself too thin:** virtually every publisher I talk to has more opportunities than resources to deal with. They routinely have more initiatives than they can staff, track and manage. This is perhaps the ultimate waste of resources. And the inability to focus teaches the lesson that certain activities are failures, when in fact they've merely been under resourced.

When Steve Jobs returned to the helm of Apple, the first thing he did was focus the product line. Steve's strategy was to create three or four products for each niche and make them insanely great. Today, Apple makes desktop computers, laptop computers, portable music players, smart phones, and tablet computers. These are big consumer product categories, and yet Apple creates only about three products for each category, so they can make them insanely great. Apple is a multi-billion-dollar organization with research and development capabilities that most CEOs will only ever dream about. And yet, they severely limit the number of products they produce for each target market. Might a similar strategy make sense for your digital publishing business?

## What you should be doing in 2012

-Transforming your best-selling products for digital delivery

-Building websites designed to attract your target audience

 -Building websites that empower direct to consumer sales of your products

 -Building relationships with Amazon, Apple, Barnes & Noble and every other digital media retailer who make a significant commitment to selling digital books, periodicals and videos

-Trying to avoid pursuing other new bright, shiny objects

## Amazon puts newsstand first

I was stunned when I turned on my new Kindle Fire a few weeks ago to discover that the very first item in their horizontal navigation was Newsstand. I suppose I expected to see books as the leading item or perhaps movies or videos. Today, Amazon generates more revenue from books, or movies, or videos that it does from periodicals. And yet, they have chosen to make Newsstand the first item in their horizontal navigation. Now, some might think they simply made a mistake. I don't think so. Amazon spends hundreds of millions of dollars each year on performance testing. My bet is that smart folks at Amazon have noted that periodicals are most often sold as subscriptions. Subscriptions, as we all know, are wonderful things that generate annuity revenue. The periodical industry should be

thrilled that Amazon is putting periodicals first.

**The tablet revolution is just beginning**

Position yourself, your products, and your organization to go with the flow.

# Three Digital Magazine App Pitfalls

**Many digital magazine apps are still underperforming due to some of the following reasons**

With such enormous growth in the tablet industry, digital magazine publishing offers a significant opportunity. Unfortunately, the publishers and content marketers who have created inferior digital apps are currently missing this evolutionary opportunity.

The following pitfalls of digital magazine apps come from McPheters & Co., who has evaluated 5,000 digital magazine and newspaper apps since 2010. These errors should be considered while designing your digital magazine app.

-Authenticating print subscribers. Print subscribers are likely your most loyal customers. They also probably spend the most money with your brand. These are the people who need to be convinced of digital magazine value.

Print subscribers typically receive a digital subscription with their print subscription. In more than half of these scenarios the app does not recognize the existing subscriber.

-Loading errors. It isn't uncommon to experience loading errors, especially with newer technology. Digital magazine consumers have experienced loading issues while attempting to view pages, watch videos and listen to audio.

-Content malfunctions. This problematic area includes broken links, audio defects, crashes and downloading glitches.

**Solutions for digital magazine publishers**

Colin Fleming of Adobe suggests having in-app customer service options. Making it clear to users how they can get assistance is one step in the customer service process. Provide app consumers with website information, relevant contact numbers and a frequently asked questions section (FAQ).

Furthermore, Fleming recommends extensive testing of apps, which may allow publishers to find problems and fix the issues before offering the app for download. Understanding guidelines and capabilities of the hardware and software may also lead to a more effective product.

There are a few rewards for digital magazine publishers who are able to create apps that expand and enhance the content experience.

**Who's spending the most on mobile?**

Until now, online publishers and digital content marketers were considering smartphone users and tablets users similarly by lumping them into a category of mobile device users.

However, new data from Adobe shows that the two are truly different markets, especially when it comes to spending habits. According to the study, tablet users spent an average of $123 per purchase during 2011, while the average per purchase for smartphone users was 54% less.

The segment of tablet users visiting retail websites is quickly growing as well. Although the numbers are currently small, between January 2011 and December 2011, this segment went from 1% to 4%.

**Continued growth for the US tablet market**

The Pew Internet and American Life Project recently released data that shows the share of adults who own tablets in the US nearly doubled from 10 percent to 19 percent between mid December and early January. eBook reading devices experienced the same surge.

Now, the number of Americans owning at least one of these digital reading devices jumped from 18% in December to 29% in January.

# 10 Stats You Should Know About Digital Magazine Publishing

## Information directly from readers on their experiences with digital magazines so far

We often hear about predictions for digital magazines; how they will grow, the revenue generation expected throughout the industry and the time frames associated with these numbers.

These predictions are important, as they help publishers better prepare for the future. What's more interesting, however, is discovering how people who are already consuming digital magazines are enjoying their experiences.

The MPA released "The Mobile Magazine Reader: A Custom Study of Magazine App Users" last month, which incorporated survey responses from 1,009 digital magazine readers.

The results provide a glimpse into the future of digital magazine consumption, which so far, looks promising for online publishers. The responses below were taken from the survey and highlighted due to their inherent value to digital magazine publishers.

-58% of those surveyed said they typically found magazine apps through the Apple iTunes store or another electronic magazine newsstand.

-63% reported visiting a magazine's website after viewing some form of its electronic magazine content.

-73% reported paying attention to advertisements, at least "sometimes", by either tapping on them or reading the content.

-More consumers read both current and back issues than only reading current issues (55%).

-66% reported that the time they reading digital magazine will "increase somewhat" or "increase a lot".

-48% are "reading fewer copies of printed magazines."

-77% of respondents want to know the real cost of a digital magazine app up front, without any confusion in the message.

-73% "somewhat agree" or "strongly agree" to paying a fixed amount to access the digital magazine content all any platform or device they choose.

-70% of users would like the opportunity to purchase products directly from digital magazine articles.

-71% of digital magazine consumers are at least somewhat annoyed by electronic ads within the issues.

There is a lot more great content in the MPA's report, including demographical information on the respondents.

One particular comparison I found interesting was that 73% reported engaging with advertisements, yet 71% of the respondents found the electronic ads to be annoying to some degree. If publishers expect to offer high-quality electronic advertisements that interest readers, they may need to rethink their current attempts.

# The Best Digital Magazine Subscription Offer

**While many magazine publishers struggle to find the right subscription marketing strategy, The Economist demonstrates its regard for long-term subscriber relationships**

Many of my European friends would argue that Americans tend to be shortsighted. In a country where old may mean a mere 200 years, decision-making can be more difficult. Being part of a culture that measures itself in millenniums, not centuries brings its own unique problems. Occasionally it also results in policies and decisions that look beyond the current horizon.

I spent a few hours, and several hundred dollars, buying digital magazines this past weekend. I bounced around between my iPad, Kindle Fire, and the World Wide Web. I made purchases from Condé Nast, Hearst, Rodale, and The Economist. I tried, without success, to buy digital magazine subscriptions for Time and People.

## The Economist offers subscribers the best customer experience

I started by purchasing a one-year subscription to The Economist on the iPad. The experience was clean and effortless. I chose the one-year offer, entered my Apple password, agreed to share data with The Economist and set up an account that would give me unrestricted access to The Economist website. Unrestricted website access allows me to read the entire archive back to 1997, breaking content, and the weekly audio edition delivered as a podcast. The subscription offer on the website also informed me that my subscription granted me access to the Android and iPhone editions.

Obviously, the above is a very customer friendly offer. It grants me access to the same content in different formats. It accommodates my need for snack reading on the iPhone, in-depth reading on the iPad, audio listing on the go, and archive research from my iPhone, iPad, MacBook, and iMac from anywhere in the world.

## Three reasons publishers should adopt universal digital access

**No subscriber left behind:** If I had to handicap the various formats on which we are currently publishing magazines and magazine content, the World Wide Web looks to be the best contender for long-term stability and success. The iPad and iPhone would be numbers two and three in my digital magazine winners circle. I'm also pretty sure print is not an edition The Economist or any other magazine will be serving up in 20 years (with the possible exception of hardbound

collector's editions). Thus, it's important for publishers to build direct relationships that are simple and straightforward with their customers on every conceivable platform that may come and go over the next couple of decades. Universal Digital Access, as a policy, creates an environment where subscribers can safely sample different platforms without fear of being left behind. From the publishers point of view, a subscriber is a horrible thing to waste, and anyone who subscribes to our content on any platform, in any edition, should be given the big bear hug of love that includes premium access to our subscription website

**Note:** If you don't have a premium subscription website, build one, now.

**Permission to communicate:** When a customer buys a print edition, an iPad edition, an iPhone edition, a Kindle edition, a Nook edition, a Zinio edition, or any other non-website edition, the publisher should make it priority-one to get that customer registered for unrestricted website access. There is an old direct marketing adage that marketers should never ask for information they don't need, and get the information they need by giving the customer what they want. A robust next-generation subscription website with HTML archives, issue archives, audio content, video content, and an engaged and interactive user community provide the digital or print customer with plenty of reasons to claim their right to unrestricted website access. The claim, of course, grants the publisher permission to communicate via the website, e-mail newsletters, and perhaps Twitter and Facebook. Permission to communicate is the lifeblood of a multi platform niche media publisher.

**Building customer relationships:** While I am incredibly excited about the rapid adoption of tablet computers and digital magazines, I still believe the World Wide Web is the nexus for niche media customer relationships. A well-designed niche media website will include a next-generation magazine subscription website, plus an open portal for building and maintaining affinity relationships, and an online store for marketing books, videos, software, and the myriad of special interest merchandise that a niche media publisher can recommend to its constituents.

**The short and the long of it**

While charging customers separately for the same content or similar content on multiple platforms in multiple editions may provide the opportunity for some short-term profit taking, it is not in the customers' or publishers' long-term best interests. It looks as if many publishers may take a decade or more to discover their long-term best interest. For the moment, we can look to publishers like The Economist for inspiration that transcends short-term thinking.

# Making Money with Digital Video and Book Bundles

## Bundle first, create new products later

While most of the publishers I work with were not in the video production business five years ago, virtually all of them are today. In some cases, the sales of video content now account for as much as 20 percent of their total revenue. In addition to sourcing third-party video, many have also built their own production studio and are creating dozens of new titles this year.

Whether you have 10,000, 100,000, or 1 million e-mail subscribers, your email marketing program still has a limited number of slots. Most of the publishers I work with focus on two to five products, or offers, each week. Those who have seen revenue per e-mail subscriber increase over the past few years pay close attention to the performance of the products and offers occupying those precious email promotion slots.

### Bundle first, create new products later

One of the most successful offers I've seen work repeatedly is the video and book bundle. This offer is yet another variation of the triple play offer I wrote about a few weeks ago. In this variation the book is option one, the video is option two, and the bundle is option three.

While there are many pricing variations, the one that seems to work best most often offers the book and the video at the same price point, let's say $20. The bundle is then offered for $30, creating an implied half-price deal on the secondary component in the bundle.

Every good direct marketer loves to test, and also learns which tests are most likely to produce the most meaningful lift in revenue. it surprises many people to learn that the order of the products influences which offer is chosen most often, and the total revenue generated.

### Three tips for maximizing revenue with the triple play bundle

1. Lead with the bundle.

2. Place the weakest component, most often the book, in the middle.

3. Place the strongest component, usually the video, in the third position.

As you can imagine, the triple play offer presents many other test variables. While the combination and price points I've described above have worked best more often than others, the real message here is test, test, test.

I see a lot of special interest publishers creating complicated digital products that include text, photography, video, and other interactive elements. While I do believe this should be part of your product marketing strategy, don't forget to leverage the books and videos you've already created to increase your revenue per subscriber, and discover more about which offer components are most appealing to your customers.

# Survey Your Audience to Determine Tablet Penetration

## Some publishers discover relevant information by surveying their audience

The publishers who survey their audiences and do not experience the survey results they expect may be asking the wrong questions.

For instance, your audience may be more apt to respond when you explain to them that the data you're looking to collect has the ability to enhance their content consuming habits.

As tablet prices drop, more audience members will be considering getting a digital reading device if they don't already have one. Your goal should be to appease those currently owning one, learning which device they prefer and both positive and negative aspects of their experience thus far.

Furthermore, presenting your new digital content to those not currently owning a tablet will help them realize what they are missing. Now that digital publications have the opportunity to be media-rich – comprising of digital audio, video, photographic, interactivity and games – audience members can be persuaded to make somewhat minor investments to receive their favorite content in enhanced forms.

The next chapter discusses how Interweave has already started to survey their audience to discover how many own tablets, and how many are expecting to buy them in the near future. They plan on executing this survey quarterly so they can compile a set of benchmark data and stay up-to-date with the expectations of their audience members.

# Tablet Ownership is Exploding – What's the Penetration in Your Market?

## Interweave conducts a Tablet Ownership Survey, leading to a better understanding of their digital audience

Now that we're clear on the explosive growth of tablets, it's time for publishers to determine the tablet usage specific to their audience.

Interweave, a major art and craft media company, has done just that. The Tablet Ownership Survey, conducted in October 2011, revealed a very clear picture about how Interweave's audiences own and interact with digital devices.

We spoke with Bob Kaslik, VP of Consumer Marketing, and Danielle Werbick, Audience Development Director, Interweave to learn what they discovered.

### Premise of the survey

Interweave's primary goal was to discover a baseline for adoption of tablets within their audience, so they could create more content that adapts to the unique capabilities of media-rich tablet devices.

The survey was sent to hundreds of thousands of Interweave's users, including segments of affinity (free information) subscribers, paid magazine subscribers and ecommerce buyers. "Affinity subscribers have signed up, opted in and actively receive emails to varying degrees but have never purchased from us," said Kaslik. "Magazine subscribers are very content-oriented and have renewal relationships with us. Ecommerce buyers purchase traditional or digital downloads, including single issues and DVDs."

These segments were used to determine whether tablet penetration across these categories would differ. "Segmenting is crucial because results may be skewed if sweeping generalizations are made," he said.

### What they learned

The most substantial finding was that out of the buyer segment, 28% reported owning tablets. Compare that to the 11% of US adults that own tablets, and you can see just how active this particular market is with tablet ownership. 22% of the affinity subscribers reported owning tablets.

Another significant finding was that between 40-48% of all segments reported contemplating a purchase of a tablet within the next six months. This number is likely to increase substantially with the recent release of the $199 Kindle Fire, which hadn't yet happened at the time of this survey.

**Why Interweave's audience owns tablets**

The number one reason the affinity and buyer segments reported owning a tablet was for e-reading purposes, while for magazine subscribers, the answer was surprisingly, "browsing the Internet." Apps were another popular reason why all three segments own tablets.

**Knowing your audience**

The demographics of this survey showed that the majority of respondents were female, in their 50s and 60s who are educated and high income earners. These statistics were not new to Interweave, but it helped to reinforce the validity of the information they collected.

Danielle Werbick noted, "Our audience is clearly aware of tablets and giving thought to buying in the future. While looking at the reported intentions, 35-40% of our customer base may own a tablet within the next six months."

Interweave plans to execute this survey quarterly and we look forward to seeing how the data evolves.

# Digital Magazine, Book and Video Prices Fall in 2012

**In 2012, the publishing industry will continue to shift manufacturing and distribution costs to the consumer, causing unit pricing to fall and publishers to introduce more premium editions**

In a free market, economics is a predictable science. Over the next few years, consumers will snap up more than 300 million tablet computers. These network devices will link to media cloud servers via wireless connections that will also be paid for by the consumer. The ubiquitous Internet will also continue to flatten the media world, empowering users to shop for digital magazines, books and videos in a global marketplace.

These three market forces will place strong market pressure on publishers to reduce unit prices for digital magazines, books, videos and other information products. At a recent conference, one publisher referred to the upcoming decade as "Mr. Toad's wild ride for publishers." As I thought about his description, it occurred to me that the ride had the potential to be both fun and terrifying. Personally, I prefer fun. To avoid the terrifying experience that unexpected change often brings, might I suggest a five-year plan founded on economic reality?

## Three keys to digital publishing fun

**Embrace new channels:** in a market where the cost of serving one more copy is near zero and there is downward pressure on unit price, increased volume is the key to having fun in the digital future. Now is the time to embrace the new digital channels being offered by retailers like Amazon, Apple, Barnes & Noble, and so many more to come. For the moment, consumers are embracing digital replicas the way you should be embracing digital channels. Both are key transitional strategies important to the long-term health of your media brands.

**Build subscription websites:** perhaps the easiest way to combat downward unit pricing pressure, is to create premium editions of your best selling information products. A robust subscription website is a quick and easy way to offer your best customers added value via a searchable archive, bonus content, software tools, user interaction and other features and functions they find valuable. A subscription website also provides a media brand with a nexus for consumer interaction. The website is a place where those who purchase your magazines, books, and videos via a third-party retailer, can gather to build a relationship directly with your brand and brand community.

**Build customer databases:** if you find yourself selling more units to more people at lower prices, you should also build a database of customers that allows you to sell more products more efficiently to the people who already know and trust your media brand. Today, an open website community, e-mail newsletters, and social media represent the three best strategies for creating and maintaining positive relationships with a vast number of customers and prospects. The cost of building and maintaining these database marketing channels is remarkably low compared with the postal channels which are rapidly becoming relics of a paper centric world.

## Trying to out run the Internet

A few years ago, a close colleague of mine told me he expected to retire before the age of tablet computing, digital product delivery, and global marketing took hold. It didn't work out that way. Like many publishers who successfully make digital marketing a core competency, digital product distribution is now the biggest strategic challenge on the horizon. Unless you're retiring in 2012, it would seem prudent to prepare now to have fun in the world where both digital marketing and digital publishing are the new normal.

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# Growth Expected for Consumer Spending on Content

## Hope for publishers in the digital age

Many publishers in the magazine and book industries have seen a drop in sales throughout the past few years. However, new data shows that substantial growth is expected.

According to the PwC Global Entertainment And Media Outlook, global consumer spending for the entertainment and media industry is expected to surge from $1.4 trillion in 2010 to $1.9 trillion in 2015, a compound average growth rate of 5.7%.

Many attribute the growth in spending to the increased popularity of new digital content delivery devices like the tablet.

One interesting and relevant statistic shows the growth in digital compared to its print counterpart. According to Amazon, as of April 2011, for every 100 print books sold, they sold 105 digital eBooks for the Kindle. It's not surprising that the popularity of digital books continues to grow as devices like the Kindle make buying books easier and storing and traveling with books more convenient.

Harris Interactive recently reported that 15% of Americans own an e-reader, up from 8% one year ago. These e-reader owners are reading and buying more books than consumers who do not own e-readers.

Consumer spending on digital magazines is expecting to surge by 2015. In 2010, spending on digital magazines was at $4 million – a modest amount for an up-and-coming industry. However, with the explosive growth of mobile devices – the iPad in particular – spending on digital magazines is predicted to reach $611 million by 2015, according to the PwC Global Entertainment And Media Outlook.

If you are a print publisher anxious about the current landscape, there is hope. You do however need to embrace best practices for presenting your content online and developing a targeted audience.

# Three Apple Newsstand Upgrades

**Digital magazine shopping would be much more fun, fast, and efficient with a few simple upgrades to the Apple Newsstand app**

Like any good industry analyst, I love looking at numbers. More than that, I love extrapolating trends and directions from them. Here are a few recent observations:

Media Finder, the online version of the Oxbridge Standard Periodical Directory, currently lists more than 50,000 US periodicals including magazines, newsletters, newspapers, and a number of other specialized formats like journals, looseleafs, tabloids and reviews.

Given that the US is about five percent of the world population, it's reasonable to extrapolate that US periodicals might be 10 to 20 percent of the total periodical titles published around the globe. Let's say 20 percent to be conservative, which would place the number of periodicals currently being published worldwide over 250,000.

As I write this post Apple Newsstand currently lists 1,369 periodicals available for sale. It's pretty easy to imagine that number growing to 20 to 25,000 over the next couple of years as tablet computing goes mainstream on a global basis.

To help shoppers navigate what will soon be thousands of publications, I'd like to see three simple enhancements to the app's functionality.

**Search:** First, I'd like to see Apple add a robust search feature to the app, which would empower users to quickly find their favorite periodicals by title, subject, and keyword phrase. While it would be great to have a newsstand search function that combs through periodical product descriptions and issue content, I'd be happy if it just used keyword tags assigned by the publisher to get started.

**Categories:** Next, I'd like to see Apple introduce a few hundred categories like travel, cooking, investing, news, business, etc., and allow publishers to assign their magazines, newsletters, and newspapers to up to five categories. I fear that allowing more than that would defeat the purpose of having categories in the first place. I understand this project will take some real thought in terms of which categories to include and which categories to leave out. Personally, I'd pay big money for a ticket to watch that process come down inside the Appleplex. Heck, I'd probably pay more if I could participate.

**Language:** While it's really cool to see magazines in dozens of languages, it's unlikely that I'm looking for a title not published in my native tongue. I think this navigation feature could best be handled as a pulldown setting that each user could see and change, but would default to the same language selected in the iPad set up process. Perhaps the most exciting byproduct of digital magazine publishing is globalization. I'm currently working with publishers in five different countries who are all focused on the 1.3 billion people who speak English around the globe. While this may seem heady for a US publisher who has historically been limited to a population of about 300 million, imagine the excitement of an Australian publisher whose market heretofore has been about 25 million.

While I'm incredibly thankful to the people at Apple for the iPad and Newsstand, I have high hopes that the Newsstand app will soon see some sorely needed upgrades that will be greatly appreciated by digital magazine consumers around the world.

## Conclusion

With the direction the digital publishing market is headed, it appears digital publications are here to stay. We will likely see new devices reach the market and more editions take shape.

Digital publishers will strive to find the balance between editorial content, tablet advertisements and the best operating strategy for their digital publications.

As they find their footing, digital publishers will have the opportunity to make their content-based business more efficient as the future of print becomes more uncertain.

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