

# 2013 MEQUODA TABLET STUDY

**How American Adults  
Consume Magazines  
on Tablets**

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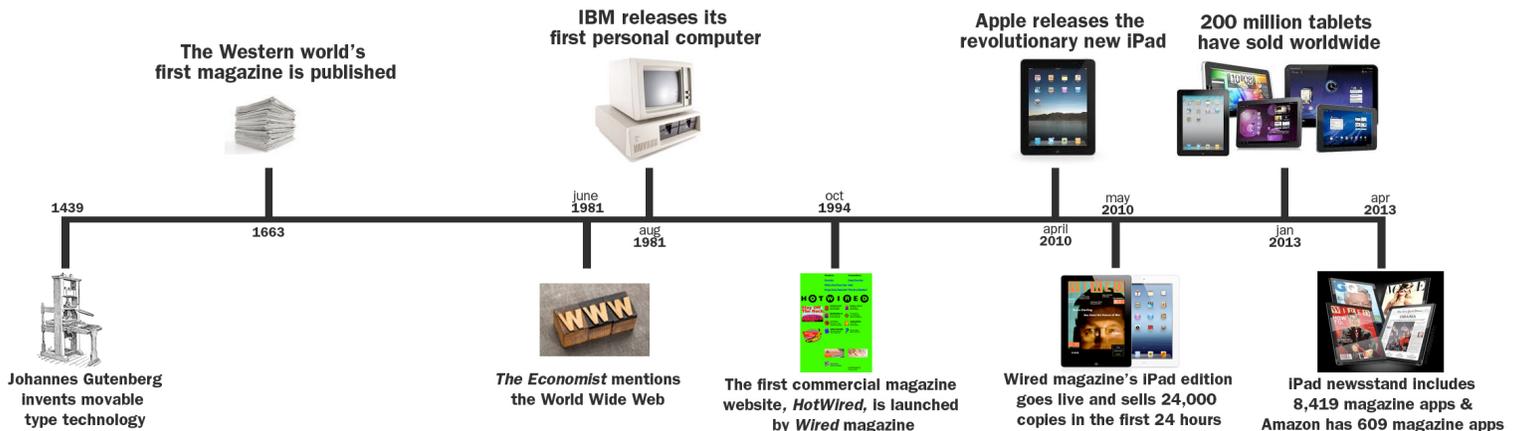
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It took 224 years for an entrepreneur to harness the printing press for generating what we now know as magazines, and create an entire new industry.

Today, in the three years since the introduction of the iPad, it's become clear that the tablet has rescued the magazine industry from the brink of destruction.



Anyone who doubts that the iPad is the most important media-related technological innovation in all of human history should re-read that. If speed of adoption indicates affection, then consumers and the magazine industry are truly, madly, deeply in love with tablets.

And digital magazines have become solidly profitable, led first by media giant Hearst Magazines and followed by other forward-thinking publications such as *The Economist*.

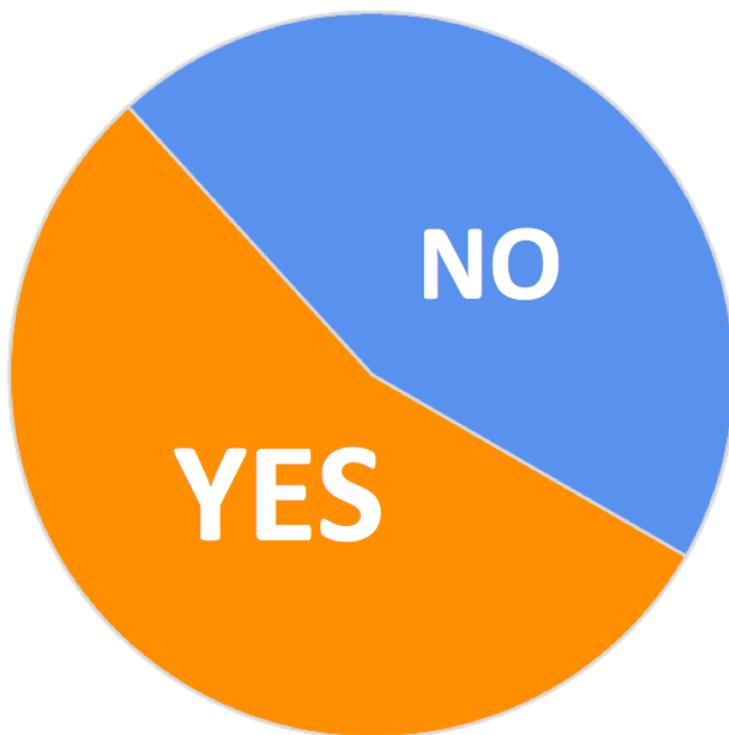
Condé Nast reports that their tablet subscribers (including those who are tablet-plus-print subscribers) are renewing their subscriptions at a higher rate than print-only subscribers – and they're also paying higher prices for their renewal subscriptions.

On the other end of the industry spectrum, *Biblical Archaeology Review* is a modest publication from a nonprofit organization and its digital edition drove 6.4% of the organization's revenues in 2012, even though digital wasn't launched until October of that year, and that rate doubled in the first two months of this year.

At **Wired**, 2012 saw digital ad revenues hit 50% of its total, and **The Atlantic** hit 59%. Some observers are cautious, but with the rapid and enthusiastic adoption of mobile magazine reading by consumers, we're still optimistic here at Mequoda.

We've just wrapped up our first **Mequoda Tablet Study**. It included 1,293 tablet owners who divulged their magazine and media consumption habits. What you'll find in the following pages may help you get to know your tablet users a little better.

## 55% of Internet users own or have access to a tablet



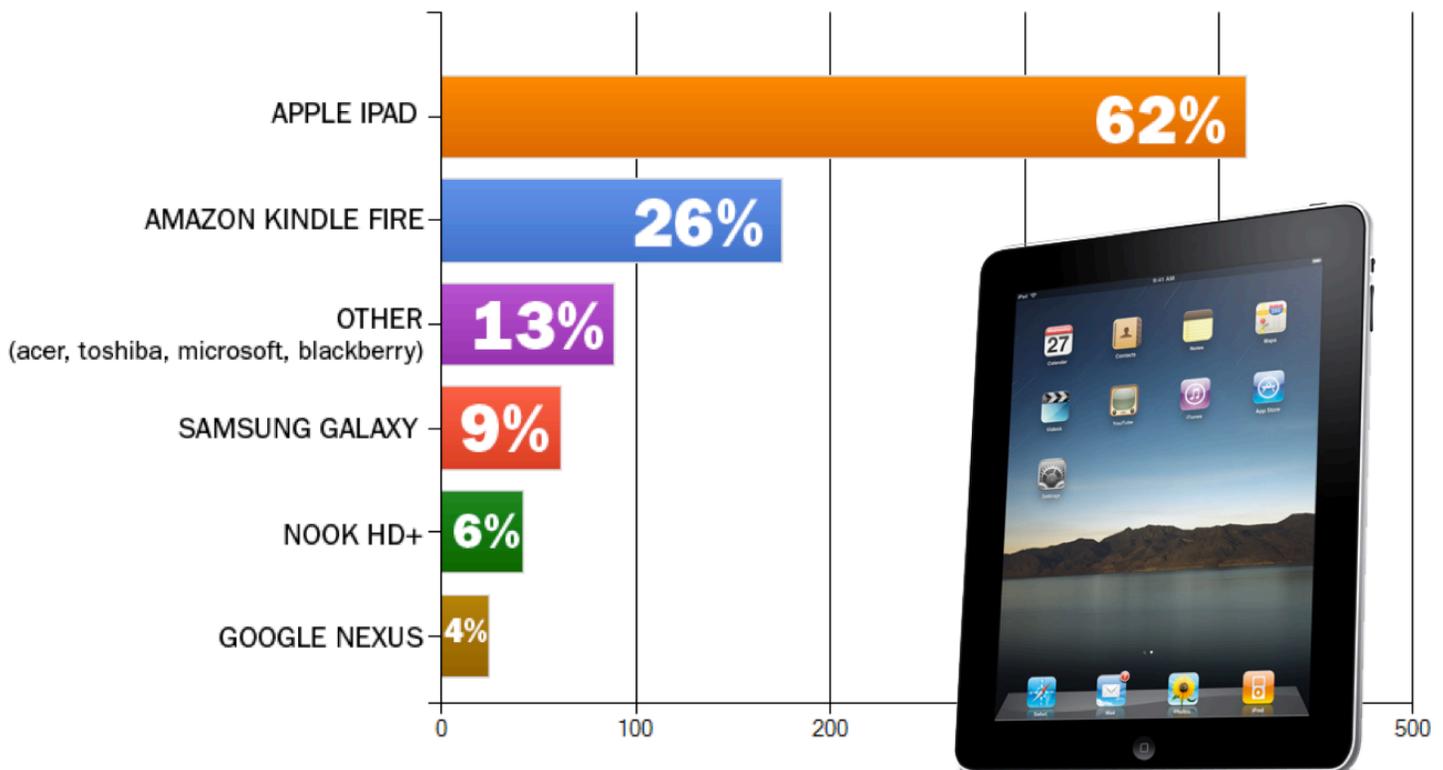
To start off the study, we started with a large pool of Internet users. A whopping 55%, (1,293 in total) of them claimed to own or have access to a tablet.

Unlike most surveys, which ask about *ownership*, we asked about access, too – because we know that couples and families often share.

And we think that's a pretty impressive number for publishers to heed.

## iPad is the tablet of choice for 2013

As of May 2013, Apple leads in tablet market share, and the 1,293 tablet owners in our study show the same results - the Apple iPad rings in at an astounding 62% of ownership, barely trailed by the Kindle and other so-called competitive devices. There are many Android-based devices noted in the “other” section, but combined, they still bring in less than 20% of ownership.

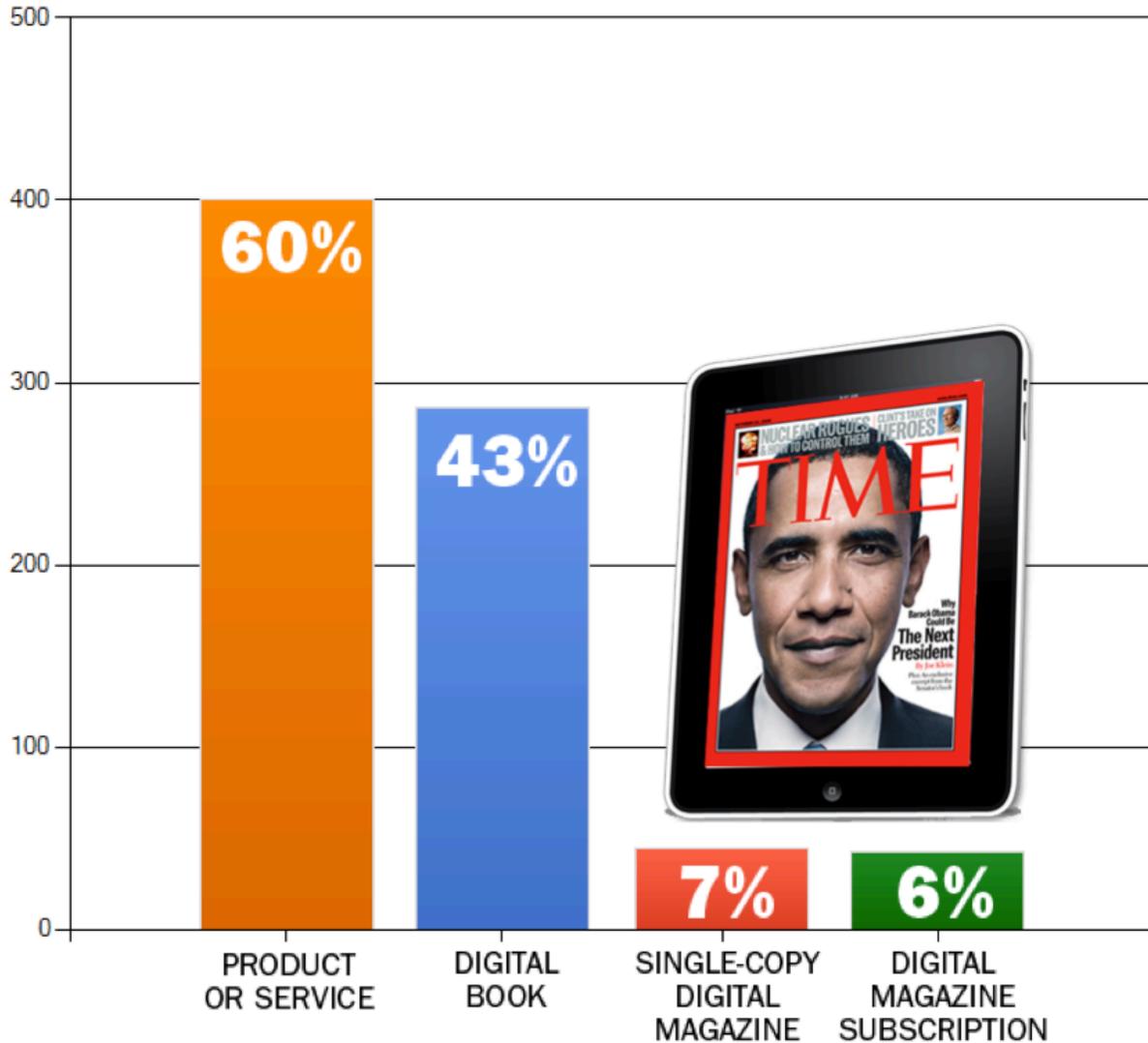


The other exciting, but also sobering, thought is that the iPad has clearly become the savior of our industry, once on the verge of extinction. The iPad and its competitor tablets are perfect for lean-back consumption of content, in a way that computers never could be – who wants to sit at a desk to relax with their favorite magazine? – and consumers are increasingly demanding rich digital content that print obviously cannot deliver.

Also good to know, 15.1% said they plan to buy a new tablet in the next 12 months, and 29% said they were considering it. Will they be iPads? Only time will tell.

# 13% have bought a digital magazine in the last 30 days

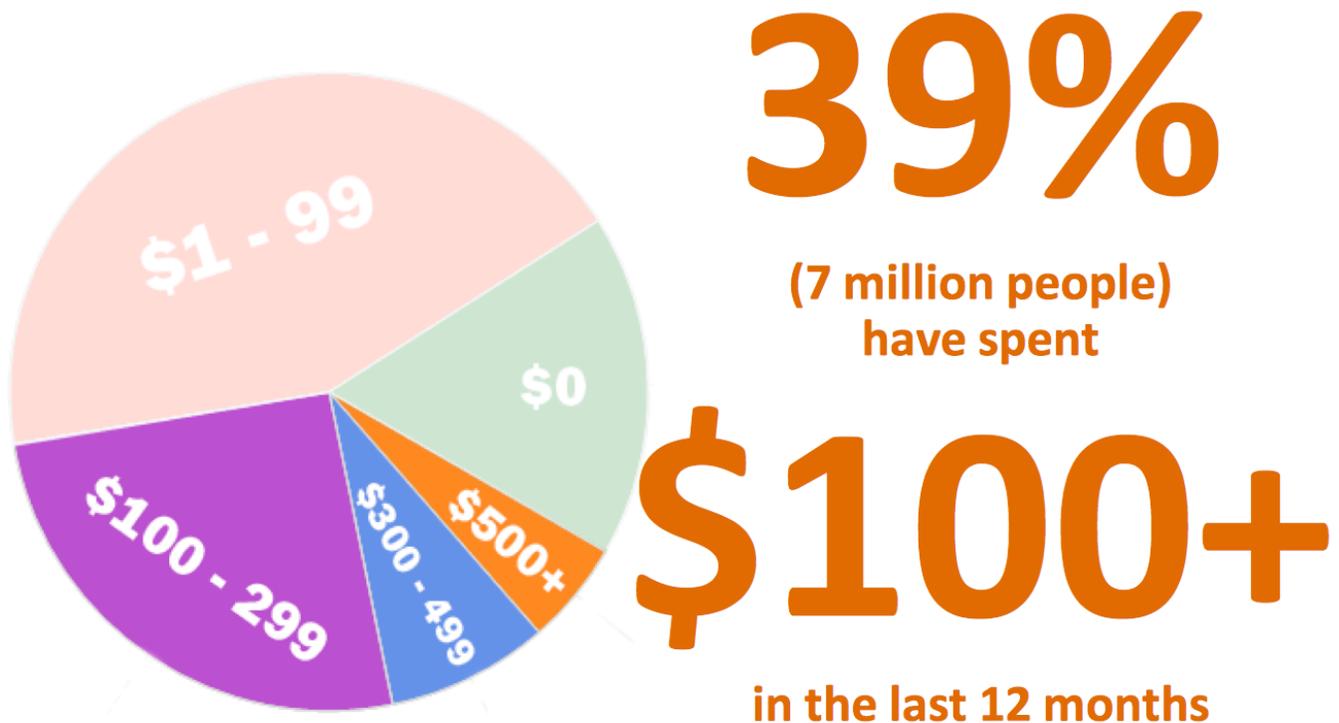
In our study, 13% of tablet users bought a single-copy digital magazine or subscription in the last 30 days. Now those are tablet statistics to believe in!



Researchers believe that this kind of usage comes about because the tablet is still portable – and being taken away from home by more people every day, just like smartphones – and at the same time, much more readable with its larger screen. In 2011, a Pew study showed that 42% of tablet users regularly read in-depth news articles and analysis on their tablet.

## 39% of tablet users have spent \$100+ on their tablets in the last 12 months

We asked tablet users how much they've spent on apps, books, magazines, videos or subscriptions in the last 12 months.

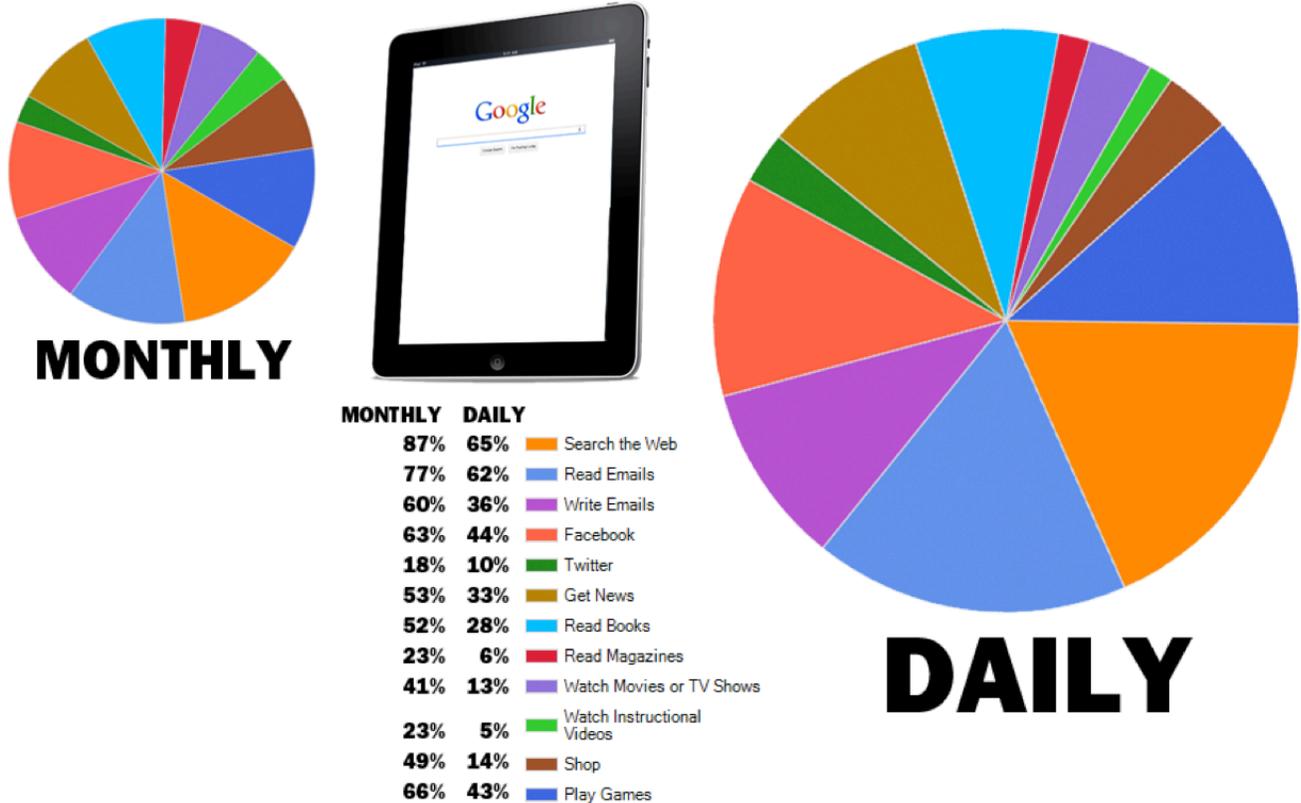


The majority, 46.6%, tell us they've spent between \$1 and \$99 and 14.4% say they haven't spent anything at all. However, 39% say they've spent \$100+ in the last year. If that same percentage is used against the number of people we know who own tablets in the U.S., it turns out to be around seven million people who have spent \$100+ in the last 12 months. In our study, 4.5% of tablet users spent more than \$500, which is around \$2 per day if they spent \$750 last year.

What does all this mean for magazine publishers? Why is Mequoda focusing so heavily on tablet apps? Consider this: PriceWaterhouseCoopers has predicted that consumer spending on digital magazines will exceed \$80.2B by 2016! Tell me you don't want to get in on that action.

## 65% of tablet owners browse the web every day

The study shows that 65% of tablet survey respondents search the web every day on their tablets, up to 87% monthly. In second place is email, with 62% of tablet users reporting that they read their email on their tablets daily.

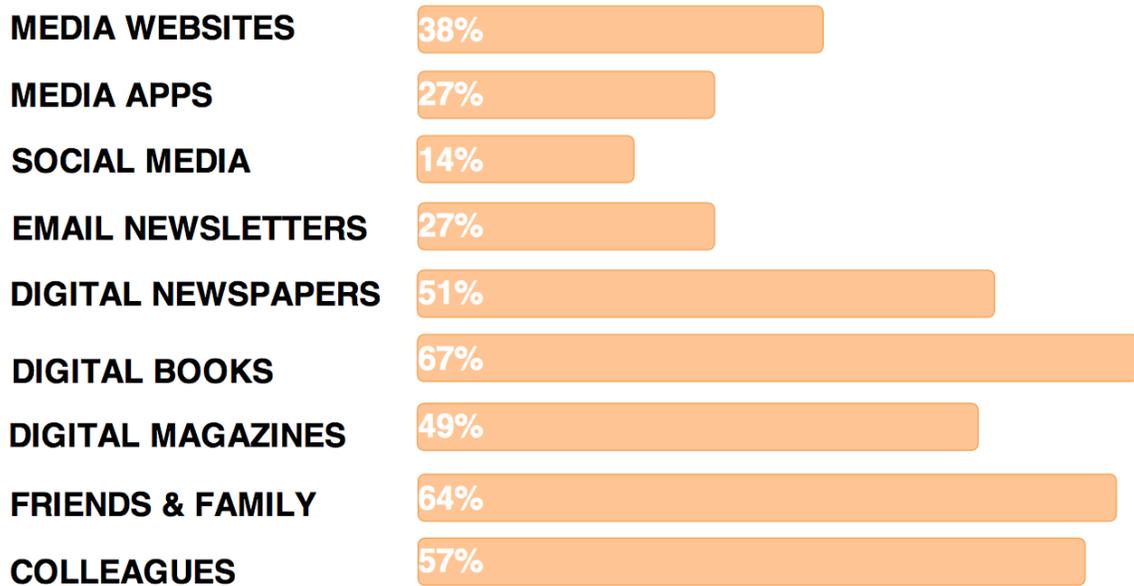


Rallying together for third place in daily use are Facebook (44%) and Games (43%). Clearly fun and games come first, but fighting for fourth place are News (33%) and Books (28%), showing that tablet users consume a significant amount of information on their tablets. According to Pew, 43% of male tablet owners consume news daily on their device versus 32% of female tablet owners.

Although it might not look like much, magazine consumption is looking pretty good. The study showed that 6% of tablet users read magazines on their iPads daily, and 23% of them read magazines monthly. With around 70 million iPads out there, that's at least 16 million people who read magazines on their tablets monthly, 4 million who read them daily.

## 67% of tablet users trust books more than their own friends & family

We also wanted to know how trustworthy tablet users consider different sources of information to be. We assumed that friends and family would logically come in first, but we were wrong.



Books come in as the most trustworthy information source at 67%, while friends and family come in behind at 64%. Colleagues come next.

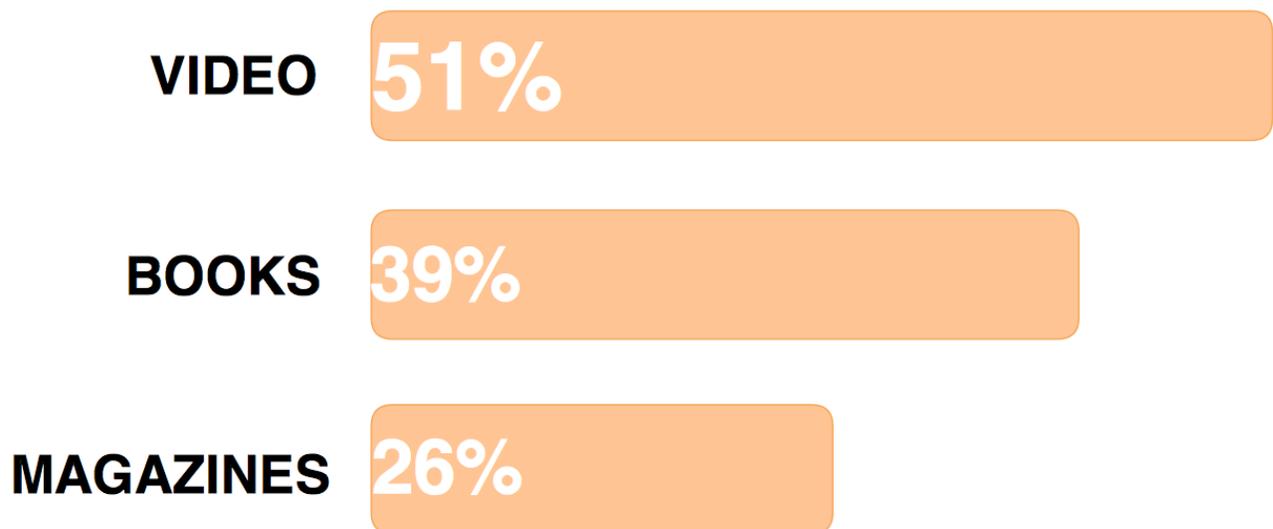
Social media, not unsurprisingly, is at the bottom, with just 14% of users considering it to be a trustworthy source of information. That could be because it's the least globally used information source on the list, but also because of the bad rep it gets surrounding big news events.

In terms of print media, digital newspapers and digital magazines are not far behind digital books, at 51% and 49% respectively.

## 51% of tablet users prefer streaming video

We also wanted to know just *how* digital these digital consumers were.

So we asked them which types of digital media they prefer to consume digitally rather than in paper or broadcast media.



Video is the only medium where more people prefer the digital version to the standard version.

In this survey, 51% say they prefer downloadable / streaming video to DVDs, 39% prefer digital books to printed books, and 26% prefer digital magazines to printed magazines. Just think, it was only a few years ago that all of these numbers would have been at 0%. Talk about a great adoption rate!

Another fun fact? 57% say that the tablet is their favorite place to consume content.

## Turning tablet statistics into cold hard cash

Forward-thinking magazine publishers have already developed digital editions of their magazines, of course. Some big players, such as *The Atlantic* and *Forbes*, have hit the revenue jackpot with their apps. These folks are taking advantage of something that tablet users say they crave: features that they can't get in a print version, such as related videos and photo galleries.

And even smaller – much smaller – publishers, such as the nonprofit Biblical Archaeology Society, have managed to do the same with adding video and photos to their magazine – and the cost was worth it, because in just three months, that organization's digital offerings managed to contribute 6.4% of its entire 2012 revenues!

What's more, having digital-only features is helping publishers change the public's well-known belief that digital content should be free, or at least as cheap as the insanely low prices the industry has foolishly charged for its print products over the past few decades. The *New Yorker* quietly increased its subscription price by \$20 simply by bundling its fancy new digital magazine with print.

Tablet users report that they often wind up at the website eventually, and that's the kind of traffic you want to increase in order to enhance revenues from Internet advertising. And in addition to delivering more impressions per Web-based ads, tablet advertising offers a revenue stream of its own: Researchers are reporting year-on-year growth in 2012 of an incredible 600%. Any publisher who relies on advertising should sit up and take notice of that statistic.

All in all, no publisher should wait one single day more to launch a digital magazine. No matter how tiny your operation, there appears to be no downside for digital magazines and apps, and at the same time, there are clearly massive new revenue streams to be had.

# Demographic Data

1. Gender		
		Response Percent
Male		51.8%
Female		48.2%

2. Age		
		Response Percent
< 18		0.0%
18-29		18.4%
30-44		23.4%
45-60		33.9%
> 60		24.4%

3. Household Income		
		Response Percent
\$0 - \$24,999		21.4%
\$25,000 - \$49,999		16.9%
\$50,000 - \$99,999		29.7%
\$100,000 - \$149,999		16.5%
\$150,000+		15.5%

4. Education		
		Response Percent
Less than high school degree		2.6%
High school degree		10.9%
Some college		29.5%
Associate or bachelor degree		<b>30.6%</b>
Graduate degree		26.4%

5. Location (Census Region)		
		Response Percent
New England		7.6%
Middle Atlantic		11.8%
East North Central		17.0%
West North Central		8.9%
South Atlantic		16.6%
East South Central		5.0%
West South Central		8.0%
Mountain		7.3%
Pacific		<b>17.9%</b>

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