



The Business Case for ePublishing

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Introduction

The publishing industry is in a state of great change. Subscriptions are down, advertising dollars are scarce and publishers need to be innovative in order to navigate the storm that's brewing in their industry. In this time of crisis, many publishers are looking at alternative publishing methods and new channels as ways of increasing revenues, while decreasing expenses.

There are different models for approaching ePublishing, from simply creating a digital replica of a print publication, to a digital-only publishing model, and various steps in-between. What many publishers don't know is that by just adding a digital version of their publication to their mix, they open up a new revenue stream and new advertising channel, both of which directly contribute to their bottom line.

This whitepaper will address the business case of embracing ePublishing. It will look at the favorable market conditions, the untapped profile of digital readers, the benefits delivered by ePublishing and the choices publishers need to make to get onboard quickly without jeopardizing their current business models.

Why ePublishing?

Market Conditions

The migration toward digital editions cannot be overlooked. ePublishing was even named as one of the top ten technology trends for 2010 by CNN.

Movement toward digital editions has been swift. According to the Magazine Publishers of America, consumer magazines announced 76 new digital initiatives during the first quarter of 2009, a 10% year over year increase. In addition the number of business to business publications offering a digital replica of their magazine grew 224 percent and the number of digital subscriptions grew 143 percent.¹

Beyond growth as a catalyst, there are a number of other factors that make the market well-primed for moving

toward the proliferation of digital editions. Innovations in technology have made the creation of digital magazines easier and much cheaper to produce. A few years ago, transforming a print-quality file into a digital magazine was a painful conversion process that was best handled by professionals. Today, some of the tools on the market allow users to self-publish online, using the print-production file. Converting a PDF file to an interactive digital edition can be done in a matter of minutes, without any special technical skills.

The key funders of these publications, namely advertisers, are also much more familiar with this medium and are often willing to opt for packages that provide print advertising, as well as extra exposure in digital versions. Many advertisers are even equipped with special ads that are designed to showcase well in digital magazines and drive users to a special landing page.

Glenn Hansen, BPA's President and DEO, explains that electronic editions benefit media owners, as well as subscribers and advertisers. "From a publisher's perspective, [electronic editions] offer potential for realizing distribution and circulation cost efficiencies," he said. "Publishers who offer digital editions also have the opportunity to increase consumer engagement by including rich media, surveys, white papers and other value-added ways to connect the reader to the advertiser."²

Profile of Readers

When looking at a strategy for moving toward digital, many publishers question whether digital will work for them, as they believe that the consumers of digital media are only the young and tech-savvy. However, this is not true. In fact, the vast majority of digital readers are not from this demographic. In looking at business-to-business publications, the median age of readers has held steady at 45 years old for the past three years.³ Digital reader adoption across all categories, business and consumer publications, encompasses all age groups, with a median age of 41.6 years old.⁴ If anything, the profile of readers skews more heavily toward older readers than younger ones.

Benefits of ePublishing

Reader Engagement

The greatest benefit of ePublishing is greater reader engagement. While the additional revenue from advertising is nice to have, and cost savings are always welcome, it's the improved level of reader engagement and reader satisfaction that helps publishers to forge a deeper relationship.

Digital readers are generally satisfied with their digital edition, with 90% of readers ranking their satisfaction rate as either "satisfied" or "very satisfied".⁵ Readers are also more engaged with the content than print readers, with 92% reading their digital edition in the same week they received it. These readers also report having read three or four of the last four issues, a figure that is comparable to print.

Advertising Revenues

Creating a digital edition of a publication opens up a new channel for advertisers. In traditional print magazines, advertisers are limited by the channel in what they can advertise and the extent of their interactivity. With digital editions, advertisers can be more innovative and immersive in terms of content.

Publishers can provide advertisers with new ad opportunities and can sell package advertising at a premium of 10-15 percent for a digital buy.

Response rates for digital magazines are often higher than traditional print ads. Because the channel is new, subscribers are paying more attention to advertising in digital magazines than they have in the past. In 2009, 41 percent of subscribers reported that they paid much more or somewhat more attention to ads in digital magazines compared to 35 percent in 2007.

Cost Savings

The cost associated with making a digital edition of a publication available to readers is often very low. A print copy of a magazine typically costs about \$1 per unit when you consider the price of paper, printing and postage. Delivering the same content as an online magazine only

costs a fraction of the price, somewhere around \$0.25 per issue. This price can even be lower if a publisher opts for simple online publishing, without any interactive elements like video.⁶

Beyond simple cost savings with a digital edition, this format also allows publishers to expand their reader-base to new markets without incurring additional costs for physical inventory, and international shipping. It's easier to expand into new territories and audiences when you don't have to swallow a 70 percent loss on unsold paper⁷.

The margins on digital publishing are also nearly double than on print publications. Print has about a 35 percent margin, where digital editions deliver between a 60 and 70 percent margin.

Environmental Benefits

Each year in the United States alone, there are 12 billion magazine issues printed. Of this number, nearly 70% of issues that hit the newsstands are never sold. This means that the equivalent of 35 million trees is cut down each year to produce magazines that are never even read.⁸

Digital magazines are a viable environmental alternative – they don't use any paper, ink or chemicals, nor do they require transportation. Even a small run magazine with a circulation of 20,000 uses 12 tons of paper with each issue.⁹

According to a 2008 Profile of the Digital Magazine Reader, the number one reason that people read documents online is because they are environmentally friendly. If a publisher's content is targeting a conscious consumer or has an environmental angle, offering a digital alternative can drive additional sales and increase readership.

Different Approaches to ePublishing

Since the birth of ePublishing solutions several years ago, there's been fragmentation in the market. Everything from a link to a website though to a fully formatted and flip-enabled magazine file has been labeled as

an eMagazine. However, in December 2009 the BPA Worldwide passed new rules that apply to users reporting digital editions as part of their subscription numbers.

According to BPA Worldwide, the two new industry standard terms for electronic publications are “digital magazines” for magazines, and “e-editions” for newspapers. Both of these formats can now be further divided into specific technological solutions:¹⁰

Dynamic— A dynamic publication is one where either the publisher or the reader can choose the exact type of content that’s delivered. The type of content can vary by user and may be different each time the publication is produced. The content in a dynamic delivery can change and update after the “issue” is published.

Targeted – A publication that does targeting provides different types of content to different groups of users, depending on either demographic info or the platform they are using. Content in the issue is set and does not change after it has been published.

Enhanced – An enhanced publication is one where the print content is created first and additional content that is generally related to the original is produced after as an “enhancement” for readers. This extra content is made available either in print or digital format.

Replica – A replica edition is created when a print edition already exists and the content from this edition is used to create a digital version that follows the same design as the original version.

Creating a Replica

The most commonly adopted path to starting with ePublishing involves beginning with the creation of a replica. Replica digital editions are included in a magazine’s circulation guarantee or rate base and are typically easy-to-produce, as publishers don’t need to create new content or perform any modifications to what they’ve already printed. Depending on the reaction of readers, some publishers may opt to expand their ePublishing strategy beyond the replica to deliver new and expanded content via their digital channel.

Using an Integrated Strategy

One of the keys to success for a publisher in the adoption of digital editions for their publications lies in creating and enforcing an integrated strategy. This means that the digital edition of the magazine is fully incorporated into the publisher’s processes from the production workflow, through to advertising sales and content promotion to readers.

Integrated Workflow

Integrating a digital edition into the production workflow process may seem like a daunting task, but it isn’t difficult to do. Publishers do not need to completely overhaul their production process to add digital editions to their offering. In fact, creating a digital edition only takes a matter of minutes and can usually be done directly by the client, without having any specific technical knowledge.

Many systems and vendors can utilize the final production PDF that’s used to create print editions and instantly transform it into an interactive version of the magazine that readers can access online and read like they would on paper, flipping the pages virtually.

Integrated Marketing

Another key to success in bringing out a digital magazine lies in integrating it into the marketing strategy of the print title. Some publishers that create digital editions of their magazines build them exclusively for a stand-alone channel that is operated by a vendor or other third-party. By doing this, the magazine is not part of the publisher’s overall marketing strategy and the version is not treated as an extension of the magazine but instead is viewed as a separate entity. This makes it more challenging in terms of involving readers and advertisers in its success.

Choosing a Solution

Publishers looking to deliver their content online have several choices of vendors to work with and several models of service to choose from. Some companies offer conversion services for your publications, charging you by the issue or by the hour to do a manual conversion of your content from a print format, to a more interactive, engaging format. Other companies offer web software or

installed applications that allow you to do the conversion yourself and produce a final product that can be shared with your readers. A final group of providers works in a hybrid model, where you can do certain conversions directly but need to rely on vendor services for more complex feature implementations.

The best model for your publication depends on a number of factors, including:

- The number of publications you wish to convert. If you only have a handful of editions, then a per-issue charge may be enticing. However, if you have a large volume of content to convert, including back issues, then perhaps a flat-fee or monthly fee may be more economical.
- The desired level of involvement. Do you want a company to handle the conversion for you, or would you prefer to be self-sufficient?
- The quantity of interactive content. Do you have existing interactive content that can enhance your publications?

Key Features

Regardless of the model you choose or the technology you adopt, there are some key considerations and features that you will want to watch for.

These include:

Ease-of-use for readers. Readers should be able to access your publications and start reading them without any learning curve. This means a clean user interface with relevant options and features.

Quick and reliable access to your publications. The number one issue that readers report with digital editions is slow load times or unreliable access to publications. When choosing a vendor to work with, the access to their technology, and the reliability of their service should be thoroughly tested.

Clear and accurate rendering of your publications

Some technologies don't deliver accurate and clear renditions of your publications, particularly those that

"convert" your document to a special format. If accuracy is important for your content, this is a key feature to evaluate.

Support for industry-standard technology. Some vendors that convert content will leverage proprietary technology that requires the reader to install plug-ins to access the digital edition. The best approach is to look for solutions that leverage pre-existing standards that readers will already have installed.

Support for basic interaction features. Readers of your digital edition will look for some of the same interactions that they have with your paper magazine. Your publication should be easy-to-read and interact with, including having page flip support, multiple zoom levels to support browsing and in-depth reading, as well as basic in-document search support.

Support for statistics and metrics. One critical element of delivering content online is understanding your readers' preferences and behaviors. Look for reader statistics, key performance metrics and other usage data as part of any offering.

Proven client use. If you are considering a custom built solution, it's important to consider how it's developed to handle peaks in usage. A solution may work well when a few users are accessing it, but when there are peaks in traffic, can the system handle the increases while maintaining performance?

Ongoing customer support and access to help and guidance. Many technology companies are great at building nice software, but that's only half the formula for success. As with any new endeavor or market, the best technology solution is the one that comes with access to strong customer support and direct access to in-house experts for guidance and assistance.

About the Reach ePublishing Family

The Reach ePublishing Family of products is designed to help content publishers easily move their titles online

and share them with their target audiences. The products within the family range from a rich document viewer that enables publishers to immediately upload their PDF documents to the web and share them with any viewer in a matter of seconds, to a more robust eLibrary offering that allows readers to search through a volume of content, extract relevant documents and view them immediately online. They are the perfect solution for creating online versions of print magazines, e-editions of newspapers, and online versions of newsletters, marketing brochures, catalogues, flyers and more.

About INM

The Reach ePublishing Family was created by Integration New Media, Inc. (INM), a company dedicated to creating rich experiences in both online and offline environments. With projects ranging from Rich Internet Applications (RIAs) through to interactive sales and marketing tools and searchable libraries, INM has developed solutions for organizations large and small in a variety of different industries. For more information, visit www.INM.com.

Contact Us

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