



Where are your digital magazines?

Tablet sales are booming, and readers love interactive, value-added content. So why are digital magazines so hard to discover? Don't blame the app stores – they can't be expected to do the job of a portal

The number of tablets in the UK is surging. YouGov's Tablet Track study suggests that over 3 million will be sold in the final quarter of 2013. Their distribution across ages and lifestyles is surprisingly even, and nobody can doubt the spending power of these tablet owners. YouGov says that 24% of homes now have at least one tablet. Clearly, people love the tablet experience: the 'lean back' approach to reading and enjoying interactive, entertaining content.

While websites and broadcasters rush to optimise themselves for our tablet times, one segment of the media has always kept this format at its heart: digital magazines. A new venture, Magvault, is launching this November to connect tablet users to digital editions. Magvault is an independent portal that makes it easier to locate titles in a crowded market and gives readers more control over getting good deals. By providing this service separate from publishers and providers like Apple or Google, Magvault can offer more to the reader while driving up awareness and sales for publishers and platforms.

The facts prove that reading on tablets is popular. Globally, tablets sales are about to outstrip PC sales for the first time. Figures from IDC forecast 84.1 million tablets will sell globally in the last quarter of 2013 against 83.1 million PCs. In just three years, the

tablet has revolutionised the way we view content. Users spend an average of 105 minutes daily on their device according to Ofcom, and 36% use it for reading books and newspapers.

Growth of tablets owned by individuals in UK

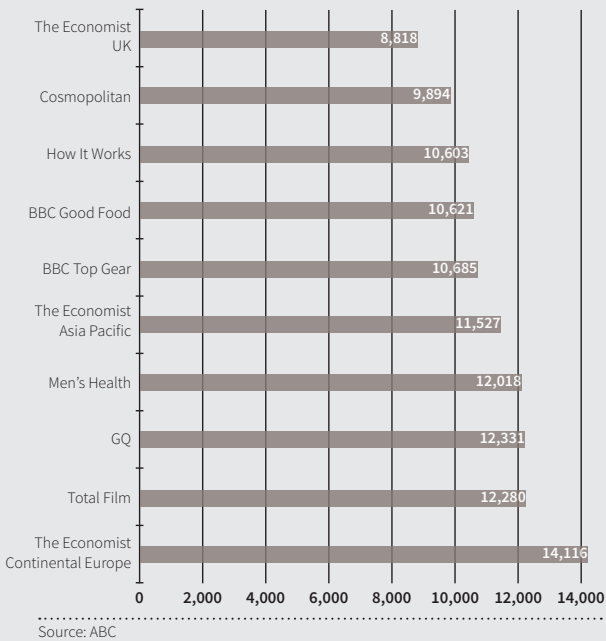
Q1 2013	Q2 2013	Q3 2013
18%	22%	24%

Source: YouGov

So why not magazines? The greatest magazine brands in Britain have hit their stride in digital formats. Men's Health, GQ and Cosmopolitan are among the big-hitting titles creating interactive, paid-for offerings to readers. The quality is there. Apple Newsstand is now home to over 5000 titles and 5 million customers. Choice and a willing market aren't a problem. But despite fast growth and targeted marketing, sales are still in low figures compared to tablet adoption.



10 biggest consumer digital magazine titles in UK



Total sales of digital editions in UK 2012/2013

Total Digital Editions reporting:

Jan-June 2012: **61** Jan-June 2013: **86**

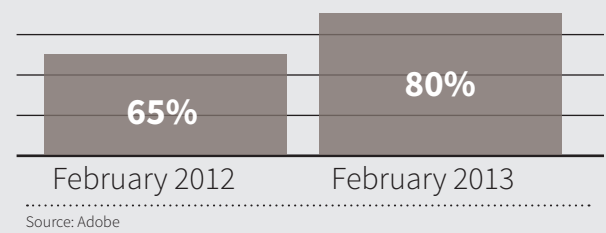
Total digital editions by circulation:

Jan-June 2012: **179,022**

Jan-June 2013: **294,341**

Source: ABC

Consumers willing to pay for content



Discoverability is the key

The problem is discoverability. As Future Publishing's report on Newsstand user habits revealed in 2013, Newsstand's search function is limited. There is no 'Ronseal' website to help discoverability and conversion, as Future found in their report. Cracking this problem could unlock the market for digital editions. Once consumers know what is out there for them, the change could be rapid, as Barry McIlheney, CEO of the PPA, suggests:

"Levels of engagement and dwell time and favourability are all just as high, if not higher [than print], when it comes to reading the digital version."
Barry McIlheney, CEO PPA

"The obvious challenge is getting more and more people to pay for the content. All of the research we have done to date shows that the levels of engagement, dwell time and favourability are all just as high, if not higher [than print], when it comes to reading the digital version."

Total sales of digital editions are rising, reflecting the fact that consumers are willing to pay for good content. "Considering that consumer magazine publishers had found it almost impossible to get anyone to pay for anything online," says McIlheney, "this is a massive step forward in the right direction." The market has developed enough to demonstrate value to both readers and advertisers. The next change is in how tablet owners looking for digital magazines and publishers can connect.

User experience of digital magazines

You don't have to look far to find out why the circulation figures of digital editions lag behind their potential. Outlets like Apple's Newsstand simply aren't able to offer the browsing capability of an Internet-based site like Magvault, and their layout means that titles are being buried and missed by potential readers. Google, number two in the market, have problems of their own: PDF replicas are sold in their magazine app store, while interactive editions are sold through the main app store. If people don't know what they're getting, and where to find it, they get frustrated.

Pricing is also a bugbear for users. If a cloned copy is on sale for the same price as a fully interactive edition, how can that be justified? Even worse, what if you pay for an interactive edition without realising it's simply a cloned copy? The advent of the app model brings its own issues. Pricing the initial app as free suggests just that: free content. That is what app purchasers expect. Once the app is downloaded, the reader hits a paywall and feels somehow cheated by a surprise in-app purchase of, say £2.99 for the actual magazine – expensive in app terms.

Although Google, Amazon and Nook have free trial packages built in with cancellable subscriptions, Apple – with over 75% of the digital magazine market – does not. Alternative routes to purchase may offer better value, such as a bundled print/digital deal direct with the publisher, but the publishers can't promote these deals on the app stores. The app model was not designed to entice magazine buyers with value: this will only be achieved by using smarter third-party solutions.



Attack on the clones

To date, the big success stories in digital editions have been third-party newsstands that can straddle platforms and publishers to provide value for readers. Lekiosk, Zinio and Magzter have driven sales by providing PDF replicas that will read on almost any device, but were initially optimised for PC readers. However, in a world of mobile, touchscreen and always-connected devices, these static copies are looking dull and uninspiring. Video, audio, streaming, hyperlinks and interactive content are the future of magazines – which can all be found for the same price as print or PDF replicas. The purpose of the new breed of third-party portals like Magvault is to point readers straight to them.

The increasing sophistication of digital strategy among publishers means that improvements in search, selection and information for users will reap immediate benefits. Future Publishing has a mature portfolio of digital titles, and has continuously innovated to meet new customer needs in this nascent market. Future now sells around 70 editions on Apple Newsstand and has several hundred one-off editions.

One of its digital stars, Total Film, features imaginative use of interactive content and benefits from cross-promotion in print. Even though it's considered a high flyer, a circulation of fewer than 13,000 suggests that there are many more readers out there waiting to discover it.

Andrew Lowe, Digital Manager at Condé Nast UK, believes that simplification is the answer to many of digital publishing's problems. These problems begin with adapting titles to the many different devices and platforms available, each with their own rules and conflicts.

“The power has shifted from publisher autonomy to a power-sharing relationship with the distributors, and the main players are still settling the big questions of control and profits,” says Lowe. Experimenting with the content and frequency of titles is bringing rewards to publishers, but accessibility is the problem that keeps coming back.

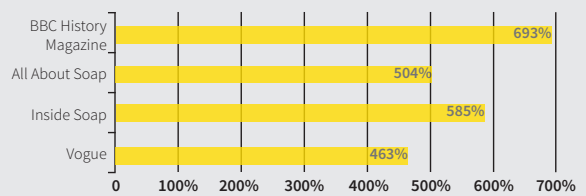
“There’s a lot of noise, and not enough filtering for people to find the products. That will have to change. Magazines need to be treated as proper products in their own right. The complaint about ‘free’ container apps for titles that then demand in-app purchases for single editions is a point in case.”

Display and discoverability in the app stores and newsstands, and pricing as apps, complicate the proposition, Lowe believes. “The industry is still young, and the obstacles will be removed through simplifying the process of discoverability and payment.”

Even if a publisher has a broad and well-honed stable of reader-pleasing, value-adding editions – such as Condé Nast’s enviable portfolio of high-end interactive editions – it could be that communicating their presence is still a problem. As more titles launch, Apple’s Newsstand is getting difficult to navigate, and Google’s offering still lacks cohesion between magazine and app editions.

“The biggest challenge confronting traditional publishers as they compete in the app space is discoverability,” says Rebecca McPheters, a US digital magazine consultant at McPheters & Co and editor of the monthly iMonitor report. “Magvault provides them an important tool for enhancing discoverability, while providing consumers with the information they need to choose the version they will find most satisfactory.”

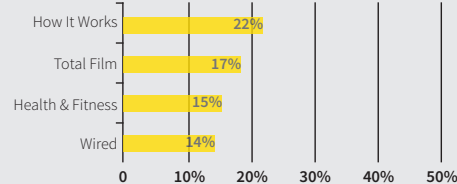
Titles with fastest year-on-year growth



Source: ABC



Titles with largest proportion of digital sales as part of total



Source: ABC

Magazine reading trends

38%

of British people say they read fewer magazines today than at the start of the recession

70%

of people say that cost is the reason they read fewer magazines

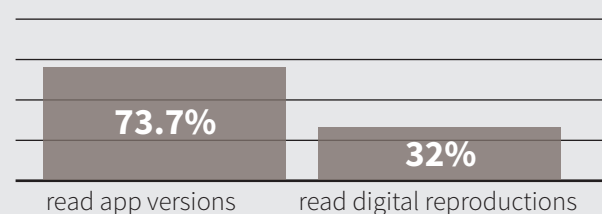
Source: YouGov/Lekiosk, 2012

The need for third-party portals

Apple's Newsstand is crowding, and readers are struggling to sift through its search. The alternative, going directly to the publisher, is also unsatisfying. By default, you will only see a thin slice of the market, and comparisons between rival titles are hard. A third option – an independent third-party portal like Magvault – is the logical next step.

Providing breadth of choice across platforms and publishers, publishing accurate guidance to value and interactivity, and directing consumers towards better pricing, this option offers precisely what the market requires. That includes pleasing publishers, who are given a free ride to sell outside their 'print footprint' – a marketing push beyond their natural territory and readerships. Digital editions sell everywhere, and can be searched and purchased globally: appstores are organised nationally and regionally. And because portals like Magvault are simply pointing towards deals on publisher sites and app stores, there's a direct benefit for both.

% of readers using app versions over cloned editions



Source: Adobe

Magvault is the only player in third-party portals, and provides a search function that gives readers the chance to view every category, platform and publisher. By providing

“Great offers and content are getting lost in the confusion of app stores that have emerged alongside tablets and smartphones.”

Neil Morgan, Magvault

updated commentary and best price deal information on each edition, they can direct readers to the best value. This should help foster the trust and relationship-building that publishers have been seeking but that existing newsstands have failed to provide.

“There are hundreds of titles in the UK that work hard to create incredible digital editions, but people are finding it harder to find them, even when they know the magazine that they are looking for,” says Neil Morgan, founder of Magvault. Morgan is a veteran of online marketing, having joined Reuters at the advent of the Internet era, and has been working with digital magazines since the iPad launched in 2010. “Great offers and content are getting lost in the confusion of app stores that have emerged alongside tablets and smartphones, and it's only dedicated portals like our than can really help drive discovery.”

The gathering economic upswing and drive towards mobile technology will bring an organic improvement in digital magazine sales. Clearer pricing and content information is the key to making digital circulations climb faster. Discoverability requires dedicated portals that specialise in digital editions and establish trust with readers. Digital magazines are capable of flying above reader's expectations, but, according to Adweek, only represent 3% of circulation. By focusing on the best, and targeting the readers who benefit most, discoverability can leverage their strengths.

Magvault founders

Neil Morgan

Neil began his online marketing career with Reuters in 1984 and spent 10 years in London, Buenos Aires and New York marketing real-time, digital information services to traders of financial products. In 1994 he started Cityscreen, an ad-funded online magazine on Reuters terminals, jointly owned with Reuters. A web version of Cityscreen was created in 1995 and in 1996 he launched the first online advertising sales house selling web space for Time Out, The Economist and the UK Government. In the same year, he initiated a set of meetings to standardise Internet advertising, which later became the IAB (UK).

In 1998, Neil founded Online Editorial Bureau (OEB), which originated and syndicated online content to mobile portals. In 2002, OEB became part of Sky. In 2005, he helped set up Mediacells, a mobile Internet research company and in 2010 became the UK and European representative for iMonitor, a US-based research service evaluating digital magazines published on iPads. In 2012, he started work on Magvault and in 2013 he launched magvault.com.

Neil spoke on the subject of 'What makes a great magazine app' at the 2011 FIPP conference in Delhi. He addressed a group of Condé Nast publishers in Shanghai on 'Differences between Asian and US/European magazine apps'. In 2012, he reviewed a selection of successful women's magazine apps for 23 editors of Marie Claire's International division in Paris. At the 2013 PPA Conference, he spoke on the subject 'Do digital magazines need to be seen on multiple devices?'

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David Hicks

David is an award-winning digital publishing creative director with over twenty years' experience in design and publishing, across advertising, corporate design, and consumer and customer magazines like Sky Movies, T3, and The Official Manchester United magazine.

While at Future Publishing in London, David was challenged to launch and oversee T3 iPad edition. It was the UK's first iPad magazine, and at that time, only the world's fourth. The app went straight to number one on the App Store overall ahead of Angry Birds, The Sunday Times and GarageBand. In 2011, T3 iPad edition was the 9th highest-grossing iPad app overall, and it regularly appears in the top 10 charts on Apple Newsstand. That year, David won the Digital Designer of the Year Award at the Digital Magazine Awards.

David's other design work extends to the early stages of the original Eurostar logo, nationwide Guinness advertising campaigns, kit design for Roma football club and book designs for David Beckham, Robbie Williams and Jonny Wilkinson.

Having left Future after 13 years, David is now running his own business, consulting across publishers in London, overseeing the training, design, research, creation, development and launch of their interactive digital magazines. He was recently part of The App Lab team that launched Esquire Weekly, and is currently working on several digital magazine projects set to launch in late 2013/early 2014.

David is a member of Adobe's Digital Publishing Suite Customer Advisory Group, and speaks at digital publishing events and conferences.