The Magazine Industry is Becoming Mobile

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Abstract

Are magazine publications seeing an increase in profits since the rise of the mobile magazine application? My investigation focused on magazine publications that feel that producing their product for use on a tablet is worth the increase in resources. These applications allow the consumer to read their purchase on an array of electronic tablets, which are arguably beneficial for magazine publications in the future.

This study helped me discover that “developing a digital replica of a magazine is extremely cost effective because postage and material costs are no longer required.” (H. Glassie, Senior Project – Alex Maxwell, January 14, 2013) While this establishes the potential for a magazine corporation to increase their income, solely converting a magazine to a digital format does not guarantee success. My study will benefit publishing companies because they will gain knowledge on the advantages and disadvantages of converting to a mobile application, and how they can make the transition without affecting the quality of their product.
Chapter 1

Purpose of the Study

The purpose of this study was to determine if tablets are the future of the magazine industry. My goal was to understand if magazine companies are seeing an increase in profits since the rise of the mobile magazine application. The plan was to interview corporate executives producing their magazine for use on a tablet on the overall value of these digital editions. This research will better allow other organizations to gain a sense of how to convert to a mobile application, and when it is a wise and profitable decision. The study will examine converting a magazine to a mobile application; it does not intend to examine tablet applications created for general entertainment. My goal is to gain insight into the decision-making that a magazine business must go through in regards to the current trends and popularity of consumer tablets.

Completely converting a magazine from a print to a mobile application would initially raise expenses but may also spark increased profits. However, the publication risks losing both money and reputation if the mobile application is not up to expected standards. Another aspect that must be considered is how the loyal customer base will react if a printed edition is no longer offered. This is a significant because if consumers pay a steeper price for a mobile application to read on a tablet, they are most likely going to expect a superior product. My study will
benefit publishing companies because they will gain knowledge on the advantages and disadvantages of converting to a mobile application, and how they can make the transition without affecting the quality of their product. This is a significant issue to the publishing industry because “large businesses need to make important financial decisions regarding how they market themselves to the consumer, whom they hire, and how they produce and sell their product.” (Kontzer, 2010) If businesses decide to produce a mobile application rather than a printed product for their consumers, they must make drastic changes to their magazines. These tweaks would include a “different style of navigation, layout, and functionality.” (Wilkes, 2011)

My interest in this issue stems from my personal experiences of using an iPad and trying to read magazines such as Snowboarder and National Geographic. Initially, I was ecstatic with the image quality and the ability to read the magazine at anytime. Then, after using it for a period of time, it became increasingly difficult to navigate compared to reading a printed magazine. Flipping through pages and then coming back to certain ones later was no longer as simple as putting my finger behind a page. While there were many positive attributes to the mobile application, I missed holding an actual printed piece in my hands. In addition, I was disappointed not being able to share the magazine with others. Also, having the ability to tear out a poster was missing. For these reasons, my goal is to gain insight into how executives of magazine publications determine how to convert to a
mobile application, when it is a wise decision, and if it is profitable in the long run.
Chapter 2

Literature Review

**Introduction to Traditional Magazines**

“In 1657, Benjamin Franklin and Andrew Bradford published the first printed magazines in American history.” (McRae 2011)

As time and society has progressed, publications have begun to target specific audiences, which has allowed advertisers to directly market themselves to a consumer base that’s more likely to be interested in their product. While magazines have always been a major source of advertising and consumer reading in the modern era, recent advances in technology have decreased the use of print all throughout the industry. Large magazine businesses have to take these trends into account when they are deciding how to create their product, whom to hire, and how they market themselves.

**Tablet Magazines**

At the turn of the 21st century, the personal tablet was becoming a prominent technology in the industry. “Microsoft had started to promote their ‘Tablet PC’, which was mostly targeted mobile business needs. In 2001, Bill Gates, the founder of Microsoft, showcased his pen-enabled ‘Tablet PC’ to an audience for the first time. Many saw that the tablet had a bright future in the health care field, given that the tablet was lightweight, wireless, and could hold a large amount of data.” (Walker, G).
However, it wasn’t until 2010 when Apple released the iPad, that the public first got a glimpse of how the personal tablet was going to change the industry.

The Apple iPad brought about a new age in technology; the laptop computer was no longer the prime mobile device for businesses or consumers. “The touch-screen, sleek lightweight design and powerful, yet easy to use operating system were the main features that initially separated the iPad from its competition.” (Media Industry Newsletter, 2010) This revolutionary product allowed users to easily browse the Internet, read everything from complete novels to daily periodicals, and listen to thousands of their songs all through one innovative device. Rachelle Matherne (2010) notes that the reader is now able to interact with the magazine like never before. She also notes that the essential question that has to be answered though, is making the switch from print to digital going to be profitable enough for magazine businesses to justify the increased expense of having to get new equipment, lay-off a certain employee base, and determine a new marketing strategy? (Matherne, 2010)

Similar to a printed magazine subscription, a user of a mobile application must pay a certain fee to become a subscriber for a set period of time. As each edition of the magazine is released, the consumer is notified and they are able to download it onto their tablet. These applications provide the user with an interactive experience, which can be far more enjoyable, but can
also be more expensive for the business to create and difficult for the user to get accustomed to. (Matherne, 2010) Mobile applications allow the user to enjoy a magazine in ways not possible on a printed edition. The question is are these features, which are far more expensive to produce, worth it to the customer?

**Challenges**

For many, this may be true, but “there is going to be a loyal customer base that has been subscribed to the printed edition for decades that is going to miss their traditional printed edition.” (campaignlive.co.uk) Are these people who have become accustomed to their printed magazine, going to be able to make the switch to a digital edition? Research by Lee Koo (2012) suggests, “Many senior citizens and elderly people will have a tough time learning how to use these cutting edge devices. Magazine businesses risk losing their loyal customer base if they make the switch to digital and their mobile application doesn’t run well or has any type of glitch.” This technology has a huge risk/reward potential; it is presenting corporate executives all across the industry with many opportunities but also with an increased number of threats. These decisions are going to significantly influence if companies are able to stay in business in the future.

Are the strategic changes that many businesses have to make, adding value to their companies? While it is important for a
business to constantly evolve and look towards the future, a corporate executive must make sure they aren’t spending their assets without having complete confidence in the investment. “Reader's Digest decided to use Vjoon K4 and Adobe Digital Publishing Suite (DPS) to build its own tablet content for an iPad edition. Managing Editor Ann Powell says that while a lot of vendors offer iPad solutions, she was impressed by another magazine's app that integrated vjoon with Adobe. I immediately thought it demonstrated a natural progression for magazines, Powell says. Cost and creative control were also factors. By using vjoon K4 and Adobe DPS, we could leverage our print workflow and design, which allows a sustainable production of future issues. Powell lists several vjoon features that are particularly helpful: the ability to see custom metadata in K4's query panels; the K4 Sticky Notes functionality, which lets users insert real-time comments in layouts; and other tools, such as tracked changes, which were difficult to manage in the old Reader's Digest system. One of her favorite features is the browser based K4 Overview Advanced, which allows anyone involved to view the entire issue at a glance.” KM World, 2011)

Examples

Digital Publishing is becoming a prominent asset for many publishing companies because it allows their artists/designers to produce artwork instantaneously and efficiently. They are able to revise their work, save old renditions, and have access to it
almost anywhere. Rachelle Matherne’s (2010) opinion is that “as the tablet industry progresses, companies and publishers will be able to join together and profit from these revolutionary inventions. It is vital that digital publishers be able to create artwork on the go, whenever and wherever they wish. The tablet will give this opportunity because it presents a powerful, lightweight, wireless device; which will become even more advanced as time progresses.”

As the industry continues to grow, Maribel Lopez (2011) notes “mobility is expected to become even more important. Tablets will change the way consumers educate and entertain themselves. Employers and corporate executives of major magazine publications have to make vital decisions in regards to how they market and create their product. If businesses decide to produce an electronic mobile application rather then a printed product for their consumers to read, they must make accountable changes to their magazines. These tweaks would include a different style of navigation, layout, and functionality.” Accomplishing this would initially raise expenses but it would also spark the potential to greatly increase profits.

Stephen Li, CEO of MEC, thinks “the iPad will become the device which allows advertisers to develop messages and stunning content, thus allowing the user to take control and turn a message into an 'organic conversation' which is immediate, mobile, highly personal and exceptionally engaging. This type of relevant, fluid, adaptable content could create a value
proposition which consumers and advertisers alike may find very engaging. Likewise it could, with the right input, provide better analytics, targeting opportunities and ROI. All this is of course as much down to the creativity and responsiveness of agencies and advertisers as to the publishers. So the future of publications could look quite bright.” (Will the iPad Save the Publishing Industry?, 2010) Mobile applications provide many opportunities, but how do corporations earn profits converting from print to digital? I discovered that Maribel Lopez (2011) is confident “the ability for the consumer to download and view a variety of different magazines at anytime is very engaging and profitable for both advertisers and publishers.”

“Newsweek has decided to make the dramatic change to becoming exclusively digital beginning in 2013.” (news.yahoo.com) Jennifer Saba and Peter Lauria think “while this gives the opportunity to increase profits by pleasing a customer base and expanding advertisement placements, it also presents a huge risk because loyal, traditional readers could become angered and lose interest in the product.” This is a huge risk for Newsweek and could either make or break their company. It is important that they are looking towards the future and not afraid to fail. Tony Kontzer (2010) notes, “The new digital publication, which will be known as Newsweek Global, will consist of a single, worldwide edition targeted for a highly mobile, opinion-leading audience who want to learn about world events in a sophisticated context. Newsweek Global would be paid for by
subscription and will be available online and on e-readers and tablets such as iPad and Kindle. Digital consumption of news by Americans in the last five years has grown to 39 %, according to a Pew Research Center study released last month. It was a tipping point at which we can most efficiently and effectively reach our readers in all-digital format” (Kontzer, 2010).

While there are many opportunities that have presented themselves to the magazine publishing industry in recent years; one can also say there has been a far greater increase in the number of threats. “It is no longer profitable for a magazine to solely be produced in print.” (thecommentator.com) This would ignore an expanding and ever changing segment of the industry: digital mobile applications. “While publishing businesses should start researching in digital as soon and possible, it may be a long road ahead before they see a substantial rise in profits.” (campaignlive.co.uk) I believe that you cannot enjoy success until you have tasted failure. In the modern time of recent technological advances, it is essential to a businesses success to not be afraid to fail. Being the first to accomplish something that the consumer enjoys guarantees your company success well into the future.
Chapter 3

Methodology

The purpose of this study was to determine if magazine publications are seeing an increase in profits since the rise of the mobile magazine application. My investigation focused on corporate executives of magazine publications who feel that producing their product for use on a tablet is worth the increase in resources. These applications allow the consumer to read their purchase on an array of electronic tablets, which are arguably beneficial for magazine publications in the future.

Specific questions addressed:

- Will a publication experience an increase in profits after converting from print to digital?
- How does a publication make the decision to convert from a print to a digital edition?
- What are the challenges converting to a digital edition?

The population studied includes a Circulation Management Coordinator and an Integrated Account Executive that both have knowledge about converting a magazine from print to digital. I also conducted a survey that was taken by 240 people over the Internet. This survey was posted on www.reddit.com, which is a
social news website where users can post links to content on the web.

The Circulation Management Coordinator, Hunter A. Glassie, and the Integrated Account Executive, David Hamilton, both work at Source Interlink Media; which is “an organization that integrates media, publishing, merchandising and whose principal businesses is producing content for enthusiast audiences.” (“Multi-Platform Portfolio,” n.d.) Members from this organization were asked a list of questions. Also, there was an opportunity for respondents to provide their own perspectives. Companies were contacted through the use of email. My data was mostly qualitative. It compared the positives and negatives of converting from print to digital, and it compared the feedback by creating a data sheet.
Chapter 4

Results

I interviewed Hunter A. Glassie, a Circulation Management Coordinator, and David Hamilton, an Integrated Account Executive, who both work at Source Interlink Media. I asked them the questions listed in Table 1. I also created a survey that was taken by 240 users of reddit.com, a user-driven social news website. My results prove that while converting a product from print to digital has the potential to increase profit, there are many challenges that a company must initially address. Some of these include: determining how you will market your product and how you will retain your print subscribers. My results show that converting a magazine to a digital edition sparks the potential for increased profit, but also raises the risk of upsetting the customer base.

Hunter A. Glassie, a Circulation Management Coordinator at Source Interlink Media, noted that, “Developing a digital replica of a magazine is extremely cost effective because postage and material costs are no longer required.” (H. Glassie, Senior Project - Alex Maxwell, January 14, 2013) While this establishes the potential for a magazine corporation to increase their income, solely converting a magazine to a digital format does not guarantee success.

Hunter A. Glassie (2013) also stated that:
A transfer from print to digital will only increase profits if you manage to retain all of your subscribers. While it is true that digital is growing, it has not yet amassed the sheer volume of print subscribers for any magazine still in print production. I believe the average digital percent of total circulation for most publications in our industry is roughly seven percent. What will increase is the net margin and profitability of a firm that moves from print to digital. As the costs are severely decreased, you have the potential to earn the same amount per subscriber, thus increasing your net margin. (H. Glassie, Senior Project – Alex Maxwell, January 14, 2013)

While converting a magazine to solely a digital format has its risks, I found it interesting that David Hamilton (2013), an Integrated Account Executive at Source Interlink Media, noted, “All of Source Interlink Media’s printed publications now have a digital subscription available. It’s the sign of the times.” (D. Hamilton, Questions about Magazines Becoming Digital, January, 9, 2013) I believe this is because magazine businesses don’t want to appear out-of-date to both potential customers and loyal subscribers. Now that tablets, smart phones, and mobile applications have become so popular to modern society, magazine businesses don’t want to risk falling behind the competition. When converting a magazine from print to digital, maintaining and
expanding your customer base requires researching the aspects that subscriber’s desire.

As you can see in Figure 1, 181 out of the 240 (75.42%) respondents prefer reading printed text compared to digital. This is interesting because in Figure 2 you can see that 129 out of 236 (54.66%) respondents prefer viewing images digitally over print. Figure 5 shows that 212 out of the 230 (92.17%) respondents feel that having interesting content is the most important factor when purchasing a magazine. Figure 4 shows that 106 out of 236 (44.91%) respondents were subscribed to a magazine. Only 7 out of those 106 (6.61%) magazine subscribers solely pay for a digital edition. Alternatively, 70 out of those 106 (66.03%) magazine subscribers exclusively pay for a printed edition, and 29 out of those 106 (27.36%) subscribers pay for both, digital and printed editions. My survey results show that the majority of consumers still prefer and subscribe to a printed edition compared to a digital edition of a magazine.

This means that it is essential for a magazine business to decide who their customer base is and what they enjoy about your product. They must ask the question: do the majority of readers purchase your magazine because of interesting content, high-quality images or beautiful typography? Is there some other unique aspect of your magazine that distinguishes you among the competition? A magazine business must make sure that their digital application features aspects that the customer-base prefers and desires. This means that integrating images,
graphics, and articles that relate and appeal to your customer base is one of the most essential aspects that a mobile magazine application must focus on.
**Interviews:**

<table>
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<th>Name, Job</th>
<th>Will a publication experience an increase in profits after converting from print to digital?</th>
<th>How does a publication make the decision to convert from a print to a digital edition?</th>
<th>What are the challenges converting to a digital edition?</th>
</tr>
</thead>
</table>
| Hunter A. Glassie  
Circulation Management Coordinator  
Source Interlink Media | • “Only if you manage to retain all your subscriber’s.”  
• Net margin and profitability will increase. | • “When the expenses are no longer justified by either the ad revenues and/or the subscription revenues.” | • “How will you market your digital only product to your selected audiences?”  
• “What kind of digital media is preferred?”  
• “If you are going to kill your print publication entirely, how do you keep your subscribers?” |
| David Hamilton  
Integrated Account Executive  
Source Interlink Media | • “Yes, there are little or no costs, since the print edition is already saved as a PDF file that we submit to our printer. No overhead” | • “All of Source Interlink Media’s printed publications now have a digital subscription available. It’s the sign of the times.” | • “None whatsoever.” |
Costs. Each subscription is gravy.”

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</table>

**Table 1**
Survey:

**Figure 1**

Do you prefer reading printed or digital text?

<table>
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<th>Answer Choices</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Printed</td>
<td>73.42%</td>
</tr>
<tr>
<td>Digital</td>
<td>24.58%</td>
</tr>
<tr>
<td>Total</td>
<td>240</td>
</tr>
</tbody>
</table>

**Figure 2**

Do you prefer viewing images digitally or in print?

<table>
<thead>
<tr>
<th>Answer Choices</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print</td>
<td>45.34%</td>
</tr>
<tr>
<td>Digital</td>
<td>54.66%</td>
</tr>
<tr>
<td>Total</td>
<td>238</td>
</tr>
</tbody>
</table>
Figure 5
Chapter 5

Conclusions

My goal was to understand if magazine businesses are seeing an increase in profits since the rise of the mobile magazine application. This research should better allow organizations to gain a sense of how to convert to a mobile application, and when it is a wise and profitable decision.

If a magazine business expects their net income to increase after converting from a print to a digital edition, corporate executives must first determine what their target audience desires. Not as many people have access to tablets compared to those that can attain a printed magazine. Initially, executives of magazine corporations should research if the majority of their customers have the ability to attain a tablet and would they prefer to read the magazine in a digital or printed form? If a magazine business decides to stop the production of their printed product, without initially gathering feedback from their customer base, they risk causing irreparable harm to their brand image.

According to my conversations with Hunter A. Glassie and David Hamilton, employees of magazine businesses feel that producing a digital product is essential to a company’s success in the future. While producing a digital product expands your potential target audience, it is important to realize that, according to my survey results (See Figure 4), the majority of consumers still prefer print compared to digital. I believe that
the magazine industry is currently in a state of transition and that it remains to be seen if this trend towards digital products will continue. If a magazine business begins to offer a digital edition, they must ask themselves how they will increase their income, if they will be able to maintain their advertising costs, and will they sustain their print subscribers?

I predict that many magazine businesses will begin to offer a digital edition alongside a printed product. This will allow them to cater to both audiences; those that own a tablet and those that don’t. I believe that initially offering a digital product to print subscribers, free of charge, will allow for magazine businesses to gather feedback on their mobile application without upsetting the printed edition’s customer base. Businesses should track how subscribers are using the digital product and what they enjoy most about it. Important questions they should address are: do subscribers enjoy viewing images more than reading text and do they enjoy the increased amount of interactivity that a mobile application offers compared to a printed edition? While the market for digital magazines is going to continue to expand, I predict that printed magazines will still account for the majority of subscribers for at least the next ten years.

The main reason for this is because fewer consumers have the ability to enjoy a digital edition compared to those that can purchase and read a printed magazine. Places such as doctor offices, dentists, hospitals, barbershops, and salons will all
continue to subscribe to printed magazines. If these types of places offered tablets instead of a variety of printed magazines, it would create a huge financial burden. Having printed magazines for customers to enjoy is very important for these types of businesses. If a magazine business offered only a digital edition, they would be excluding themselves from these types of subscribers.

A magazine business cannot expect to instantly increase profits by offering a digital edition. In fact, without proper investigation into how to retain your customer base, magazine businesses risk causing irreparable harm to their brand image. According to Hunter A. Glassie (2013), a Circulation Management Coordinator at Source Interlink Media, while “the net margin of a publication will increase after converting from print to digital” (H. Glassie, Senior Project – Alex Maxwell, January 14, 2013), this doesn’t guarantee that profit will also increase. Converting a magazine to a digital edition sparks the potential for increased profit, but also raises the risk of upsetting the customer base. This is an important decision that many magazine businesses are experiencing as tablets become increasingly popular.
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