

iMonitor™

Trends & Best Practices
March, 2011



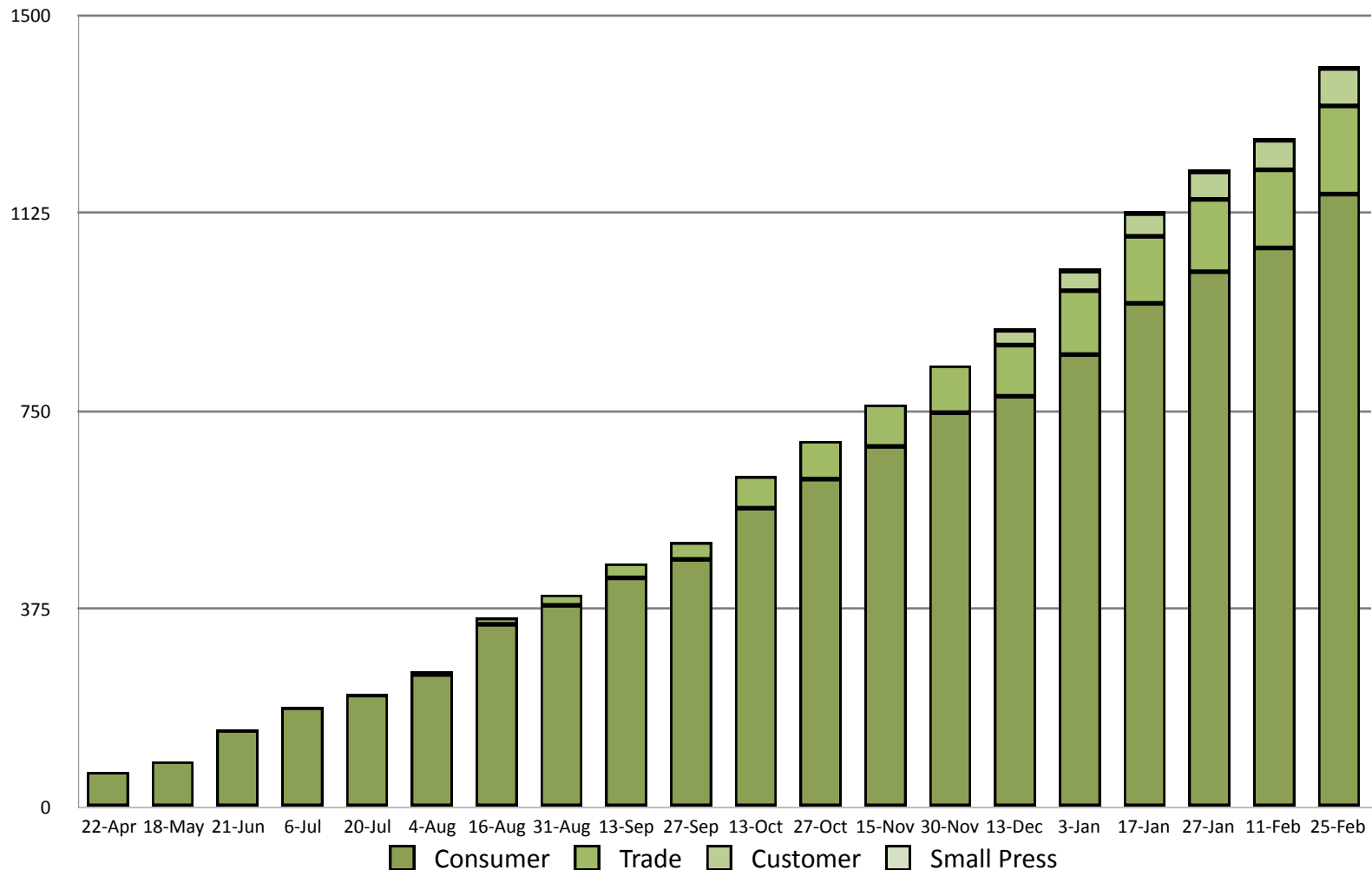
BACKGROUND

- **iMonitor™ was launched in June 2010 to allow publishers and agencies to share the cost of thoroughly monitoring developments in tablet apps.**
- **iMonitor uses more than 100 variables to track iPad apps for:**
 - All magazines released globally
 - National newspapers in English-speaking and Western European countries
 - Other news apps which compete with newspapers and magazines
 - Companion apps
- **We also track which other platforms these publishers are using and pricing across all platforms**

- **Each app is subjected to rigorous evaluation and rated on a 5-point scale for:**
 - Design
 - Functionality
 - Media
 - Advertising, if applicable
- **We roll the first 3 into the iMonitor™ App Rating**
- **As of today, we have evaluated more than 1500 apps – most more than once.**

BY THE END OF FEBRUARY, THE NUMBER OF APPS TRACKED BY IMONITOR SURPASSED 1400.

iMonitor Reported Apps



IT IS STILL VERY EARLY...

© Cartoonbank.com

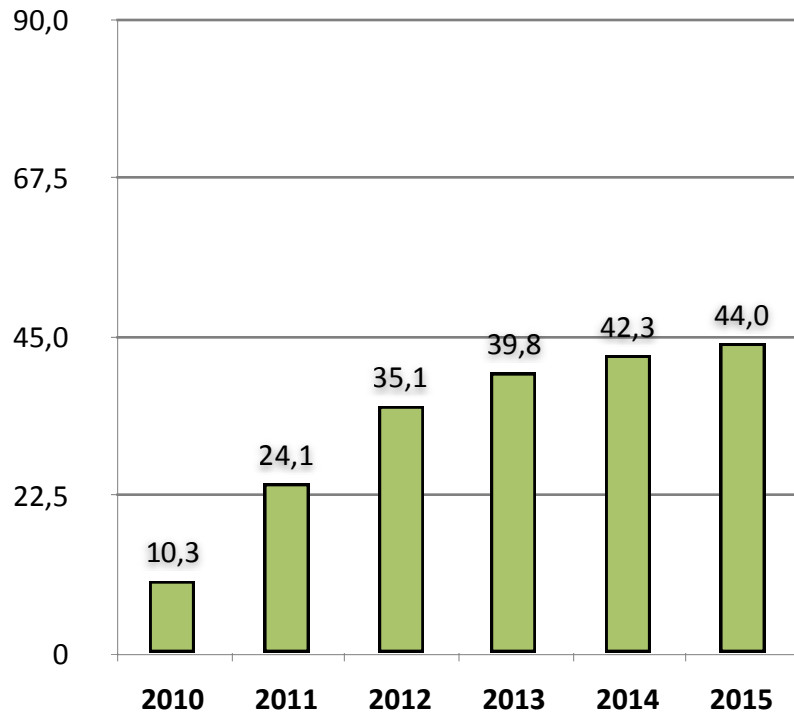


- **Tablet adoption**
- **App development**
- **Publishers entry into marketplace**
- **Subscription availability**

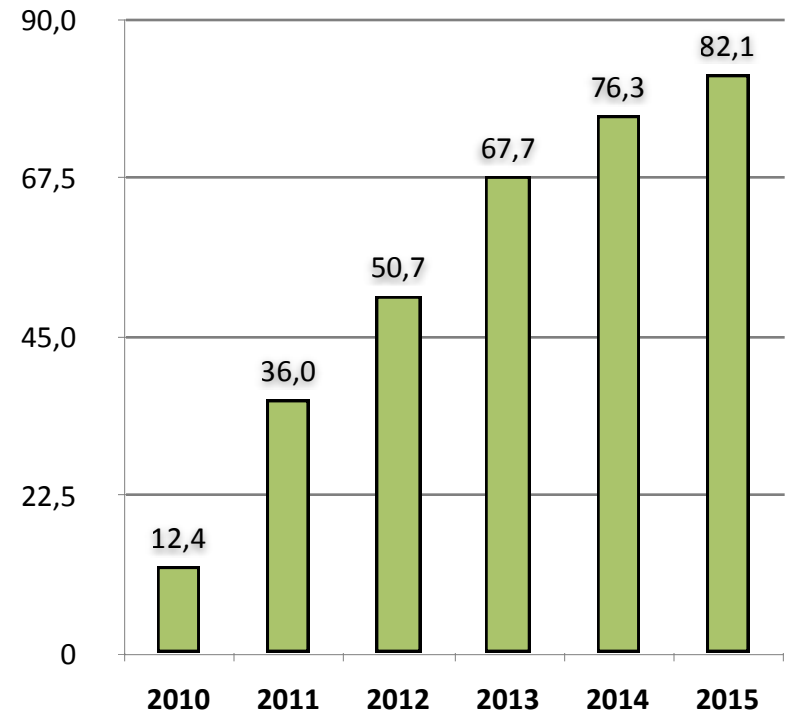
THE U.S. MARKET

By 2015, the number of tablet users in the U.S. will be almost 7 times current levels.

Tablet Sales



Tablet Users



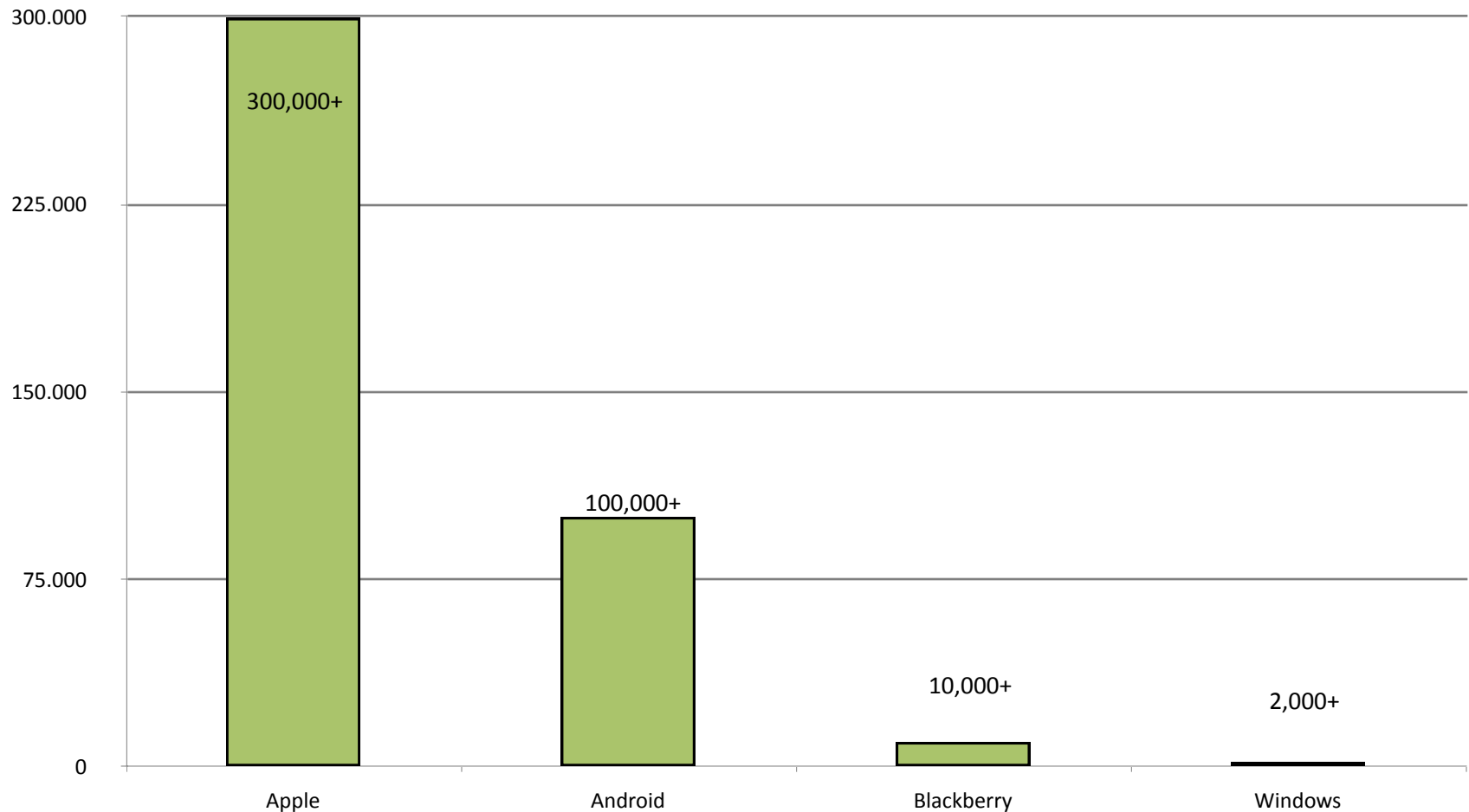
Source: Forrester; McPheters & Company estimate of users in 2010 & 2011.

THE IMPORTANCE OF BEING APPLE

- **Apple is expected to retain a 60-70% share of tablet sales through 2012**
- **To date, competitors to the iPad have failed to get traction**
- **According to Laptop Magazine, a recent survey of tech-savvy consumers indicated:**
 - **20%** already have an iPad
 - **20%** more expect to purchase an iPad
 - **7%** expect to purchase another tablet
 - **53%** don't (yet) want a tablet

APPLE DOMINATES THE APP MARKETPLACE, PROVIDING YET ANOTHER REASON FOR CONSUMERS TO PREFER THE IPAD.

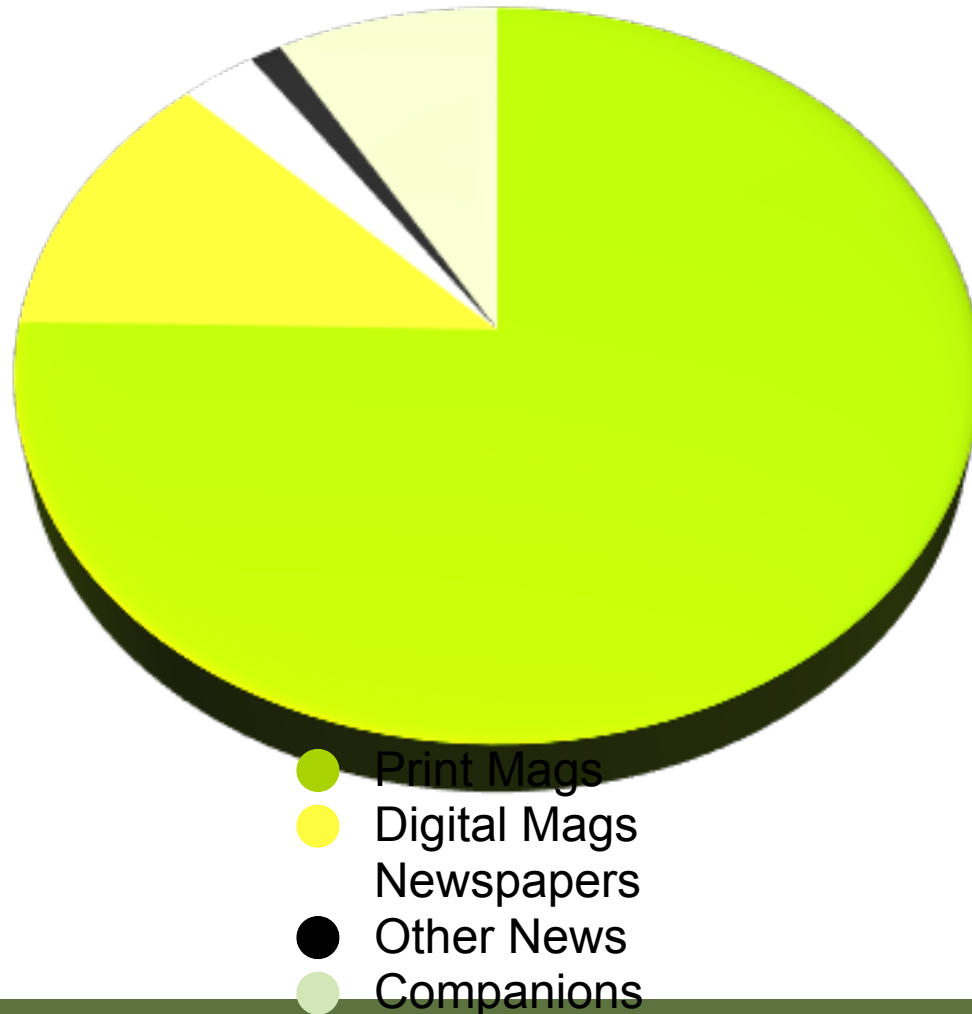
of Apps Available



Source: Laptop Magazine; 148Apps, Google, RIM, Precentral

- **Not surprisingly, the evolution in the experience these apps provide consumers since the iPad's introduction has been enormous.**
- **Nonetheless, we still find that 44% have significant glitches that negatively affect the user experience.**
 - Download issues
 - Crashes
 - Failed links
 - Faulty video
 - Difficult page turns

DISTRIBUTION OF PUBLICATION-RELATED APPS BY MEDIUM, WORLDWIDE

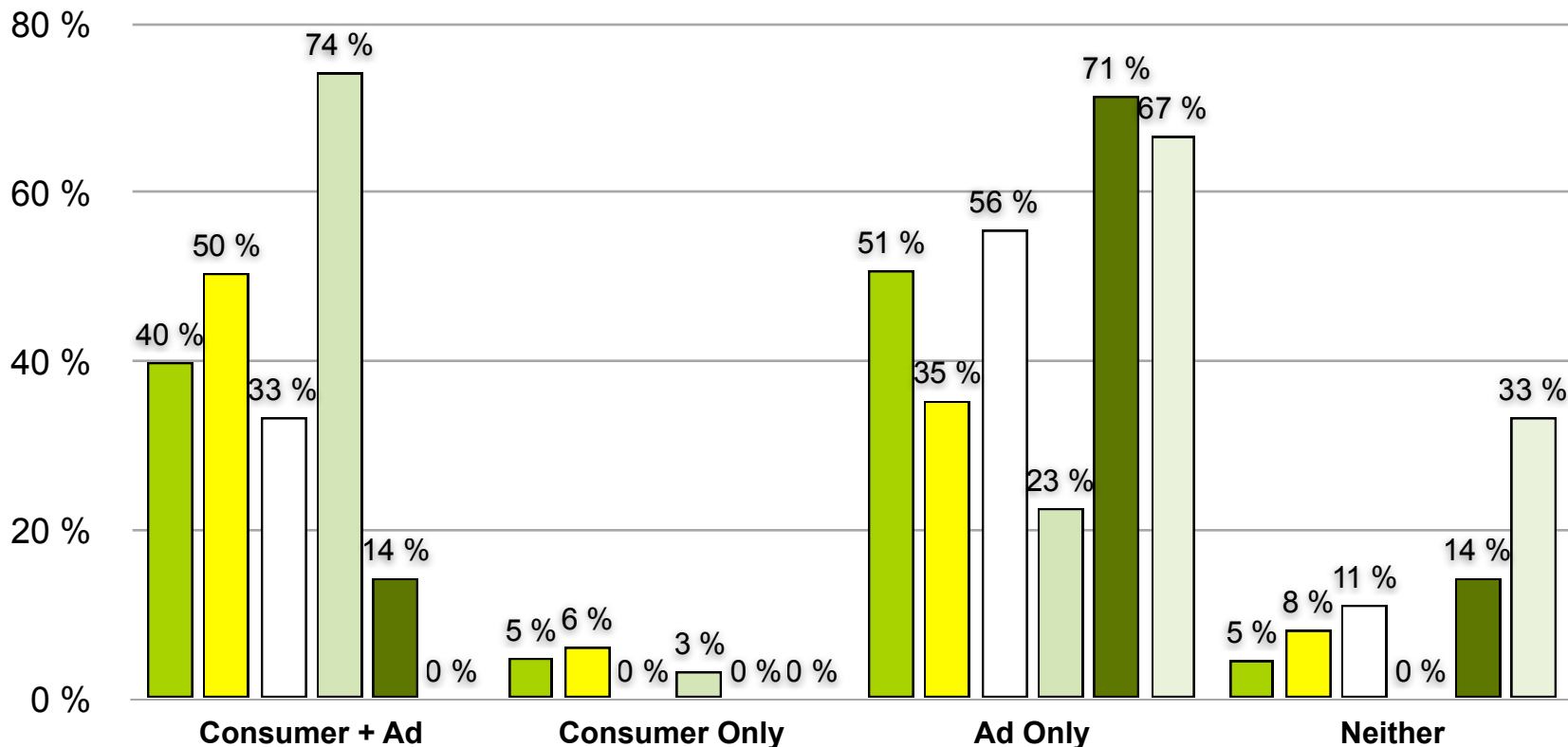


MANY MAJOR PUBLISHERS ARE STILL ON THE SIDELINES

- **Some have produced no apps**
- **Most have produced apps for only a few of their publications**
- **In the U.S. less than a quarter have begun distributing their publications through branded apps.**

Publications outside of the U.S. are more likely to get revenue from both consumers and advertisers than their U.S. counterparts.

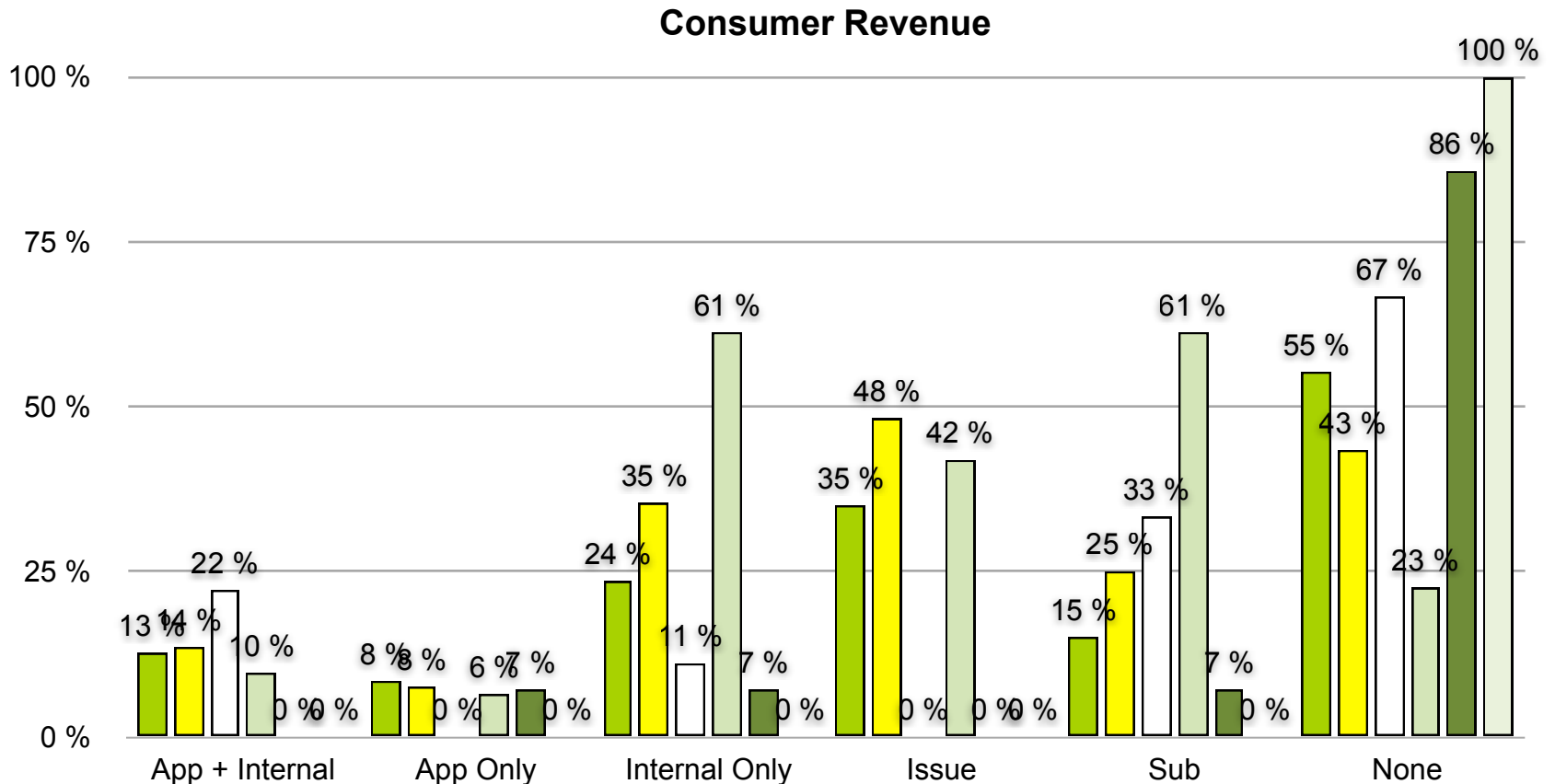
Revenue Model



- U.S. Magazines
- International Magazines
- U.S. Newspapers
- International Newspapers
- Other U.S. News Apps

Source: iMonitor 2/25

Most apps derive their consumer revenue from sales of individual issues. Newspapers are more likely to derive consumer revenues from apps and subscriptions.

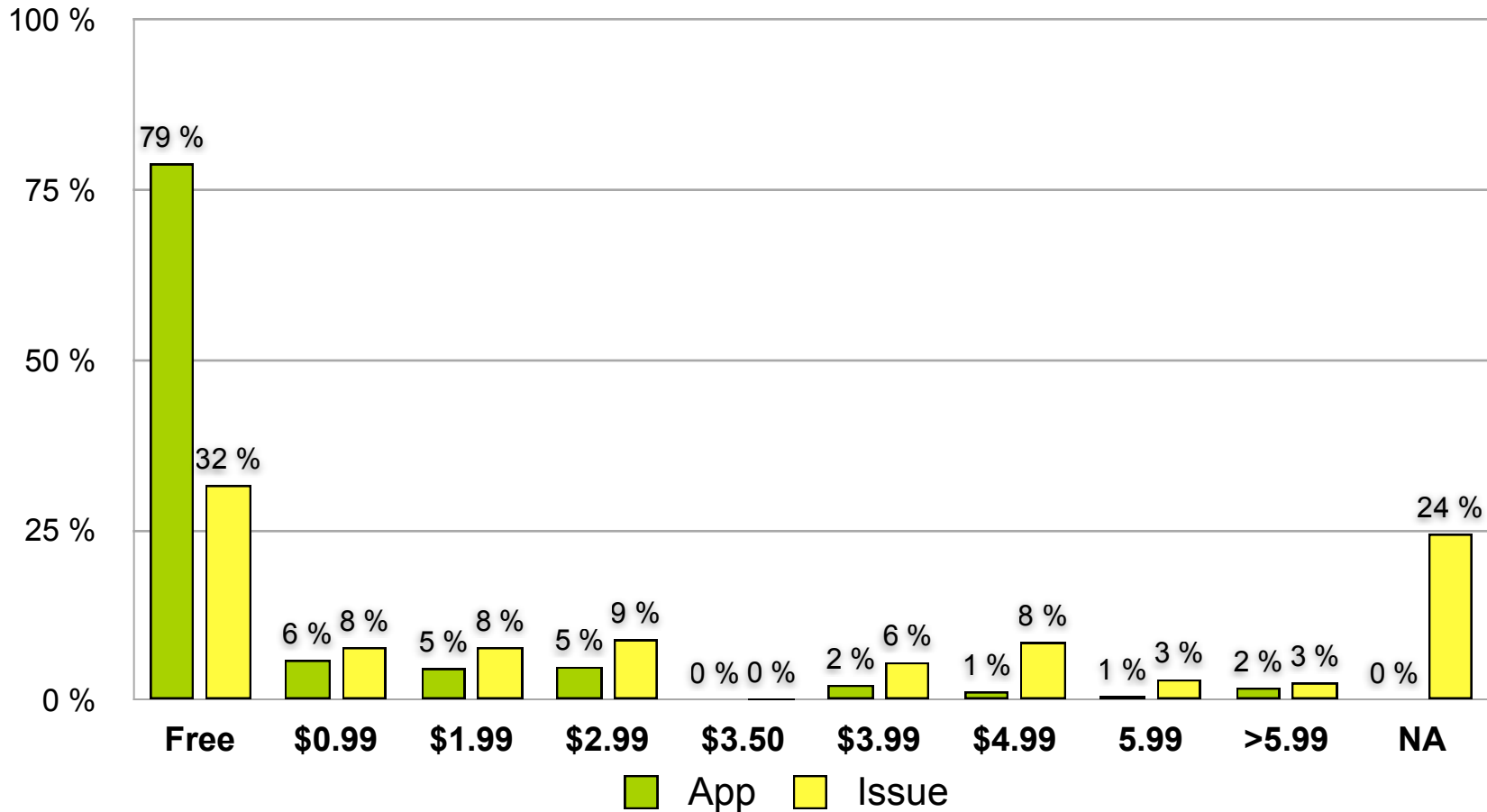


- U.S. Magazines
- International Magazines
- U.S. Newspapers
- International Newspapers
- Other U.S. News Apps
- Other International News Apps

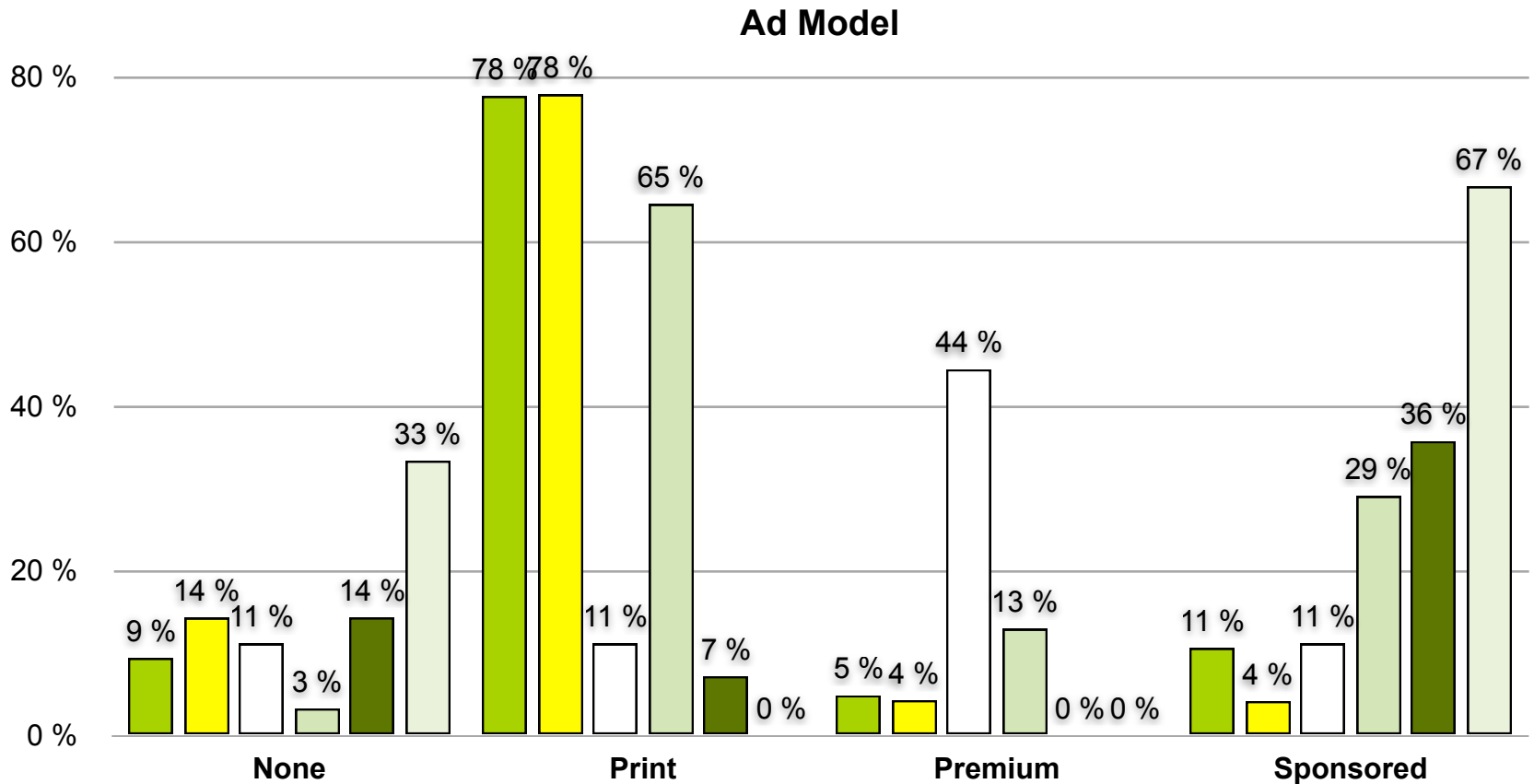
Source: iMonitor 2/25

TYPICALLY, MAGAZINE APPS ARE FREE – WHILE PUBLISHERS CHARGE FOR ISSUES.

Distribution of Prices, All Magazines



What we refer to as a print advertising model is dominant regardless of publication type for all apps other than companion apps.

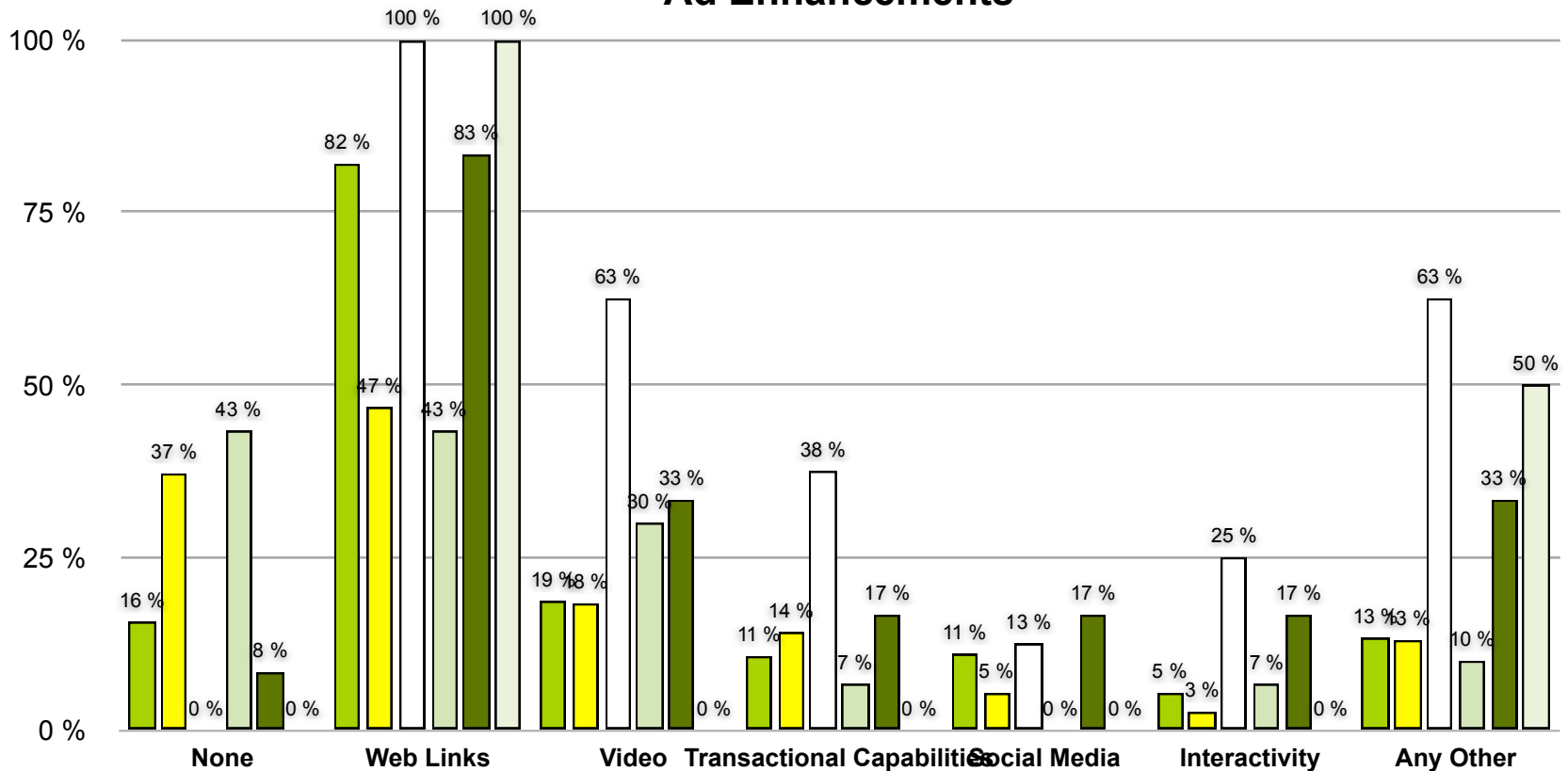


- U.S. Magazines
- International Magazines
- U.S. Newspapers
- International Newspapers
- Other U.S. News Apps
- Other International News Apps

Source: iMonitor 2/25

LINKS ARE THE MOST COMMON FORM OF AD ENHANCEMENTS.

Ad Enhancements



- U.S. Magazines
- International Magazines
- U.S. Newspapers
- International Newspapers
- Other U.S. News Apps
- Other International News Apps

Source: iMonitor 2/25; Base: Apps containing advertising

WHAT MAKES A GREAT APP?

A GREAT APP PROVIDES A SIGNIFICANTLY ENHANCED EXPERIENCE

WELL DESIGNED

- **Has features which make it easy to navigate app, issue, sections (newspapers), and articles**
- **Optimized for orientation**
- **Extra points awarded for**
 - Subscriptions
 - Unique features such as:
 - Glamour's Shopping List
 - Hearst's Cookie Carousel
 - SI's Wheel
 - The Daily's article shuffle

A GREAT APP PROVIDES A SIGNIFICANTLY ENHANCED EXPERIENCE

HIGHLY FUNCTIONAL

- **Driven by adherence to evolving set of best practices related to time and resource conservation**
 - Reasonable download time
 - In-app purchase
 - Navigation guide
 - Internal browser
 - Resumable download and reading
 - Ability to delete issues
- **Points added for unique features such as**
 - Macumag: Adjust screen brightness within app
 - TELE: Clear cache from settings
 - Sunday Times of London: Download and delete by section
 - Quattroruote: Navigation guide overlaid on page
- **Points deducted for replicable malfunctions**

A GREAT APP PROVIDES A SIGNIFICANTLY ENHANCED EXPERIENCE

LOTS OF RICH MEDIA CONTENT

- **Points added for various types of features (links, audio, video, animation, social media, live newsfeeds, localization, interactivity, transactional capabilities)**
- **Points added for unique media features**
 - EPICURIOUS RECIPES & SHOPPING LIST: Create shopping list for multiple recipes
 - EVERYDAY FOOD: Send recipes via text message
 - GEO MAG N°4: speak a country's name to bring up photo gallery
 - NY POST: Design your own cover for the day's newspaper

BEST APPS: CONSUMER PUBLICATIONS

Best Apps	Developer	Publisher	Country	App Rating
Focus Magazine	MobileIQ	BBC Worldwide	UK	14.5
CHIP	Adobe	Hubert Burda Media	Germany	14
Project Magazine	Woodwing	Virgin Group	UK	14
Story Magazin	Woodwing	Sanoma Magazines	Hungary	14
Sunday Times	Woodwing	News Corp.	UK	14
T3	Woodwing	Future Publishing Ltd	UK	14
USA TODAY for iPad	Mercury Intermedia	Gannett Company	USA	14
Andaman 365 ^º	Woodwing	Sirimedia Co., Ltd	Thailand	13.5
FOOD & WINE	Woodwing	American Express Publishing Corporation	USA	13.5
Frankfurter Rundschau	Woodwing	Mediengruppe M. DuMont Schauberg GmbH	Germany	13.5
Golf Digest Magazine	Adobe	Condé Nast	USA	13.5
Good Food Magazine	MobileIQ	BBC Worldwide	UK	13.5
iMAG Magazine	Adobe	iMAG	Spain	13.5
Intelligent Life	Woodwing	Pearson PLC	USA	13.5
Popular Mechanics Interactive	Hearst	Hearst Communications, Inc.	USA	13.5
Schweizer Illustrierte eMagazin	Woodwing	Ringier AG	Switzerland	13.5
The Wall Street Journal.	Unidentified	News Corp.	USA	13.5
The Washington Post for iPad	Unidentified	The Washington Post Company	USA	13.5
Weekend Magazin	Adobe	Mediengruppe Lengauer + Partner	Austria	13.5
ZEIT ONLINE plus	Unidentified	Holtzbrinck Publishing Group	Germany	13.5

TOP APPS IN CONSUMER TRACTION (U.K.-FEB.)

Free	Rank	Paid	Rank	Gross \$	Rank
The Sun for iPad	1	POST Matter	1	The Sun for iPad	1
Good Food Magazine	2	Vogue	2	T3	2
Sunday Times	3	Ultimate Dinopedia: The Most Complete Dinosaur	3	Sunday Times	3
The Economist on iPad	4	Popular Science+	4	The Economist on iPad	4
T3	5	attitude Magazine.	5	Good Food Magazine	5
The Guardian Eyewitness	6	OK! Magazine for iPad	6	News of the World	6
The Telegraph for iPad	7			Daily Express	7
Financial Times iPad Edition	8			Project Magazine	8
News of the World	9			WIRED Magazine	9
The i	10			Popular Science+	10

KEY DRIVERS OF CONSUMER TRACTION

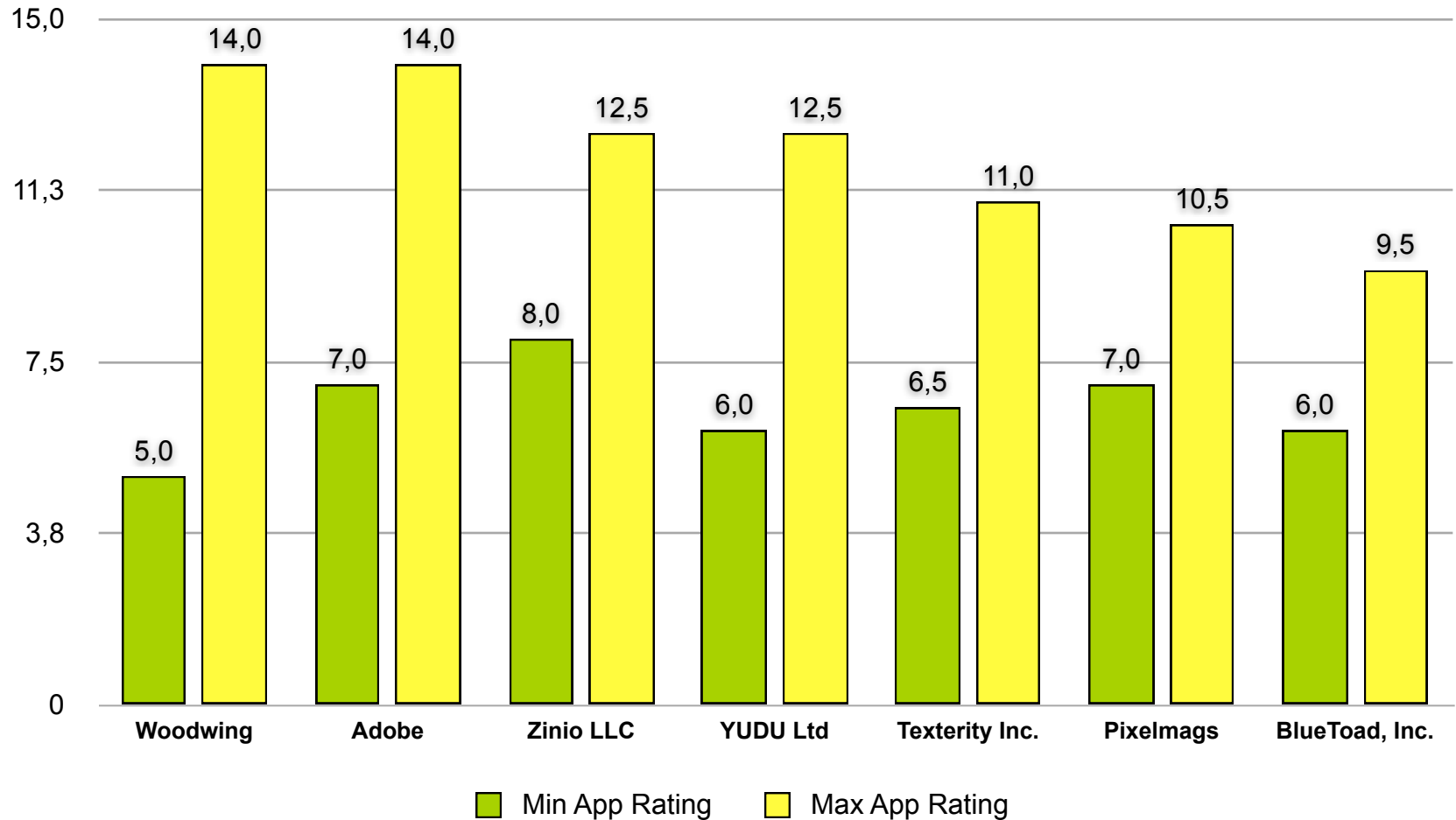
- Apps are of above average quality with average iMonitor rating of 9.8 vs. average of 8.5.
- Issue/update frequency
- Availability of subscriptions
- Less to do with circulation and more with audience characteristics

DEVELOPMENT PARTNERS

Multi-publisher developers active in the U.S.

Top Range	# of Apps	Avg. App Rating	Avg. Design Rating	Avg. Function	Avg. Media Rating
Woodwing	120	10.6	3.8	4.0	2.8
Adobe	82	10.3	3.5	3.9	2.9
Zinio LLC	14	9.5	3.7	4.1	1.7
YUDU Ltd	20	9.3	3.1	4.4	1.8
Texterity Inc.	67	8.8	3.1	3.7	2.0
Pixelmags	127	8.7	2.8	4.8	1.1
BlueToad, Inc.	57	7.8	2.7	4.2	0.8

HOWEVER, HAVING A GOOD DEVELOPMENT PARTNER DOESN'T ENSURE GREAT RESULTS.



MAJOR TRENDS

MAJOR TRENDS

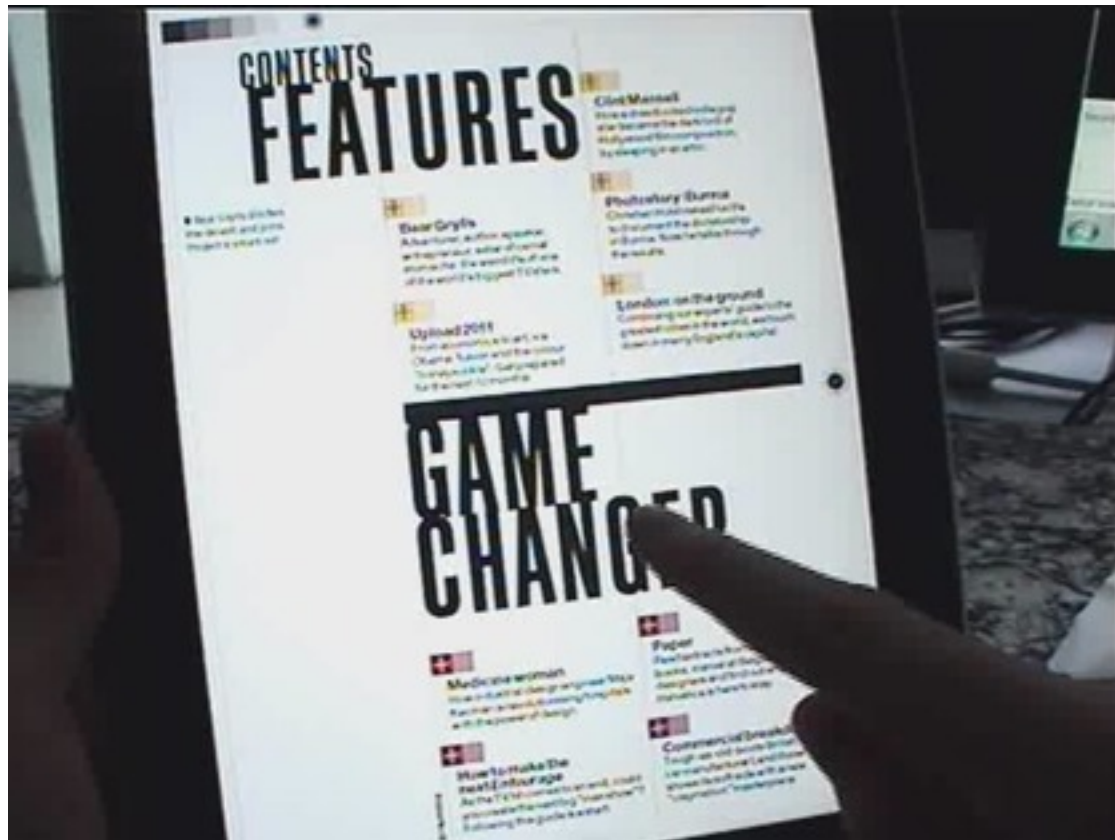
- Redefinition and convergence
- Social media (used by 41.7%)
- Transactional capabilities (used by 15.3%)
- Localization (used by 2.8%)
- Shopping lists (used by 0.2%)
- Voice recognition (used by 0.1%)
- Move towards fixed orientation

REDEFINITION & CONVERGENCE

- Especially notable in the news category, where apps from newspapers, magazines, TV, radio and web-based brands compete directly
- Recent introductions, such as Project and POST Matter, expand our perception of a magazine
- Frankfurter Rundschau redefines the daily newspaper so that it's indistinguishable from a magazine

REDEFINITION

PROJECT



REDEFINITION

FRANKFURTER RUNDSCHAU



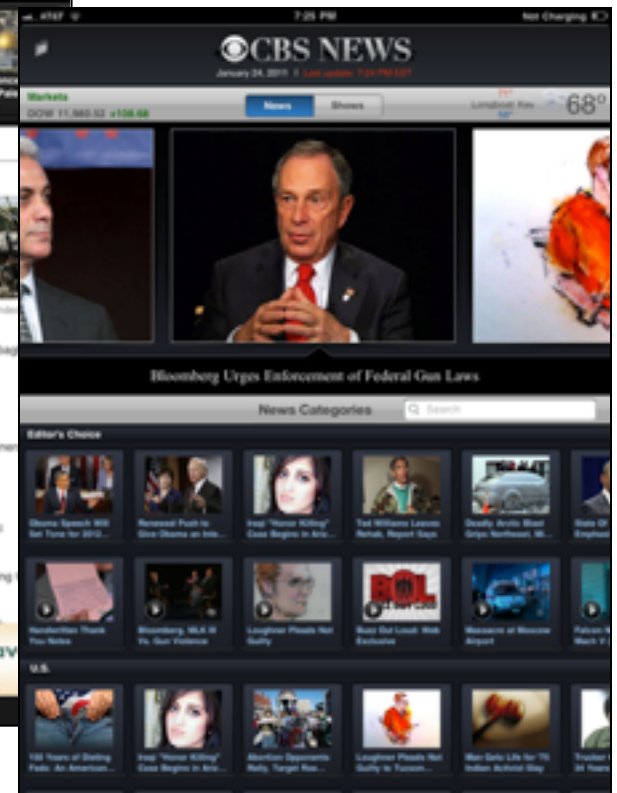
EXAMPLES: CONVERGENCE

THE NEW YORK DAILY NEWS



EXAMPLES: CONVERGENCE

ABC, BBC, & CBS




SOCIAL MEDIA

THE NEW YORK POST

AT&T 6:52 PM 31%
INDEX 15% Downloaded Sports Monday, January 24, 2011

JETS CAN'T FLY LIKE SUPERMAN

Valiant rally falls short in Pitt



RALLY PITT

Mark, Jets run

STEVE SERBY

Share Article

- Email
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insides chance, fight arm They all defense that one chance to be Super

"That's all you want," Sanchez said after Steelers 24, Jets 19. "As a competitor, as a quarterback, you just want one more chance."

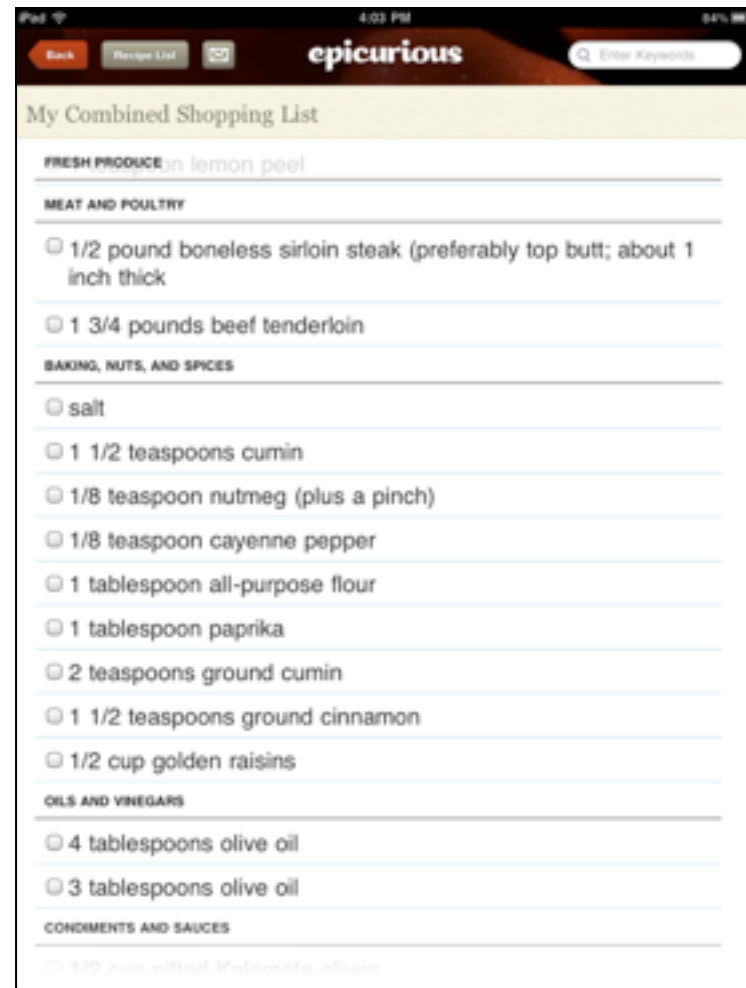
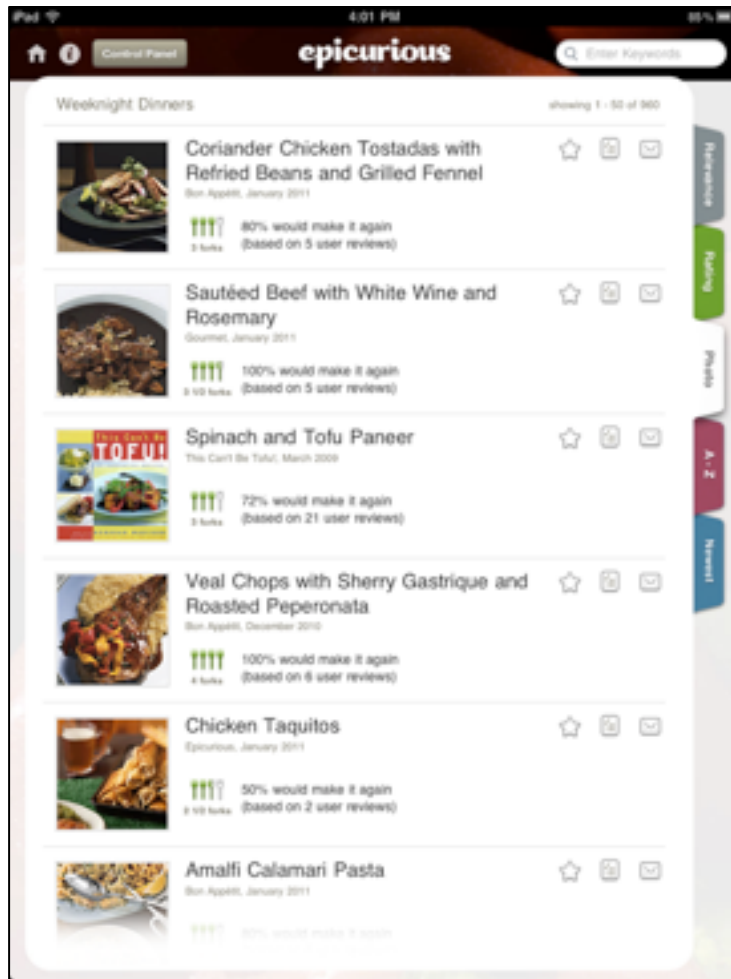
Sanchez had fought back furiously from a nightmare of the

SOCIAL MEDIA

CHEVY – VANITY FAIR

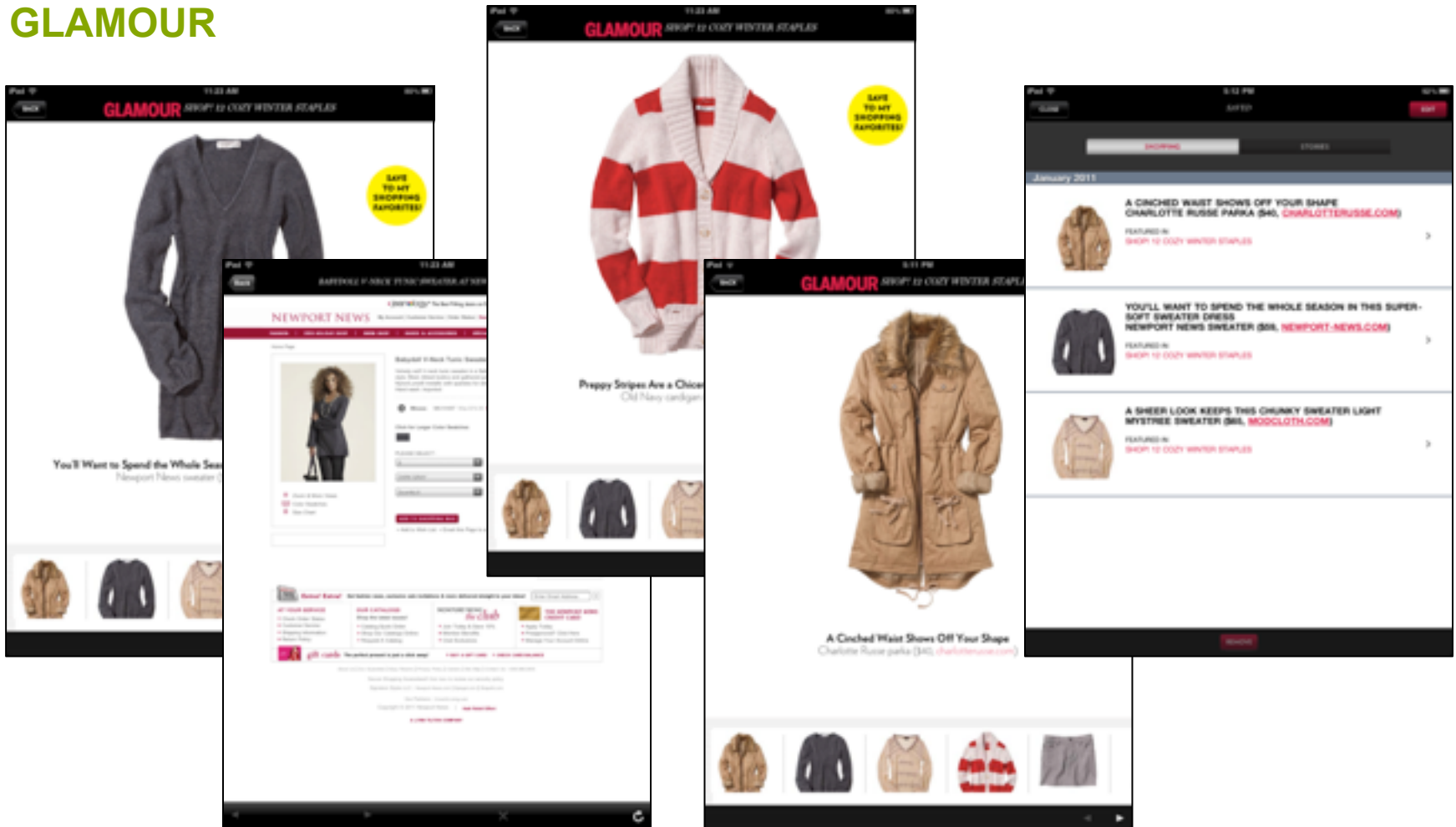


SHOPPING LISTS



SHOPPING LISTS & TRANSACTIONAL CAPABILITIES

GLAMOUR



SHOPPING LISTS & TRANSACTIONAL CAPABILITIES

OPRAH

Holiday Edition

Oprah

GIFTS THAT LIFT YOUR HEART
"It's always good when a present turns out to be practical, but my favorites are the ones that do nothing but delight."

FAVORITE

SHARE

BUY

LOWCOUNTRY PRODUCE
Handmade & Handcrafted

SWEET POTATO BUTTER

NET 16 FL OZ (473ml)

Carolina on My Mind
Add this sweet potato butter to waffle butter, spread it on a biscuit, or just grab a spoon and help yourself. (\$9; lowcountryproduce.com)

Gift Ideas
TAP AN ITEM BELOW FOR DETAILS

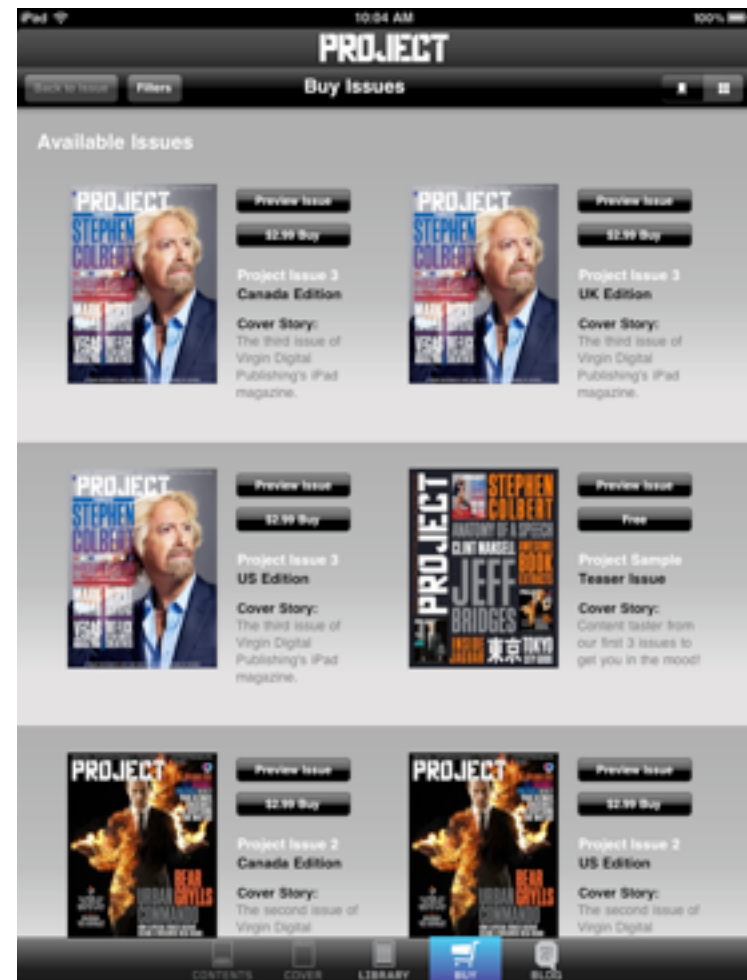
BACK

MULTIPLE VERSIONS

FT

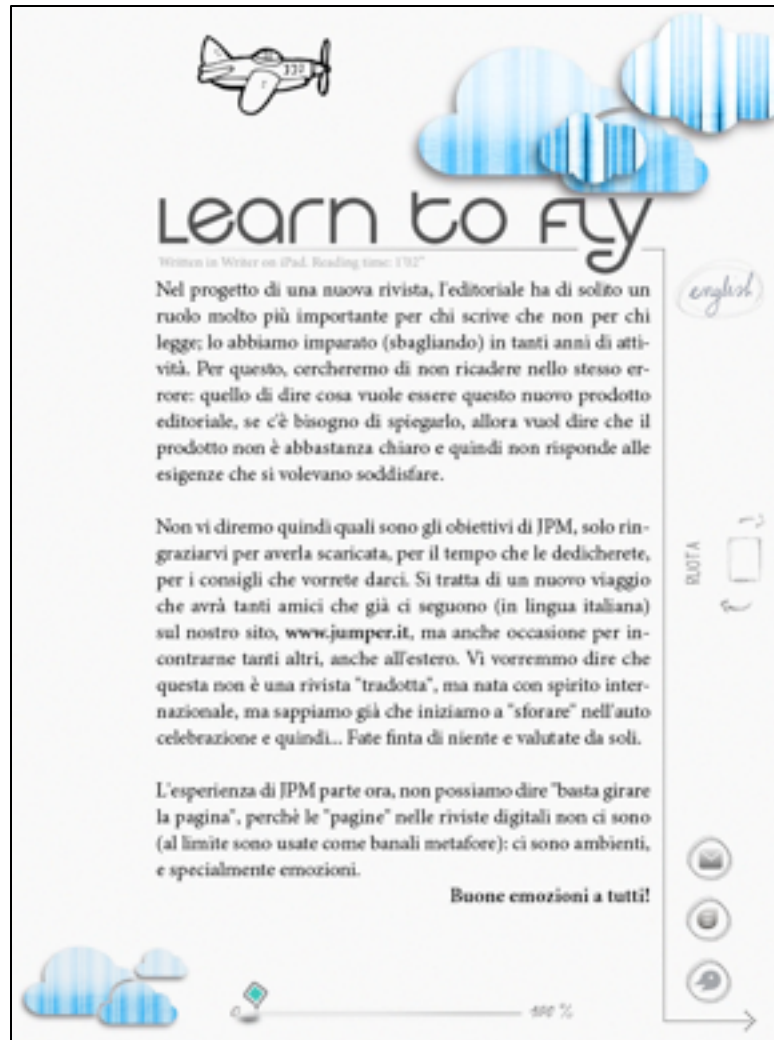


PROJECT



LANGUAGE

JPM Magazine



The image shows a digital magazine page with a white background and blue decorative elements. At the top left is a small airplane icon. To its right are three stylized blue clouds. The title "Learn to Fly" is written in a large, black, sans-serif font. Below the title, in a smaller font, is the text "Written in Winter on iPad. Reading time: 1'32". The main body of the page contains three paragraphs of text in Italian. On the right side, there is a vertical sidebar with a "english" label in a cursive font, a "RUOTA" label next to a square icon, and three circular icons at the bottom. At the bottom of the page, there is a small blue cloud icon, a diamond-shaped icon, and a progress bar showing "400 %".

Learn to Fly
Written in Winter on iPad. Reading time: 1'32"

Nel progetto di una nuova rivista, l'editoriale ha di solito un ruolo molto più importante per chi scrive che non per chi legge; lo abbiamo imparato (sbagliando) in tanti anni di attività. Per questo, cercheremo di non ricadere nello stesso errore: quello di dire cosa vuole essere questo nuovo prodotto editoriale, se c'è bisogno di spiegarlo, allora vuol dire che il prodotto non è abbastanza chiaro e quindi non risponde alle esigenze che si volevano soddisfare.

Non vi diremo quindi quali sono gli obiettivi di JPM, solo ringraziarvi per averla scaricata, per il tempo che le dedicherete, per i consigli che vorrete darci. Si tratta di un nuovo viaggio che avrà tanti amici che già ci seguono (in lingua italiana) sul nostro sito, www.jumper.it, ma anche occasione per incontrarne tanti altri, anche all'estero. Vi vorremmo dire che questa non è una rivista "tradotta", ma nata con spirito internazionale, ma sappiamo già che iniziamo a "sforare" nell'auto celebrazione e quindi... Fate finta di niente e valutate da soli.

L'esperienza di JPM parte ora, non possiamo dire "basta girare la pagina", perchè le "pagine" nelle riviste digitali non ci sono (al limite sono usate come banali metafore): ci sono ambienti, e specialmente emozioni.

Buone emozioni a tutti!

LOCALIZATION

AT&T – SPORTS ILLUSTRATED

Now your iPad comes with **thousands of free AT&T Wi-Fi hotspots***
On the nation's largest Wi-Fi network.

FIND ONE NEAR YOU

*Based upon company branded and operated hotspots.

Rethink Possible 

The advertisement features a clean white background with blue text. At the bottom, there is a graphic of three overlapping circles in green, brown, and orange, with three white arrows pointing to the right. The AT&T logo is in the bottom right corner.

Here are the closest AT&T Wi-Fi hotspots to you:

Change Location: **GO**

How is the iPad better on AT&T?
Choose from thousands of hotspots across the U.S. and access the nation's largest Wi-Fi network* for free.

*Based upon company branded and operated hotspots.

Rethink Possible 

The screenshot shows a map of a city area with numerous blue location pins representing hotspots. An orange callout box at the top left contains the text 'Here are the closest AT&T Wi-Fi hotspots to you:'. A blue search bar with a 'GO' button is at the top right. The AT&T logo is in the bottom right corner.

LOCALIZATION



NEWSDAY

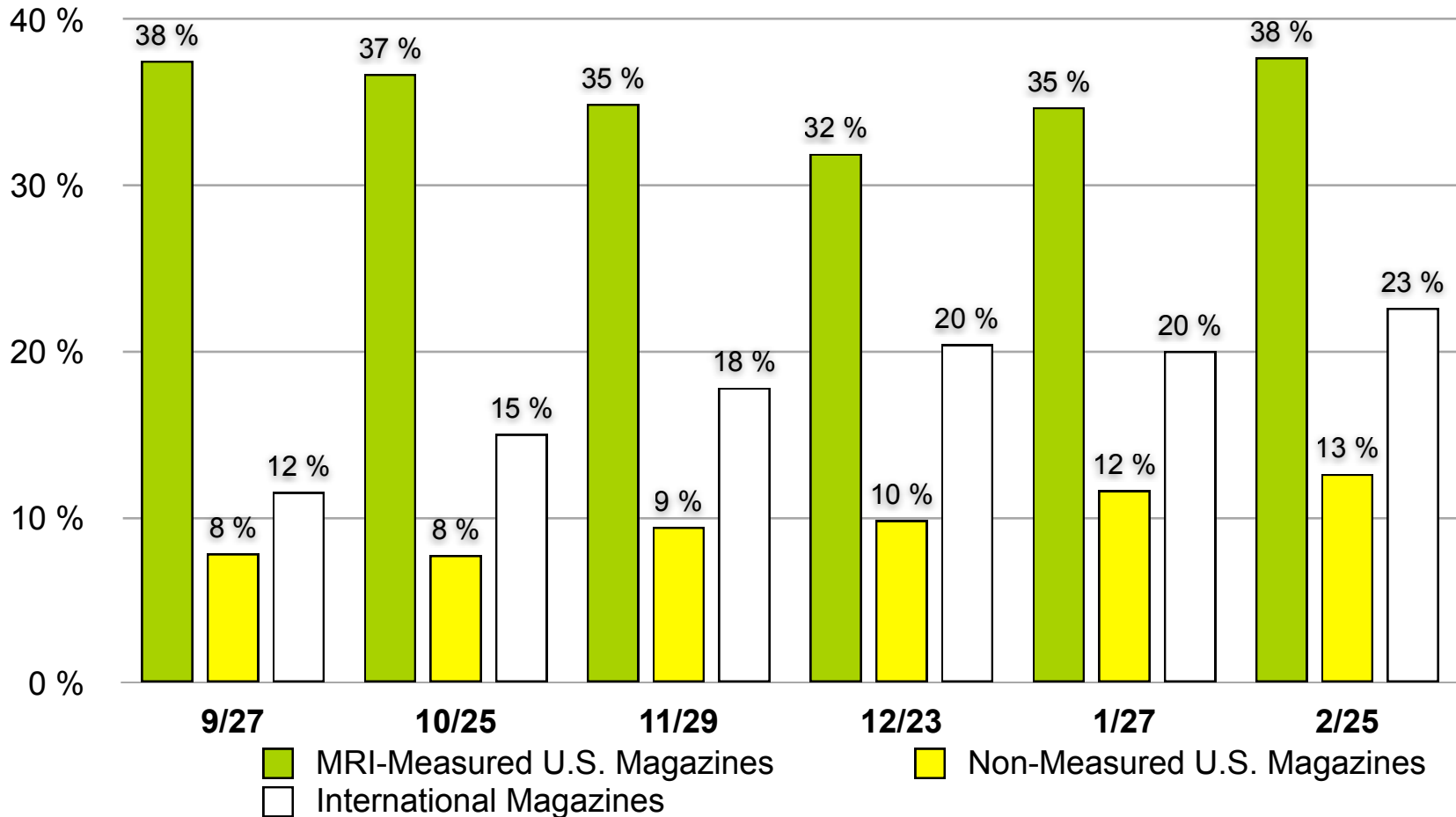


VOICE RECOGNITION



We give higher ratings to apps that optimize viewing separately for portrait and landscape.

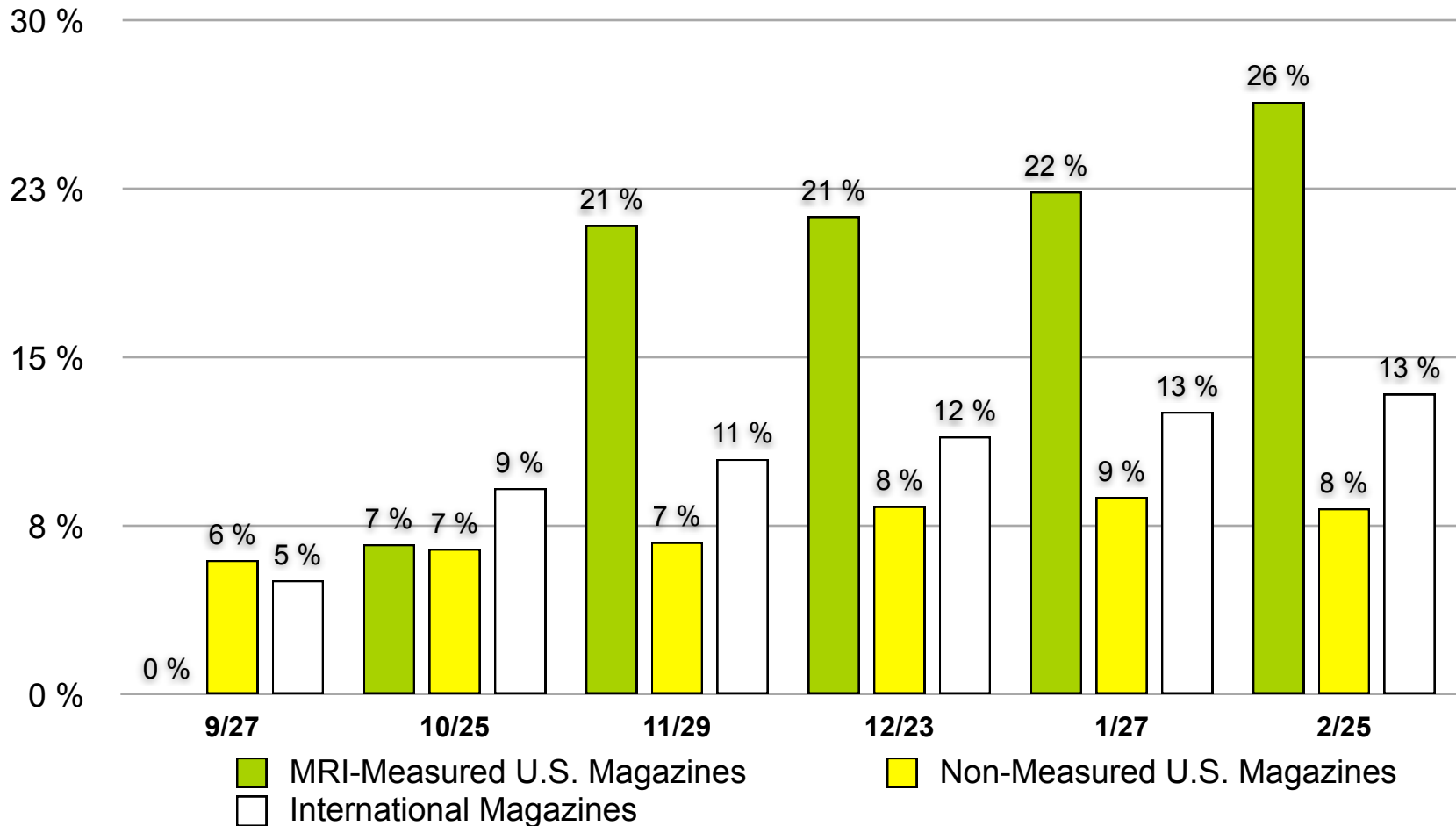
% Magazines Optimizing Layout for Both Portrait & Landscape



Source: iMonitor 2/25; Base: Apps containing advertising

Among major U.S. magazines, and to a lesser extent international ones as well, we are seeing a trend towards the use of a fixed orientation.

% Magazines Using A Fixed Orientation



Source: iMonitor 2/25; Base: Apps containing advertising

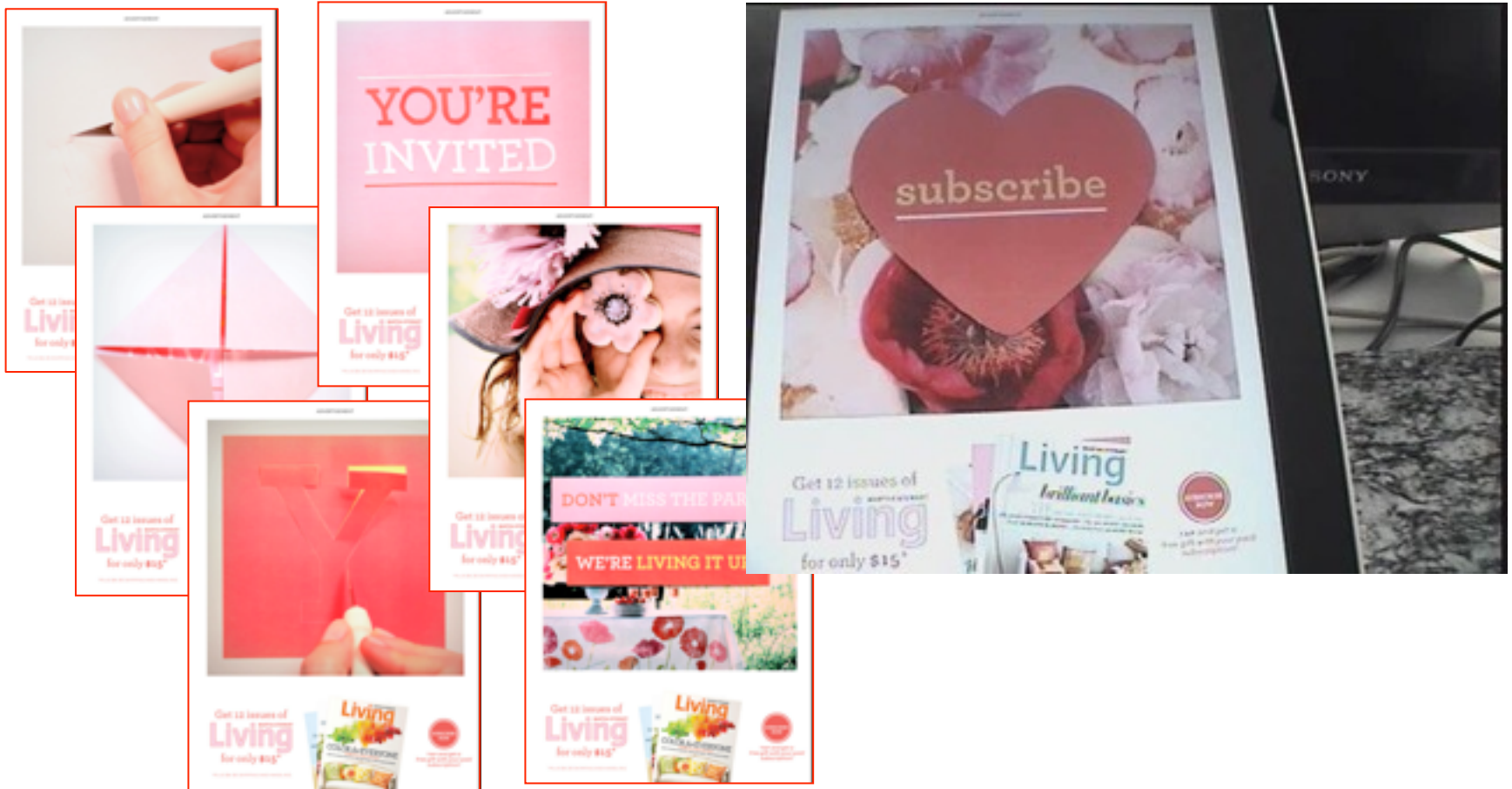
WHAT MAKES GREAT ADVERTISING?

LIKE A GREAT APP, A GREAT AD PROVIDES A SIGNIFICANTLY ENHANCED MAGAZINE EXPERIENCE

- **Added opportunities for interaction and engagement**
- **The ability to take action**
 - Learn more
 - Locate dealer
 - Purchase product
- **Lots of rich media content**
 - Points added for various types of features (links, audio, video, animation, social media, live news feeds, localization, interactivity, transactional capabilities)
 - Points added for unique media features

EXAMPLES

MARTHA STEWART LIVING



EXAMPLES

NORTH FACE



EXAMPLES

RALPH LAUREN

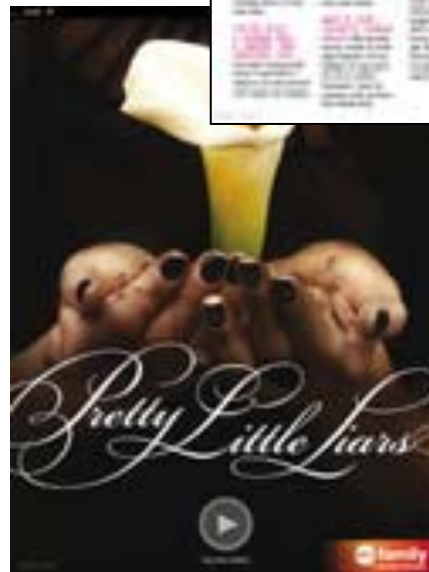


IBM



EXAMPLES

ABC FAMILY



RMCPHETERS@MCPHETERS.COM