

INNOVATIONS IN MAGAZINES 2011 WORLD REPORT

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JUAN SEÑOR
JOHN WILPERS
EDITORS

Tablets do indeed represent a second life for magazines. But they are a new medium. And you cannot pour old wine into new bottles. They require a new grammar. Readers expect much more from publishers on tablets than two-dimensional content. They expect digital narratives, along with content they can read, watch, touch, and share.

It means we need to learn to design for eyes and for fingers simultaneously. It means we must change workflows in our newsrooms. It means we must rethink subscription and advertising models. It means we must innovate as never before.

And it means that while our focus on quality content has become more relevant than ever before, 2011 and the decade to come signal a new age of exciting innovation for publishers and the beginning of forever.

EDITORS

Juan Señor
John Wilpers
senor@innovation-mediaconsulting.com
wilpers@innovation-mediaconsulting.com
www.innovation-mediaconsulting.com

DESIGN

Javier Zarracina

CONTRIBUTORS

Nicole Battaglia	Sam Mathius
Christine Bernard	Brendan Mattox
David Bolton	Ben Mirin
Angela Bray	Pedro Monteiro
Carlo Campos	Celia Nissen
Lauren Castner	Caitlin O'Donnell
Carroll Cole	Nicollette Oriemans
Amanda Correia	Barbara Platts
Edith Davis	Talia Ralph
Carolanne Donovan	Javier Ramirez
Kim Douglas	Kristie Reilly
Leslie Drew	Michelle Schwarzstein
Austin Fontanella	Betsy Strowd
Kelly Joyce	Amanda Torres
Katie King	Alec Washburn
Stephanie Koyfman	Kerry Watson
Brittney Lewis	Lauren Weil
Ian Livingston	Korsha Wilson
Meredith Lowe	Michaela Zanello
Tulaine Marshall	

CONSULTING EDITORS

Juan Caño
Thomaz Souto Corrêa
Juan Antonio Giner

COVER

Deborah Withey

ILLUSTRATIONS

Luis Granera

MARKETING, SALES AND FINANCES

Marta Torres

PUBLISHER

Chris Llewellyn
Helen Bland
www.fipp.com
FIPP - the worldwide magazine media association

BUY OR BAULK?

An increasing number of publications began putting their Web sites behind paywalls last year, setting off a grand experiment to see whether consumers will buy or baulk.

A

fter years of deep consumer resistance to paying for content on the web, 2010 may eventually be known as the year the tide shifted.

Those who argue against paywalls say they'll kill what's best about the web — the ability to have conversations spread virally through interconnected communities — and warn that payment tolls may make the publication that dares to install a wall invisible and irrelevant.

In the world of magazines, however, a growing number of publications are experiencing success with paywalls, particularly in niche markets.

David Gilbertson, CEO of Emap, the UK-based B2B magazine publisher, says that his company has seen success providing targeted business information in 20 markets, including fashion, healthcare, and retail.

For a paywall to succeed, Gilbertson emphasises that publishers must offer valuable, high-quality content: "If you are not distinctive, and if you are part of just a general availability of information, then I think it's extremely difficult to make a paywall stick."

In 2009, and after decades with paid models, Emap experimented briefly with



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providing free content online. But revenues didn't go up; rather, Gilbertson says, ad revenue, subscriptions, and renewals all dropped.

Because Emap targets niche markets — where audiences are highly targeted but may be smaller than traditional consumer markets — making content free online didn't automatically create a larger audience for advertising. Meanwhile, subscribers were lost to its free content online.

In 2010, the experiment ended, and Emap's paywalls returned. The company quickly saw a 20 per cent increase in subscriptions, along with a 5 per cent renewal increase and a return to previous ad volume. "Financially, it's been a hugely beneficial decision," Gilbertson says.

The UK-based B2B magazine publisher Haymarket is also experimenting with paid content online. Philip Swinden, publishing director at Haymarket's *Windpower Monthly*, says the magazine's website currently offers premium analysis behind a paywall, while basic news coverage is free. But Swinden worries this distinction is confusing to readers.

"I'm not sure it's a sustainable position for us, to make this distinction of free announcement news versus in-depth, analytical news," he says. What's to determine what's placed on one side or the other, he muses, and how will readers understand the value of the subscription service?

Ultimately, Swinden says, the magazine may go fully behind a paywall.

Niche publications with high-quality content may be able to confidently charge for content online, but some B2B sites can be sustainable without walling off content because they are able to rely on other revenue streams, Swinden points out.

“Some B2B markets are perfectly capable of sustaining free content business models, and they’re particularly the ones where there’s a lot of online advertising around,” such as jobs boards, Swinden says.

Meanwhile, consumer and general interest magazines without access to significant online ad revenue are still struggling with monetising digital content, but they may be able to look to the B2B world for inspiration, Swinden suggests.

The solution for many publishers, he says, is to create new products, such as webinars, e-learning modules, data-tracking services, or workflow tools that can be offered at a premium to consumers alongside editorial content. For example, *Windpower Monthly* has developed a data-tracking service for companies in the wind industry as an additional revenue stream.

“There’s no extra value created by having the same publication [as print] online, so you’ve got to have different content, and you need to exploit the opportunity that’s created through the digital medium,” Swinden says. “And that means that the content you produce does completely different things, but is complementary and within the general framework of the brand.”

Are paywalls the way of the future? The answer is unclear, but one thing is certain: this year, the magazine industry will be closely watching paywall experiments, with high hopes for one solution to the new world of digital content.

PAYWALL LINGO

A number of different paywall models exist, and many are currently being tested in the online content marketplace. Newspapers are leading the way with online payment models. Here’s a brief guide to the major types, which magazines are beginning to adopt and adapt:

Full: This zero-tolerance option, famously advocated by News Corp’s Rupert Murdoch, restricts all access without a paid subscription. Murdoch’s *Times* newspaper doesn’t let anyone read without subscribing — the paper’s landing page shows headlines, but a click leads only to a subscription form. The drawback to this model is that traffic to Murdoch’s site reportedly dropped 90 per cent after the paywall went up — and, as a result, advertisers may be losing interest, too.

“Freemium”: Also known as a semi-permeable paywall, this system has been in use since the advent of the internet and allows access to a limited amount of content for free, while the majority of the site is available only to subscribers. Centaur, a well-known publisher based in the UK, has taken full advantage of this strategy by applying it to several of their magazine sites, including *The Engineer*, *Marketing Week*, *New Media Age*, and *Homebuilding & Renovating*. Other popular titles taking this route are *The New Yorker* and *The Economist*. Both of these titles grant their subscribers full access to the most recent editions and items in their archives.

Metered: Metered reading allows consumers access to a limited number of articles online before a subscription requirement kicks in. It might mean a certain number of articles on a 30-day basis, or, like the *Financial Times*, which has 180,000 monthly online subscribers, a five-story limit per day. The benefit to this type of paywall is that stories still circulate throughout the larger internet, providing exposure to publications, advertisers, and reporters alike. *The New York Times* is betting this model won’t diminish its standing as the most linked-to news source on the web: *The Times* is expected to implement its own metered system this year.

Micropayment: Micropayments, which allow readers access to single articles or issues for a small fee, may be the least popular of the many online monetisation possibilities. Simplicity in payment is the only way revenue-generating strategies will work on the internet, many experts believe, and they argue that micropayments may present too many hurdles for readers to clear. Still, if systems can support low pricing and ease of purchase, consumer response to this model has yet to be untested.



