

TABLET MAGAZINE ADVERTISING

Insights by
Kantar Media

A top-down view of a person sitting on green grass, wearing blue jeans and orange sneakers. They are holding a tablet computer with both hands. The tablet screen is black and displays the 'KANTAR MEDIA' logo in yellow and red. The person's hands have orange nail polish.

KANTAR MEDIA

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I NTRODUCTION

When the iPad tablet PC was launched in 2010, the publishing industry eagerly speculated how the new technology could revolutionize the way magazines are distributed and read. Within months, many magazines had rolled out dedicated apps for the iPad. Typically these were little more than electronic replicas of their print editions and made little use of the iPad's capabilities for slick interfaces, interactivity and multimedia.

Three years later and tablet magazine apps are beginning to show signs of innovation and creativity. More magazine publishers are moving tablet readers to an enhanced experience that invites and exploits interactivity: offering up interactive graphics, embedded videos, and well-fashioned navigation tools.

Marketers have taken notice and are promoting more of their brands through tablet magazine apps. Of the three magazine publishing platforms that Kantar Media tracks for advertising placements – print, web sites

and tablet apps – the latter is growing the fastest based on the number of different advertised brands that utilize the platform, up 4.2 percent for the full year 2013. By comparison, the number of different brands appearing on magazine's web sites expanded by 3.2 percent and the count in print editions fell 2.9 percent during the period. These statistics come from the most recent installment of the Magazine Brand Footprint, an ongoing quarterly analysis conducted by Kantar Media.

MAGAZINE BRAND FOOTPRINT

(Base = 58 magazine franchises)

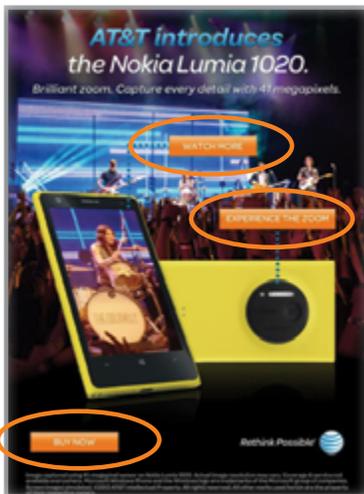
of UNIQUE BRANDS ADVERTISED

PLATFORM	FULL YEAR 2012	FULL YEAR 2013	2013 vs 2012
Print	7,164	6,953	-2.9%
Web Sites	16,540	17,073	3.2%
Tablet Apps	4,631	4,826	4.2%

Source: Kantar Media

AT&T TABLET AD CREATIVE

FIRST SCREEN



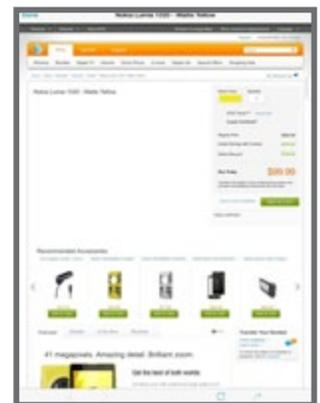
DIGITAL VIDEO



TAP TO INTERACT



BUY NOW



BRAND: AT&T

DESCRIPTION: AT&T invites a reader to engage more with the Brand through a variety of participation-based features

INTERACTIVITY: Digital Video, Tap to Interact, and Buy Now

Without question, the tablet PC is an enormous opportunity for magazine publishers and advertisers. In 2014, device usage is projected to reach 44 percent of the U.S. population, or 138 million people. Users currently spend an average of 156 minutes per day with their tablets, almost a 40 percent increase in just two years.

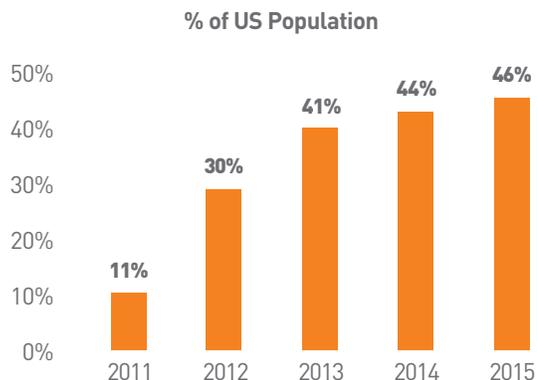
Consumer adoption of tablets has also fueled a large and rapid increase in the number of magazine apps available on digital newsstands. According to iMonitor, the number of U.S. magazine apps reached 2,859 in the third quarter of 2013, nearly three times as many as the 990 apps available just a year and a half previously in the first quarter of 2012.

As magazines have increased their tablet offerings, digital circulation has grown steadily from a small base. As the reading experience on app editions continues to improve and as pricing models stabilize, it's expected that circulation gains will continue.

What about the advertising in these tablet apps? Is it growing? Are advertisers taking advantage of the technology to make their ads more interactive and if so, what forms of interactivity are emerging? Or is interactivity just a tiny island in a larger ocean of tablet advertising that uses "straight from print" creative?

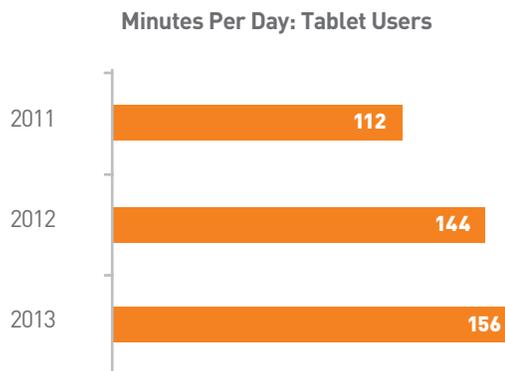
Kantar Media has been tracking tablet magazine advertising for the past two years and has compiled a rich database which we have extensively analyzed. In this report we will discuss emerging trends and insights on the growth of tablet magazine advertising; the use of interactive elements in ad messages; and the "early adopter" brands who are paving the way.

TABLET PENETRATION IS GROWING



Source: eMarketer, Sept 2013

TIME SPENT PER DAY IS EXPANDING



Source: Kantar Media calculation from eMarketer data

HOW KANTAR MEDIA MEASURES TABLET ADVERTISING

Our monitoring of tablet ads is conducted on iPad apps, the leading platform choice of consumer magazines. We download tablet magazine apps directly from the iTunes store. We flip through each screen in the app and capture each ad unit. We identify the brand being promoted, its product category and its parent owner. We thoroughly examine the ad itself and make note of applicable interactive and non-interactive attributes.

Interactive tablet advertising attributes include:

1. **Orientation/Movement-Based:** ads that rotate as the iPad is moved between portrait and landscape orientation – and are markedly different when their orientation changes.
2. **Buy Now:** ads that offer a transactional feature
3. **Learn More:** where the ad visibly displays “Learn More” features
4. **Digital Video:** ads that play video, or offer a user-initiated video
5. **Tap to Interact:** used when ads have interactive features requiring a user to tap, touch, swipe, shake, or interact with the iPad in any manner not already captured by “Learn More,” “Buy Now,” or “Digital Video.” This does include such ad features as “Tap Here,” “Download Now,” “Press to Enter,” “Discover,” “Take Part in a Survey,” etc.

An ad can have more than one of these interactive attributes and we record each element individually and in combination when applicable. With the exception of Orientation/Movement-Based creative, the capture of all other interactive attributes is based on the appearance of visual directives which advise the reader how to interact with the ad (for example, seeing such words as “Swipe,” “Tap Here”, “Digital Video,” etc.) and is only collected for those attributes appearing on the first screen of the ad creative.

Tablet advertising space is currently measured and reported in “units”. Each individual ad, regardless of whether it is single screen or multi-screen, is counted as one unit.

ABOUT THIS ANALYSIS

All the information presented in the following sections is based on a universe of 70 consumer magazine iPad apps that Kantar Media has continuously tracked since January 2012. (See the Appendix for the list). The selected titles are a representative cross-section of different editorial genres and include weeklies and monthlies. The comparative time periods used in this analysis are January-September 2012/2013. The main data point used to analyze trends in tablet advertising is the “unit”, as defined in the prior section. “House” advertising placed by the publisher and “Affiliate” advertising placed by the publisher’s corporate affiliates have been excluded from tabulation.

T ABLET ADVERTISING BY THE NUMBERS

1. ADVERTISER'S ADOPTION OF TABLET ADS IS GAINING TRACTION

Marketer's use of tablet magazine advertising has grown significantly in 2013, as reflected in a variety of metrics.

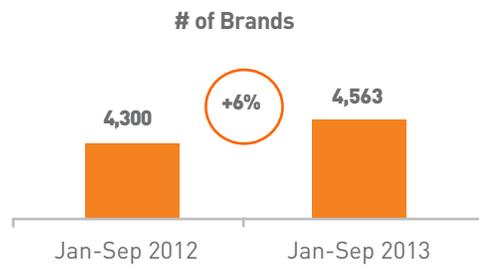
- A 21 percent increase in the total number of Tablet ad units
- A six percent rise in the total number of Brands running ads in tablet magazines
- A 22 percent increase in the number of "Tablet Exclusive" Brands, i.e., Brands which advertised on the tablet platform but not in printed editions

MORE TABLET AD UNITS



Source: Kantar Media

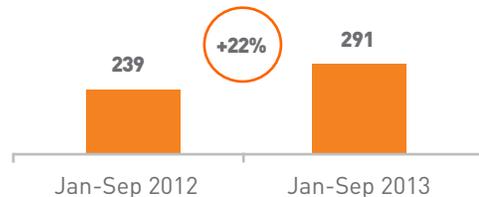
FROM MORE BRANDS



Source: Kantar Media

TABLET EXCLUSIVE BRANDS: FEW BUT GROWING

of Brands In Tablet Apps and NOT in Print Editions



Source: Kantar Media

TRENDS IN ADVERTISERS' USE OF INTERACTIVITY

While the past year has shown gains in tablet advertising activity, the more revealing measure of adoption is whether advertisers are taking advantage of the technology and creating interactive ad units designed for the tablet.

2. FEWER THAN 5% OF TABLET ADS TAKE AD VANTAGE OF THE TECHNOLOGY'S INTERACTIVE FEATURES

More than 95 out of every 100 tablet ads have no readily apparent interactive features and have not gone beyond the creativity of a printed page. While the number of tablet ad units is up sharply in 2013,

the proportion containing interactivity has actually declined a bit. As we will explain, the drop is concentrated in a very simple ad form that dominated early trials of tablet ad interactivity and its fall from grace masks a rise in use of more advanced interactive features.

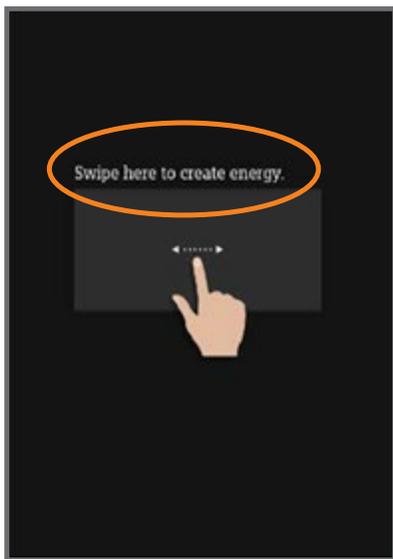
TABLET ADS WITH INTERACTIVITY

	JAN-SEP 2012		JAN-SEP 2013	
	#	%	#	%
Total Ad Units	21,413	100%	25,835	100%
Without Interactivity	20,208	94%	24,743	96%
With Interactivity	1,205	6%	1,092	4%

Source: Kantar Media

SIEMENS TABLET AD CREATIVE

FIRST SCREEN



SECOND SCREEN



BRAND: Siemens

DESCRIPTION: By "swiping" with increasing speed, the reader creates enough energy to move them to the second screen of this creative

INTERACTIVITY: Tap to Interact

The most widely used interactive tablet ad feature remains “Tap to Interact”. This format encompasses a number of different interactive features that instruct a user to tap, swipe or shake the iPad in some manner not already accounted for in the “Buy Now”, “Digital Video”, or “Learn More” ad types. “Tap to Interact” is leveling off in popularity as advertisers have begun to migrate more towards Digital Video offers.

Ads with digital video integrated into them, typically initiated and/or controlled by the user, have doubled their share year-over-year and are the fastest growing form of interactivity and are now present in one-fourth of all interactive tablet ad units. For many Brands video advertising is familiar, well understood and allows marketers to leverage existing commercial assets. Nearly two-thirds of ads with digital video currently include an embedded “Tap To Interact” and/or “Learn More” feature, indicating an even more advanced screen experience for consumers.

4. THE HEYDAY OF DUAL ORIENTATION HAS PASSED

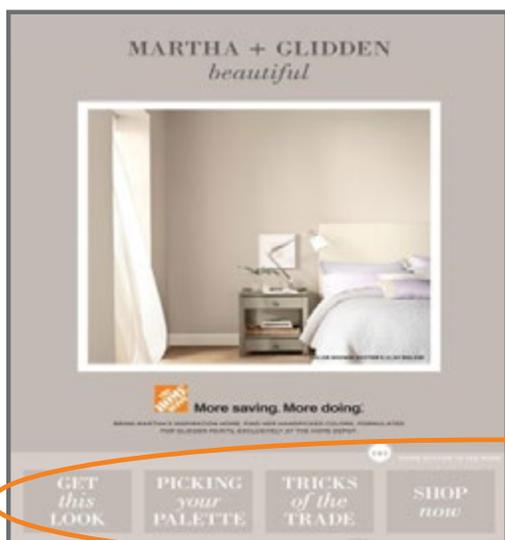
From 2012 to 2013, the proportion of interactive tablet ads that incorporate dual orientation – rotating between landscape and portrait orientation as the iPad is shifted while offering markedly different creative in each orientation - has declined from 36% to 15%.

In 2012, the first wave of Brands rushing in to experiment with interactive tablet ads primarily did so with dual orientation creatives. This ad form was comparatively easier to develop and did not require a change in creative strategy. A year later, many of these Brands have walked away from interactivity completely. They’ve been replaced by a second wave of marketers who have had time to develop creative strategies built around more advanced and complex forms of user interaction.

HOME DEPOT TABLET AD CREATIVE

MULTIPLE TAP TO INTERACT FEATURES

FIRST SCREEN



SECOND SCREEN



BRAND: Home Depot

DESCRIPTION: The reader is invited to interact as well as being offered a transactional feature for purchasing

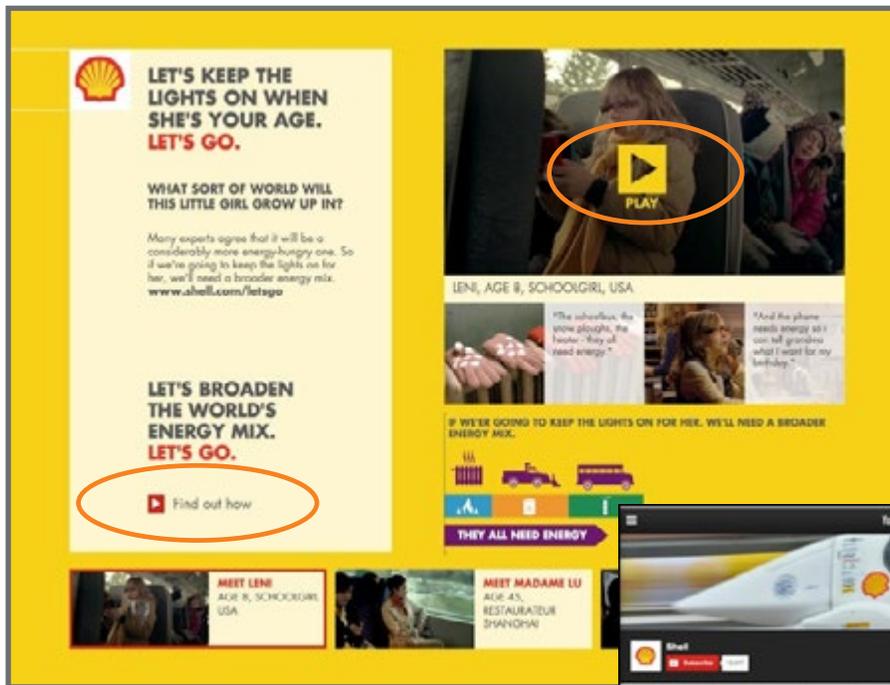
INTERACTIVITY: Tap to Interact, Buy Now

5. THE USE OF A “BUY NOW” INTERACTIVE FEATURE HAS SEEN LITTLE GROWTH

Few Brands are currently employing a transactional mechanism in their tablet ads and this attribute appears in less than 1 percent of interactive ad units. If we had included publisher’s House or Affiliate advertising in this analysis, the incidence of “Buy Now” would be sharply higher because it’s a favored technique for promoting their mobile apps.

SHELL OIL TABLET AD CREATIVE

FIRST SCREEN



BRAND: Shell Oil

DESCRIPTION: The creative summons readers to learn more about a variety of different subject and goes several layers deep for each engagement

INTERACTIVITY: Learn More, Digital Video

EXAMPLE OF ONE PATH



6. TABLET ADVERTISING IS A BRAND STORY, NOT A CATEGORY STORY

Tablet advertising in 2013 is a Brand story, not a category story. While a diverse range of categories are represented, the number of different Brands per category is still small, suggesting that advertisers are individually determining if and how tablets fit into their strategy.

LEADING TABLET ADVERTISERS

TOP TEN BRANDS RANKED BY # OF TABLET AD UNITS					
2013 RANK	BRAND	PARENT	JAN-SEP 2012 UNITS	JAN-SEP 2013 UNITS	% CHANGE
1	Geico	Berkshire Hathaway Inc	222	306	38%
2	Pantene Pro-V	Procter & Gamble Co	79	152	92%
3	Microsoft Windows	Microsoft Corp	--	146	--
4	AT&T Wireless	AT&T Inc	103	119	16%
5	Progressive	Progressive Corp	77	109	42%
6	Target	Target Corp	77	96	25%
7	National Fluid Milk Processor	Intl Dairy Foods Assn	76	85	12%
8	Citi Simplicity	Citigroup Inc	22	79	259%
9	Garnier Fructis	L'Oreal Sa	33	70	112%
10	Fage Total	Fage USA	--	70	--
TOTAL TOP 10			689	1,232	79%

Source: Kantar Media

7. A SELECT GROUP OF BRANDS ARE AT THE FOREFRONT OF INTERACTIVITY

We are seeing a group of early adopter Brands that are producing innovative ads incorporating interactive features. Within this group is a subset of alpha Brands that are especially notable for their aggressive commitment to leveraging tablet technology. They place the largest number of interactive ads and they have built all or most of their tablet ad schedules around interactivity.

We counted 197 different Brands that ran at least one interactive ad unit during the January-September 2013 period. These Brands had a total of 1,092 tablet ad units with interactive elements, equal to 35 percent of their total tablet ad volume. Among the Top 10 of these Brands, the interactive proportion jumped to 87 percent. This elite group is currently at the vanguard of incorporating tablet technology into their magazine app advertisements.

INTERACTIVE AD LEADERS

TOP 10 BRANDS USING INTERACTIVE AD FEATURES: JAN-SEP 2013

RANK	BRAND	PARENT	TOTAL AD UNITS	INTERACTIVE AD UNITS	INTERACTIVE: % SHARE
TOTAL OF ALL BRANDS			3,080	1,092	35%
1	Avis Rent-A-Car	Avis Budget Group Inc	63	59	92%
2	Accenture Consulting Service	Accenture Ltd	45	45	100%
3	IMD Business School	IMD INTL	42	42	100%
4	Charles Schwab	Charles Schwab Corp	57	40	70%
5	Northern Trust Bank	Northern Trust Corp	41	40	98%
6	CKGSB Cheung Kong Graduate School Of Business	CHEUNG KONG GRADUATE SCHOOL/BUS	53	36	68%
7	CFA Institute	CFA Institute	29	28	97%
8	Verizon Communications Corporate	Verizon Communications Inc	34	27	79%
9	Zurich	Zurich Financial Services Group	29	25	86%
10	Mandarin Oriental Hotels	Jardine Matheson Holdings Ltd	29	24	83%

Source: Kantar Media

8. TABLET EXCLUSIVE BRANDS ARE USING INTERACTIVITY

In the January-September 2013 period, there were 25 different Brands which used the tablet platform and did not use print. These vast majority of the ad units from these tablet-exclusive advertisers employed interactive elements. Currently, these Brands fall into a small number of advertising categories but all have created dedicated advertising for use in tablet.

TABLET EXCLUSIVE BRANDS MAKE BETTER USE OF INTERACTIVITY

TABLET EXCLUSIVE BRANDS: JAN-SEP 2013

RANK	BRAND	PARENT	TOTAL AD UNITS	INTERACTIVE AD UNITS	INTERACTIVE: %SHARE
1	CKGSB Cheung Kong Graduate School of Business	Cheung Kong Graduate School of Business	53	36	68%
2	IESE Business School	University of Navarra	18	18	100%
3	HSBC Commercial Banking Corporate	HSBC Holdings Plc	15	15	100%
4	University Of PA	University of PA	21	14	67%
5	Luxembourg School Of Finance	Luxembourg School of Finance	12	12	100%
6	Eva Air Services	Evergreen Group	12	11	92%
7	IE School of Social & Behavioral SciencesCFA Institute	Instituto De Empresa	11	11	100%
8	Intl University of Monaco	Intl University of Monaco	11	11	100%
9	Patek Philippe Geneve	Patek Philippe SA	11	11	100%
10	Mandarin Oriental Hotels	Innosight LLC	10	10	100%

Source: Kantar Media

Advertising in magazine's tablet apps is expanding in volume and evolving in scope. Marketers are placing more ad units and more of their Brands on this platform. Only a very small proportion of these ad units visibly indicate to the reader the presence of interactive elements and invite deeper engagement. However, there is a select group of advertisers at the forefront of integrating innovative technology into their tablet ads and these marketers appear genuinely committed to interactivity as almost all of their tablet ads have advanced features.

Digital video is poised to emerge as the entry-level ad format for marketers who want to go beyond static tablet ad executions that have been repurposed from print editions. As circulation and readership of magazine tablet apps continues to expand, the economics of creating advanced ad units that effectively leverage tablet technology should become more attractive to marketers and we expect this will help drive additional growth of the tablet platform for magazine publishing companies.

ABOUT KANTAR MEDIA

Kantar Media provides critical information that helps our clients make better decisions about communications. We enable the world's leading brands, publishers, agencies and industry bodies to navigate and succeed in a rapidly evolving media industry. Our services include analysis of paid media opportunities; counsel on brand reputation, corporate management and consumer engagement through owned media; and evaluating consumers' reactions in earned media. As the global house of expertise in media and marketing information, Kantar Media provides clients with a broad range of insights, from audience research, competitive intelligence, vital consumer behaviour and digital insights, to marketing effectiveness and social media monitoring. Our experts currently work with 22,000 companies tracking 4 million brands in 50 countries.

www.KantarMedia.US

NEED TO KNOW MORE?

We've based our Tablet Magazine Advertising Insights on Kantar Media's unique coverage of advertising activity across consumer magazine media brands including print, web and tablet media. As the industry's leading source in Marketing, Media and Advertising Information, and the only provider of PIB® Data, Kantar Media offers a unique perspective of the consumer magazine media footprint, while providing actionable insights to understand how advertisers are promoting their brands using tablet technology.

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MAGAZINE IPAD APPS USED IN THE ANALYSIS

AARP-THE MAGAZINE
ALL YOU
ALLURE
BETTER HOMES & GARDENS
BLOOMBERG BUSINESS WEEK
BON APPETIT
CAR AND DRIVER
COASTAL LIVING
COOKING LIGHT
COSMOPOLITAN
COUNTRY LIVING
EBONY
ECONOMIST
ELLE
ENTERTAINMENT WEEKLY
ENTREPRENEUR
ESQUIRE
ESSENCE
FAMILY FUN
FAMILY HANDYMAN
FAST COMPANY
FIELD & STREAM
FITNESS
FOOD & WINE
FOOD NETWORK MAGAZINE
GLAMOUR
GOLF DIGEST
GOLF MAGAZINE
GOOD HOUSEKEEPING
GQ
HEALTH
HOUSE BEAUTIFUL
IN STYLE
MARTHA STEWART LIVING
MEN'S FITNESS
MEN'S HEALTH
MONEY
MOTOR TREND
NATIONAL GEOGRAPHIC
NATIONAL GEOGRAPHIC TRAVELER
NEW YORKER
O-THE OPRAH MAGAZINE
OUTDOOR LIFE
OUTSIDE
PARENTING
PARENTS
PEOPLE
PEOPLE EN ESPANOL
PEOPLE STYLE WATCH
POPULAR MECHANICS
POPULAR PHOTOGRAPHY
POPULAR SCIENCE
PREVENTION
READER'S DIGEST
REAL SIMPLE
RUNNERS WORLD
SELF
SHAPE
SOUTHERN LIVING
SPORTS ILLUSTRATED
SUNSET
TASTE OF HOME
THE WEEK
THIS OLD HOUSE
TIME
TRANSWORLD SNOWBOARDING
TRAVEL+LEISURE
VANITY FAIR
WIRED
WOMEN'S HEALTH

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