the case for advertising in

Interactive Digital Magazines

How the next generation of digital magazines is succeeding as an advertising platform

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sponsored by Nxtbook Media and VIVmag
introduction

Digital magazines can win and keep advertisers by creating interactive experiences for readers, not just delivering impressions and clicks.

In the past, most media buyers have been understandably skeptical about placing ads in digital magazines. Despite the tens of thousands of digital magazines in circulation, ad campaign success stories were rare. But even during that time of skepticism, through my Ad Sales Blog I discovered that there were some very successful digital magazines that were generating advertising results, revenue, and repeat ad business. As an active blogger in the market, I interviewed several based in the US and UK, and posted the stories of a few of them. I soon realized they were publishing a fundamentally different kind of digital magazine. Instead of being digital replicas of print magazines, their product was a whole new animal, designed from the start to be digital. I also discovered that they were all operating in similar ways, but it seemed that few of the publishers had ever spoken to one another, because each had “reinvented the wheel” on their own. Did these publishers just get lucky, or had they discovered a successful business model for digital magazine publishing? In an industry devastated by steeply declining print revenues, had these pioneering publishers found a way to reinvent the magazine?

I know that advertisers are smart and skeptical when it comes to testing new advertising media. The fact that these digital magazines had a lot of repeat business was key in getting my attention and motivating me to pursue this project. I had a hunch that there was an important story here, one that needed telling. Having done media research for many years, I knew that there would be ways to document it in a research study, and I determined to do this.

It is important to note here that, by digital “interactive” magazine, I am not referring to the thousands of digital replicas of print publications that are created by transferring content from a print magazine to a digital, page-turning document. Those publications have never achieved
widespread acceptance as an advertising platform, or the full potential of their digital form. Instead, I am referring to the next generation of digital magazines, or “interactive” digital magazines, that are designed from the start to be digital and to compete for online readers and advertising.

The success of this study depended on surveying only those digital magazines that were *successfully* selling advertising. To start, I created a list of every digital publication that appeared, at least superficially, like it might be successful, and found quite a few of them. Then I contacted every one that was located in the US, as well as a few from the UK, and interviewed representatives from over 25 of them. Despite appearances, I did find that many were selling advertising in name only, using ads as “value added” to support other media sales. But, more importantly, I also found a core group of genuine digital magazine success stories. It was these success stories that were surveyed for this study.

Finding funding for this project was not easy in the prevailing skepticism of the time. The fact that I could not predict the findings I was looking for made for some challenging sales visits. Among the dozens of organizations I approached, only two organizations were willing to help fund the basic research necessary to develop digital magazines into a true advertising vehicle. Those two organizations were the interactive publication VIVmag and Nxtbook Media. Without their support, this report would not have been possible.

When the surveys were completed and the answers tabulated, we were all surprised at the results. Not only did we document some solid reasons for the success of the pioneering publishers, but we also documented what we believe is a new online media with *higher levels of user engagement* than any other online media we measured. In fact, the reader responses were so vibrant, we predict that interactive digital magazines have a bright future as a new media form *and* as an advertising platform.

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The plethora of e-reader products now coming to market has sparked a new willingness to consider advertising in interactive magazines. These new product introductions have the potential to dramatically increase the number of digital magazine subscribers. But, will they? With every major technology company promoting an e-reader solution, all the big technology players are betting that they will. Apple’s iPad introduction, as well as new products from Microsoft, HP, Google, Samsung, Sony, and dozens of others, have many marketers suddenly reevaluating the potential of digital magazines.

But, years before these product announcements, a small group of visionary publishers saw this coming, and they have been busy creating the next generation of digital magazines in anticipation. We call their online publications, “interactive” digital magazines, because they are designed to live and compete in the interactive media world. This “world” includes the Internet, mobile phones, private networks, and other personal screens. A total of eight of these pioneering publishers participated in this study. It is the first ever to be done on interactive digital magazines that are successfully selling advertising, with no digital replicas of print magazines included. It is also the first study to compare reader use of interactive digital magazines to other online media.

We were able to document what those pioneering publishers had found, a media that delivers advertising in a format far more interactive than any other medium. As marketers look for ways to more deeply engage customers in interactive experiences, this is an advertising medium whose time has come.
Most digital magazines today are simply digital replicas of print magazines. However, interactive digital magazines are an entirely different species. Exactly how different are they? Here’s what Tom Martin, publisher of the interactive digital magazine Winding Road, posted on my blog in March 2008:

“In the process of developing Winding Road, we’ve learned a lot about the huge difference between a true digital magazine and a digitized print magazine. Format, platform, ad model, layout, story assignments, timing, photography, cost structure — I could go on and on, but practically everything is different.”

Interactive digital magazines are designed to live in the digital world. Although they vary somewhat, they share three main features that set them apart from digital replicas of print magazines:

1. Interactive magazines are designed to compete for the attention of online readers, not print readers.

2. Interactive magazines are designed for easy interaction between readers and the magazine, not just for one-way content delivery. For example:

3. Interactive digital magazines contain ads that readers can interact with.
Interactive magazines are designed to compete for the attention of online readers, not print readers.

- Pages are formatted to be viewed on a computer screen with larger type, and often less of it per page. Individual pages are laid out to work as part of a horizontal layout.

- Content is designed and sequenced to be read by an online audience considering all the online content competing for attention. In some markets, publishers send out more frequent issues, but shorter in length, to accommodate shorter attention spans.

- Pages contain the same kinds of “digital extras,” such as flash animation and embedded video, also found on websites that compete for online readers.

Keep in mind, however, that these are only guidelines, and we found success stories that broke every “rule” listed above. For example, instead of including less text on a page, the interactive digital magazine VIVmag packs additional text into many of its articles by using a “scroll box,” a layout innovation they pioneered, in which readers can view extended copy by moving a scrollbar within a text box. And, instead of using “digital extras” such as embedded video and flash animation, for the first years of its publication Premier Guitar had only simple audio links. Yet the publication successfully sold advertising because, to guitar players, audio “speaks” first.
Interactive magazines are designed for easy interaction between readers and the magazine, not just for one-way content delivery. For example:

- Readers are encouraged to interact with the sports writers at the interactive digital magazine Sporting News Today though clickable e-mail addresses posted at the bottom of articles.

- Every issue of the interactive digital magazine Ophthalmology Times Digest Europe has a one-question reader survey that readers just click on a link to take, the results of which are published in the next issue.

- In the 2010 New Year’s issue of VIVmag, the editor invited readers to share their New Year’s resolutions, by clicking on an e-mail link, for possible publication.

Interactive digital magazines also encourage readers to interact for access to additional content. For example:

- By clicking to play content in the form of “digital extras” such as video, slide shows, and flash animation.

- By clicking to register for live or online events (like webinars) sponsored by the publisher.

- By registering online for membership in a fan, professional, or special interest group.

- By clicking to download additional content (such as calendars, reports, and white papers).

Readers are also encouraged to share their thoughts on the magazine’s content through social media tools. For example:

- Every article in Grand magazine is embedded with social media sharing tools for Facebook, Twitter, Digg and others.

- VIVmag readers can read and post on the publication’s daily blog, which is viewable from every page of the magazine when in preview mode.

- Every issue of Winding Road encourages its readers to participate in their online automobile forum.
When we interviewed the publishers of interactive digital magazines that were successfully selling advertising, most said that the benefit marketers found of greatest value was the interactivity of the advertising, and unique ability to create an engaging customer experience.

According to Marcus Grimm, Marketing Director for Nxtbook Media, “When readers are accustomed to interacting with editorial content, they become more likely to interact with content in advertisements.” Those interactions could include entering contests, signing up for newsletters or webcasts, or linking to content on an advertiser’s website. Readers who are “trained” to click on videos that are part of a magazine’s content are also more likely to click on videos embedded in advertisements.
The results of this study are organized into six sections. Following is a brief description of each:

**Part I.**
How do interactive digital magazines compare to websites of similar content? This was a question we were asked often when we talked to ad agency media buyers about the next generation of digital magazines. The results of the survey documented big differences in levels of engagement.

**Part II.**
How does advertising in interactive digital magazines compare to advertising in most other electronic media? After making comparisons with website advertising, we take a step back and compare the impact of ads in interactive digital magazines with ads in most other major electronic media.

**Part III.**
How does advertising in interactive digital magazines complement search? Findings suggest that advertising in interactive digital magazines is a perfect complement to traditional search because it reaches an audience that is potentially more involved with the target market but using search less frequently.

**Part IV.**
How do “digital extras,” like video and flash animation, encourage reader engagement for both editorial content and advertising messages? When video, flash, and other “digital extras” are embedded into articles, we found that they extend readership by motivating readers to read more of them. This applies to ads that embed “digital extras” as well.

**Part V.**
The youth factor: A look at the special affinity younger readers have for interactive digital magazines. Under-20-year-old readers, who grew up in a digital world, trend even more positive than the average reader. Even if you don’t see the value in interactive digital magazines, your kids will.

**Part VI.**
What’s on the road ahead? Results from this study suggest that interactive digital magazines could be the future of many magazines, especially for younger readers.
PART I

How do interactive digital magazines compare with websites of similar content?

As interactive magazines begin to incorporate elements such as flash animation and embedded video that are more typically found on websites, become designed for the computer screen not the printed page, and compete for online ad dollars, a marketer or media buyer might ask; “Why build an interactive magazine at all? Why not just build a website? Are they all that different?” The answer is, yes! From a marketing point of view they are very different. Here are the four basic differences:

1. First difference: Interactive magazines offer “push” advertising opportunities, while websites offer “pull” opportunities

According to Julian Lloyd Evans, Managing Director of Advertising at Dennis Publishing (publishers of Monkey), “The first thing to say about the benefit of advertising in interactive magazines is that it’s ‘push’ marketing. A website is fundamentally reactive, as you ask people to search and find the information you have there. But with an interactive magazine, you are pushing your offering to people every time your magazine goes out.”

An interactive magazine is sent — or pushed — to a subscriber list of people who have opted to receive it periodically. To view it, these subscribers need do nothing more than open their email. On the other hand, website visitors must be motivated enough to visit the site before they can view the content and ads it contains. With interactive magazines, accessing content is not the result of a search or motivated visit; instead, content is pushed to subscribers.

Aside from basic distribution, there is a second aspect to the “push” nature of interactive magazine advertising. Viewing the full ad message delivered by many web banners is a voluntary activity, as viewers need to click on the banner to see the full message or offer. But viewing the entire ad message in an interactive magazine is not voluntary. When the page is turned, the whole ad is there. Even at the very
least, readers are exposed to viewing the entire offer as they turn to the next page. And while they are viewing, there is a greater likelihood that it will capture their attention, or at least not be ignored. This is, in fact, supported by a finding from the study:

**Finding #1:** Readers are far less likely to ignore display ads in interactive digital magazines than ads on websites of similar content

When interactive magazine readers were asked whether they were more likely to ignore display ads in interactive magazines or on websites, 70% said they were more likely to ignore the website ads. Ads in interactive magazines are simply bigger and placed into the path of a reader’s attention. By contrast, website display ads are smaller and most often placed on the periphery of a reader’s attention.

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**2. Second difference: Interactive magazines offer readers a guided experience, designed and sequenced by professional editors, while website visitors self-direct their own experience**

Peter Houston, Editorial Director of *Pharmaceutical Executive* magazine, says, “we give readers a designed and curated experience, as opposed to a website which is a fairly random, search-driven experience. Both experiences are useful, but very different. With a curated experience, an editor sits down and organizes the content for the reader.”

When readers are engaged in an interactive magazine, they spend more time than they might on websites with similar content. According to Evans, “Overall, website visits are shorter. On average, the interactive magazines are...
viewed for about 20 to 30 minutes, which is about the time it takes to eat a sandwich, while the average website visit is 8 to 9 minutes.” This longer level of engagement has also been documented by the next finding in the study:

Finding #2: Reader engagement with a digital interactive magazine is more than four times greater than with a website of similar content

When interactive magazine readers were asked to choose between interactive magazines or websites as to which they found “more engaging,” respondents picked interactive magazines by a huge margin: 82%, compared with only 18% for websites of similar content.

It’s not that website-based content isn’t useful, it just offers a different set of benefits. Joey Glovacki, National Digital Sales Manager at Sporting News Today, understands the value of both media because he sells advertising for both: “We have Sporting News Today, which is a daily digital edition, and we have a website, SportingNews.com. They give us two ways to showcase our content, as well as giving users different ways to interact with it. Our daily digital edition is more like a traditional magazine; once it gets delivered, the content does not change. This edition gives readers content in one collectivized package, digitally delivered right to them. On our website, we can give immediate updates and offer instant access to breaking news.”

Christine Salem, Managing Director of the interactive magazine Outside’s Go!, adds that the motivations of the website user and interactive magazine reader are different: “When visiting a website, people are focused on unearthing a piece of information, so they are going to drill down in a very focused way until they

Advantages of “PUSH” marketing

There are times when a media plan should contain a “push” component. Here are some examples:

1. Reaching an audience on the marketer’s timetable
   Tom Winsor, publisher of HorseLink, advises, “If you have a time-sensitive advertising campaign and you have to advertise a product with a short promotional window, like a motion picture, push media works best.” There are many marketing messages that need to be delivered on a marketer’s timetable, regardless of whether readers are motivated to visit one website or another. Examples could be new product announcements, reaching repeat customers not active in the buying cycle, event or trade show promotions, and limited time offers.

2. Brand advertising
   The combination of search and website advertising is very powerful because you can place ads in the path of people searching for product information for an intended purchase. However, while customers are motivated to search for product information, they are less likely to search for positive messages about the corporations themselves. For that and other brand advertising, push marketing vehicles might be a better choice.

3. Reaching indifferent customers
   The 2008 United States presidential campaign demonstrated the power of the Internet to persuade, as then-candidate Barack Obama used the Internet raise money and organize. But because the election hinged on undecided voters who did not feel strongly about either candidate, the vast majority of campaign dollars went into the push medium of television.

There are many products for which buyers will be motivated to participate online. There are also many products that are viewed almost as commodities by buyers, who are understandably indifferent to the subtle variations between them. For those products where customers are ambivalent, push vehicles work well.
find what they’re looking for. While doing this, they create their own experience. But with an interactive magazine, an editor determines what the readers are going to see, the order they are going to see it in, and how they are going to see it. The editor is creating an environment readers can ease into like a comfy sofa.” Interactive magazines are designed to provide a more relaxed reading environment, while reading from websites is more destination or goal-based. While each has its benefits, according to the next set of findings, readers do have a strong preference:

**Finding #3: In terms of the reading “experience,” readers overwhelmingly chose digital interactive magazines over websites of similar content**

When interactive magazine readers were shown a list of positive reader experiences and asked which one they were more likely to have while reading an interactive magazine or a website of similar content, they chose interactive magazines by a dramatic margin. In fact, the reader reactions so overwhelmingly favored interactive magazines that a few points about their choices are worth noting here:

"More overall content” translates to more relevant content:
Respondents chose interactive magazines over websites for delivering “more overall content” by 55% to 45%. Interestingly, this means that a majority of respondents chose an option which is probably not true. In most markets where interactive magazines are published, there are probably websites containing “more overall content” somewhere, including one likely created by the interactive magazine publisher itself. However, this perception highlights the advantage of a guided reader experience. While, technically, websites can warehouse far more content, when a skilled interactive magazine
editor selects a limited amount of highly relevant content and graphically presents it to a target audience, the perception is, “more overall content” of relevance to me. In other words, less content, selected by content experts, can seem like more content.

“More authoritative” means a well-respected editorial content: Respondents picked interactive magazines over websites of similar content as being more “authoritative” (by 65% to 35%), and more “trustworthy” (by 71% to 29%), highlighting their faith in the editorial guidance of the interactive magazine experience.

A reading environment designed for greater ease of use: Respondents rated interactive magazines over websites of similar content in terms of being “easier to read” (by 73% to 27%), “better organized for you,” (by 78% to 22%) and “a more focused experience” (by 80% to 20%), indicating how important ease of use is, in their estimation.

A higher degree of emotional involvement: The biggest scores in favor of interactive magazines came from attributes that measured their emotional appeal. With the widest margins of preference recorded, respondents rated their experience of interactive magazines, as compared to websites of similar content, to be one they “look forward to more” (83% to 17%), “find more visually appealing,” (83% to 17%), and were “more fun to read” (85% to 15%).

Considering the overwhelming favor that interactive magazines received, a skeptic might wonder if we somehow stacked the deck. Admittedly, since all the respondents in the survey sample are interactive digital magazine readers, it must hold some bias. However, the whole point of this study is to bring forward, for the first time,
the perspective of these readers, whose numbers will increase rapidly with the spread of e-reader technology.

These results support what the publishers of interactive magazines already know from anecdotal evidence. For example, Christine Crosby, founder and publisher of the digital magazine, Grand, received this comment from a reader: “I just got off reading your magazine. I spent two hours on it and I felt like I had entered a gated community when I opened up Grand magazine. The reason is that everything in this community was for me.”

3. Third difference: You can deliver an entire marketing message to a user, not just an invitation to view the whole message

Ads in interactive magazines are just harder to ignore, for two reasons: The first is because the ads are simply bigger. Says Gary Strauss, publisher of the interactive digital magazine, Sporting News Today, “Your ad is seen as a full page digital ad facing a full page of digital editorial. It lays out like a print magazine, but with all of the advantages of digital. When full page edit faces a full page advertisement, the ad is going to be seen.”

The second reason ads in interactive magazines are harder to ignore has to do with the ways some advertisers are using the larger ad space. Steven Barr, Associate Publisher of VIVmag explains, “Sometimes advertisers find it hard to understand all of the possibilities this new medium offers until they see and play with it.” When visiting clients, he continues, “I like to give them a copy of my publication to play with and see the kinds of things other advertisers have done. On some VIVmag fashion stories, you can mix and match outfits and accessories on a model by clicking on different choices. Click to choose a blouse to see it on any a model, and then click to choose her earrings, sunglasses, and accessories. It’s possible to do this in an advertisement. When clients see this, they get excited and start to think how it might look with their products. Then they might see a short video embedded into an advertisement. This might get them thinking about what a video on their products could look like. I’ve had clients say, “Look what competitor X or Y did, we can do it different and better.”

Alan Brown, Director of Sales for the interactive digital magazine Graduate Prospects, adds “The best thing we can do is be the experts on our audience and advice marketers on what is going to work in an ad and what isn’t. If we can help marketers develop the right messages for this new medium, we will all be more successful.”

Susan Moore, Vice President of Operations and Marketing at the interactive digital magazine Winding Road, says that interactive magazines are helpful when an online RFP (Request For Proposal) arrives asking for “out of the box” ideas to engage readers “beyond the banner.” Says Moore, “With interactive magazines, everything we do is out of the box because you can do so much more with a large ad format. Advertisers can embed video, have the space to coordinate and link to everything else on their website, or offer a weekly newsletter. We have helped advertisers build a campaign with content from past articles combined with fresh content, and even created a customized magazine to drive traffic back to their site. It is hard
for someone to wrap their head around all this because it is so different from everything else they buy on the Web.”

But how do the readers feel about these ads? Today, most online display advertising is in the form of banners that run on websites. But interactive magazines offer a much larger and more dynamic form of online display advertising. In the survey, we showed respondents a list of possible positive reactions a viewer might have when viewing ads either in interactive magazines or on websites of similar content, and asked them to choose which best described their own experiences with each. The next finding clearly demonstrates how much more favorable readers respond to ads in interactive digital magazines:

**Finding #4:** **Readers overwhelmingly preferred display ads in interactive digital magazines to website banner ads, by an almost four to one margin**

Compared with ads on websites, interactive magazine ads were the clear favorite: They were picked as the medium that delivers ad messages that are far less intrusive (71% for interactive magazines as compared to 29% for websites); easier to read (80% to 20%); more authoritative (78% to 22%); more credible (79% to 21%); invites more involvement (80% to 20%); are more trustworthy (79% to 21%); are more fun (82% to 18%), and offer more useful information (81% to 19%).

It is interesting to note that, although a very large percentage of readers feel that interactive magazine ads are less intrusive, in some ways this is not entirely true. Display ads in interactive magazines are physically more intrusive because they are much larger, with a full page ad capturing half of the display screen. Display or
banner ads on websites typically take up far less space. And yet, the majority of readers (71%) find these ads less intrusive than display or banner ads on websites of similar content (29%). Why? Possibly because, with the larger page units, advertisers in interactive magazines often put more thinking into the creative process.

For the rest of the positive criteria, respondents preferred the advertising in interactive magazines over websites by an average of 80% over 20%. Clearly if you want an advertising message to engage with a target audience, this is a medium well worth considering.

4. Fourth difference: Advertisers can expect different results from their ads: Websites deliver more impressions, while interactive digital magazines deliver more time spent on the ad

Generally, when comparing interactive magazine advertising to website advertising, the metrics line up like this: In terms of delivering the largest number of impressions, website advertising, or “search,” will have the bigger numbers. But according to Marcus Grimm, “Interactive magazine advertising will often deliver higher click-through rates for each ad viewed, and hold the users’ attention on the ad for a longer period of time. Ads in interactive magazines that are designed to take advantage of this different kind of responsiveness can create very high levels of user engagement and interactivity.”

Alan Brown believes the key to winning repeat advertising for his interactive magazines is to help clients understand the different kind of responses they should expect from their ads: “Some advertisers look at the medium and expect response rates that are too high based on our experience. If clients want a pure direct response medium, this is probably not the right one.” Brown, whose ad sales are 75% repeat business, explains that he does not leave this to chance: “We help our advertisers produce ads that help interactive magazines engage with their audiences. Without the right creative, the full advantage of the advertising in this medium will not be realized.”
How does advertising in interactive digital magazines compare with advertising in most other electronic media?

The high degree of reader engagement that ads in interactive magazines can create is unmatched when compared with any other online environment we measured. To show relative values, we asked respondents how they viewed ads, across a variety of both traditional and online electronic media, against three criteria: How “helpful or interesting” users found the ads, how often they “ignored the ads most of the time,” and how often they found ads in various electronic media to “have a negative impact” on their user experience. Through these three comparisons, interactive magazines again demonstrated their unique ability to engage customers.

Finding #5: Respondents find the advertising in interactive magazines far more “helpful or interesting” than ads in any other electronic medium

Of the respondents, 63.2% found ads in interactive magazines to be “helpful or interesting,” which was more than any other medium measured. Traditional media had the next highest scores, with 53.8% rating television ads and 34.8% rating radio ads as helpful. Overall, however, the score for interactive magazines is three to four times higher than that of any other online medium measured, including ads on e-mail newsletters (which 20.6% found helpful) and website banner ads (which 16.4% found helpful). When readers find marketing messages “helpful or interesting,” they are much more receptive to them.

Finding #6: Of all forms of electronic advertising, interactive magazine ads are “regularly ignored” least often

When interactive magazine readers were asked which forms of electronic advertising they “ignore most of the time,” online media fared worse than traditional electronic media. The one exception? Ads in interactive magazines.

Only about a third of respondents said they ignore ads on radio (35.2%) and television (31.9%) most of the time. But
Finding #5:
*Respondents find the advertising in interactive magazines far more “helpful or interesting” than ads in any other electronic medium*

Which forms of electronic advertising do you find helpful or interesting?

- Ads in digital magazines: 63.2%
- Television ads: 53.8%
- Radio ads: 34.8%
- E-mail advertising in your inbox: 22.4%
- Ads on e-mail newsletters: 20.6%
- Website banner ads: 16.4%
- Website pop-up ads: 2.3%
- Ads on your mobile phone: 1.9%

Finding #6:
*Of all forms of electronic advertising, interactive magazine ads are “regularly ignored” least often*

Which forms of electronic advertising do you ignore most of the time?

- Website pop-up ads: 91.7%
- Ads on your mobile phone: 74.8%
- Website banner ads: 72.1%
- E-mail advertising in your inbox: 65.3%
- Ads on e-mail newsletters: 53.1%
- Radio ads: 35.2%
- Television ads: 31.9%
- Ads in digital magazines: 21.7%

Online media had much higher “ignore most of the time” scores, with website pop-up ads at 91.7%, mobile phone ads at 74.8%, website banner ads at 72.1%, email advertising at 65.3%, and ads on e-mail newsletters at 53.1%. As for ads in interactive magazines, they are “ignored” by the least number of respondents,
Finding #7:
Of all forms of electronic advertising, interactive magazine ads have the least negative impact on the reader experience

Which forms of electronic advertising have had a negative impact on your viewing/reading experience?

- Website pop-up ads
- Ads on your mobile phone
- E-mail advertising in your inbox
- Website banner ads
- Ads on e-mail newsletters
- Television ads
- Radio ads
- Ads in digital magazines

21.7%, which is far less than all the other electronic media measured.

Finding #7: Of all forms of electronic advertising, interactive magazine ads have the least negative impact on the reader experience

Often, online advertising formats that get the highest click-through rates are also the most intrusive. For example, advertisers use website pop-up ads because they get high response rates, but site users often have negative feelings about them, and even possibly the companies that sponsor them, due to the annoyance factor. In fact, the electronic medium with the most negative user rating is website pop-ups ads, with 90.5% of respondents saying they have a negative impact on their experience. This is followed by ads on mobile phones, at 65.4%. Next down on the list come e-mail advertising at 57.2%, website advertising at 56.3%, and ads on e-mail newsletters at 38.2%. The traditional electronic media are next, with television ads rated at 25.7% and radio ads at 23.6%. By contrast, interactive magazine ads follow behind all of these, having a negative impact on the experience for only 16.5% of users.

Looked at together, all three of the above-mentioned findings paint a very rosy picture for the ads in interactive digital magazines: Readers find them more “useful and interesting” than ads in any other electronic medium, therefore ignoring them far less often and reporting a less negative impact on their user experience overall.

These findings highlight the opportunity that the advertising environment of an interactive digital magazine offers. That opportunity is used most profitably when the creative is designed to take advantage of all that the medium can offer.
to Jeanniey Mullen, Global Executive Vice President and Chief Marketing Officer for Zinio and VIVmag, “Unlike other media, we can deliver a message on multiple layers of engagement.” Mullen adds that once advertisers embrace the new medium, they can communicate far more depth to their brand message than they were able to do before. Interactive magazine ads are big enough to present a “click to play” video, a contest announcement and entry form, a full brand message, or a response offer, all without the need for a reader to click to see the full message.

For this reason, Joey Glovacki says he “listens more than talks” when he visits potential advertisers, because he is looking for opportunities for advertisers to engage his interactive magazine audience in new and different ways: “If I can’t come up with a solution to help them achieve their goals, I’ll let them know that, but if they want a way to get involved with an engaged audience on multiple layers, that’s something I can have a conversation on.”

But this conversation takes time. Gregg Hano, publisher of the interactive digital magazine PopSci Genius Guide says, “The customers whom we have relationships with, or who allow us the time to discuss how we can help, are the ones who will learn about the technology and how to use it. If a client sends us an RFP and wants us to fill in a spreadsheet, we are simply not going to be able to help as much as we can.”
PART III

How does advertising in interactive digital magazines affect search?

Since “search” accounts for about half of every online ad dollar spent, the extent to which interactive magazines affect search is an important consideration for any media buyer. When an interactive magazine enters a market, it eliminates part of the functional need for search by consistently providing its subscribers with current and ongoing content. In fact, this is consistent with what the survey results show:

Finding #8: Over one third (34.2%) of interactive digital magazine readers report that they use search less after subscribing to an interactive digital magazine

When readers do not use search, they bypass exposure to both organic and paid search listings, as well as search ads. With over a third of interactive digital magazine readers reporting that they use search less after becoming regular subscribers, there is potential for marketers to miss targeted customers. Further, since subscribers to an interactive digital magazine would likely be among a market’s most engaged customers, the potential for advertisers to miss that market’s best customers by using search alone is very real.

This is why interactive magazine advertising works well as a complement to search. Ads in interactive digital magazines reach subscribers whose informational needs are being satisfied by an ongoing stream of content, and so are searching less often. Tom Winsor, publisher of HorseLink, has some thoughts on why interactive digital magazines can displace the need for search: “When a knowledgeable editor sorts through everything going on in a niche and gives her readers only the most important things, she is acting like a search engine for the reader’s interests.”

The Internet has millions of destinations, and searching for the right content can take time. Eroin McSorley, editor of Monkey magazine, sees his mission as a time-saver: “When you’re surfing the Web, the only time constraints are ones you set for yourself. With Monkey magazine, we take a little chunk of 25 or 30 minutes each week and cover all the aspects
Finding #8: 
Over one third (34.2%) of interactive digital magazine readers report that they use search less after subscribing to an interactive magazine

When you started reading a digital magazine, how much did you change the amount of time spent searching the Internet for similar content? You now spend...

- about the same amount of time searching for similar content
- less time searching for similar content
- more time searching for similar content

56.6% 34.2% 9.2%

of what young men would be looking on the Web for anyway. When editors of interactive magazines anticipate their readers’ needs and deliver content to them on an ongoing basis, readers have less to search for, thus making search and interactive magazines a complementary media buy.
How do “digital extras” like video and flash animation encourage reader engagement for both editorial content and advertising messages?

To compete online with website content, interactive digital magazines often have the same kind of “digital extras,” such as video and flash animation, that are found on more sophisticated websites. In fact, the presence of these “digital extras” is one of the most noticeable differences between interactive digital magazines and digital replicas of print magazines. While skeptics might assume they are just gimmicks, it turns out that they actually play a vital role in building editorial readership, and in making advertisements more impactful. Here are some of the findings:

**Finding #9: Video is the most popular “digital extra” used to enhance the interactive magazine reading experience**

Of all the “digital extras,” 75.2% of interactive magazine readers reported that video enhances their reading experience the most. The next most popular enhancement, at 58%, was being able to click for extra photos, followed by slide shows.
Finding #10: More than half of interactive magazine readers read the articles first and then play the "digital extras" that support them next, but one in five readers play the "extras" first

When you first come to an article that you ARE interested in reading that contains "digital extras" (extra digital content like video, flash or photos), what do you do?

- Read the article first, and then click to play the "digital extras"
- Start reading the article, and click to play the "digital extras" midway through reading
- Click to play the "digital extras" before you start reading

Finding #10: More than half of interactive magazine readers read the articles first and then play the "digital extras" that support them next, but one in five readers play the "extras" first

at 37.4%, audio at 35.7%, and 30.6% for flash animation. Both men and women find similar value in all of these "extras," with the exception of flash animation, which more men say has enhanced their reading experience (at 34.9%) than women (at only 22.7%).

Tom Winsor embeds video into most feature articles, and includes a short video in every ad in his interactive magazine, HorseLink. Says Winsor, "Twenty percent of humans learn by reading something, forty percent by watching something, and forty percent by doing something. Place a three to four minute "how to" video inside in a magazine article and people are going to be more engaged. We’ve always been a "how-to" style publishing company. For us, video is a better way of teaching."

When interactive magazine readers come to a page with a "digital extra," a majority (58.6%) first read the article and then play the "digital extra." Almost a third (30%) start reading the article and click to play the extra midway through, while 18.8% play the "digital extra" before they even start reading the article! "Digital extras" are not just a gimmick that exists apart from the reading experience; in actuality, they enhance the experience.

Women are more likely to "jump ahead" and click to play a "digital extra" before starting to read an article they are interested in, with 22.5% reporting that they do this, as opposed only 16.8% of men. Interactive magazine readers under the
age of 20 seem to have an even greater affinity for “digital extras.” Almost one third (30.6%) report that they click to play the “digital extras” first, more than any other age group reported.

Finding #11: Video, flash, and other “digital extras” extend the time spent reading interactive magazines by motivating readers to read articles they would otherwise have skipped

When you first come to an article you might NOT be interested in reading that contains “digital extras,” what do you do?

- Skip the article
- Read a small bit of the article, then click to play the “digital extras” before going to the next article
- Read a small bit of the article, do NOT play the “digital extras,” then skip to the next article
- Click to play the “digital extras” before going to the next article

were added together, a total of 44.6% of all respondents said they use “digital extras” to give articles they had no initial interest in a second chance to be read.

A survey conducted by The Harrison Group on VIVmag readers found that one of the benefits readers felt they received from their interactive magazine was being exposed to content they would not have chosen to read on their own. Jeanniey Mullen adds, “A reader might be interested in fitness, travel, or beauty, but when they’re done looking at that there are other pieces nicely organized for quick access. They can get a preview of other content in the magazine the same way as if they were standing in a bookstore. It enables them to extend access to things they never knew that they were interested in. This retains their attention for an extended period of time.”
Finding #12: One third of interactive magazine readers who have little or no interest in an ad’s message become engaged with it through “digital extras” like video and flash animations

When you first come to an advertisement containing “digital extras” like video or flash animation, what do you do?

- Click to play them if you are interested in the product
- Click to play them if you have a slight interest in the product
- You never click to play any of them
- Click to play them to see if you might become interested in the product
- You often find the “digital extras” to be the most interesting part of the ads
- You click on most of them

Finding #12: One third of interactive magazine readers who have little or no interest in an ad’s message become engaged with it through “digital extras” like video and flash animation

When “digital extras” are included in the advertisements in interactive magazines, they expand reader involvement the same way they do for editorial content. Over half (55.1%) of interactive magazine readers responded that they click to play “digital extras” if they are interested in an advertised product. This gives marketers a way to add another dimension to an already positive customer experience. For example, a reader might see a product in an interactive magazine ad and read about it, then play a video, then click a link to enter a contest. With the size of ads in interactive magazines, it is possible to expose readers to this kind of multi-level engagement without the need for readers to click on a banner to see all of the options. This all adds up to a greater degree of customer involvement.

But, an even more important benefit might be how “digital extras” impact readers who are not initially interested in an advertised product. Just as “digital extras” can motivate marginally interested readers to read articles, they can also motivate reader interest in ads. When asked how “digital extras” affected the reading experience of advertisements, 21.3% of respondents indicated they would click to play a “digital extra” if they “might become interested” in an advertised product, and 23.7% indicated they would click on a “digital extra” if they had “a slight interest in an advertised product.” When respondents who selected these two options were added together, an unduplicated 33.2% reported that “digital extras” get them involved in advertising messages they initially had little or no inter-
est in. Just because an ad is placed does not guarantee that it communicates. Most often, advertising has its biggest impact when it brings in customers who were not aware of the product, or were previously only minimally interested in it. The “digital extras” contained in interactive magazine advertising can help accomplish this.
We found that among the youngest group of readers we measured, those under the age of 20, there is a special affinity for interactive digital magazines. This group is an extremely important demographic because they represent the first generation of media consumers who grew up online. For these “digital natives,” there has always been an Internet, and most media have always been digital. Because they never had to make a transition from an analog world into a digital one, they see and use media differently. As they age, they will eventually bring their perspective to all media markets.

The under-20-year-olds were also far more engaged in interactive digital magazines than any other age group we measured. Additionally, despite the fact that many are not financially independent and most are not yet in the workforce, they have more immediate plans to buy e-readers than the sample as a whole. Here are some more of the findings:

**Finding #13: Under-20-year-olds love the digital enhancements like video and flash animation**

When we asked the entire survey sample how “digital enhancements” such as embedded video and flash animation impacted their reading experience, we discovered that the under 20-year-old group values them at about twice the level of any other age group. In the total sample, 24.9% of respondents said the “digital extras” made them read any article. However, for under-20 year olds, 47.7% felt that way. Of the total sample, 29.3% said “digital extras” made them interested in reading articles they would otherwise have skipped. For under-20-year-olds, that number was 44.6%. On average, only 14.2% of all respondents said they “often like the videos more than the articles,” while 26.9% of under-20-year-olds said the same.

When an under-20-year-old opens a magazine, he or she wants a more interactive reading experience. These “digital natives,” who grew up on the Internet, expect more than just
static type and pictures from a media experience. If magazines are to compete with online content that contains elements like video and flash animation, then those elements must become part of the magazine experience as well.

Finding #14: Under-20-year-olds are embracing e-readers at a faster rate than any other age group

Younger readers are adopting e-reader technology faster than any other age group. The average of this survey sample found that 9.3% of all respondents read digital magazine content on smart phones, and 2.2% on e-reading devices such as the Kindle. As more interactive magazines offer a mobile reading experience, and more tablet and e-readers are introduced into the market, these percentages are likely to increase. However, as of now, users under the age of 20 are more than twice as likely to be reading content on an e-reader and almost twice as likely to be reading content on a smart phone. In general, adoption rates declined with every 10 years of age, although contrary to this trend, the third most common age group now reading digital magazines on an e-reader were people over the age of 70.

Finding #15: Younger readers plan to buy digital readers sooner than the average reader

As of the time of this survey, an average of 1.7% of respondents planned on buying a digital reader in the next month, another 2.5% in the next three months, and another 3% in the next six months.

However, we again found younger readers embracing the technology faster. While only 1.7% of the overall sample said they planned to buy an e-reader in the next
Finding #14:
Under-20-year-olds are embracing e-readers at a faster rate than any other age group

On which devices do you read content from digital magazines?

![Bar chart showing device usage across different age groups]

- On a digital reader like a Kindle
- On a smart phone like an iPhone

Finding #15:
Younger readers plan to buy digital readers sooner than the average reader

If you do not own a digital reader, such as a Kindle, how soon will you buy one?

![Bar chart showing purchase timing across different age groups]

- Under 20
- 21 to 30
- 31 to 40
- 41 to 50
- 51 to 60
- 61 to 70
- Over 70

month, more than twice that number, or 3.7%, of under-20-year-olds indicated they had such plans. Generally, the younger the respondent, the more likely they are to move ahead soon with a digital reader. There was one exception to this trend: The third most frequent age group using e-readers are the over-70-year-olds, who
find them particularly useful because they can be adjusted for a larger type size, and even read the text aloud.

Within the next few months, the entire landscape of digital readers is going to change, as more new devices come into the market. According to Gregg Hano, “We are looking three to five years down the line at what devices will be available to read interactive magazines. We have reached out to reading device manufacturers and learned what formats and operating systems their devices will be using, and are working to optimize our content in tandem with available e-reader or tablet products.”

While Hano is looking to the future, he is also publishing an interactive magazine now: “These devices may have amazing potential, but we must optimize our content for the devices that exist today. This process is evolutionary, and we have to help our readers and our advertisers understand and prepare for it.”

Tom Winsor is also planning for a future with digital readers: “The main reason we’re doing digital publications is because I believe that someday those e-readers are going to have refresh rates high enough to watch color video. When that happens, a lot is going to change. If my staff is prepared and knows how to put out a digital publication, then we are that much farther ahead of our competition. We’re not going backwards.”
PART VI

What’s on the road ahead?

Are interactive digital magazines the future of the magazine itself? Evidence that they will certainly be more important in the future surfaced when we tabulated by age group the respondents who “most frequently” use different media.

Measuring a medium’s most frequent users is important because they are often the ones who determine that medium’s future. As the involvement of those most frequent users grows or declines, so goes the presence of that medium.

To separate the most frequent users of different media from the average or low frequency users, we created benchmarks. For example, to separate the number of respondents who are “most frequent” users of website information, we asked how many visit more than 20 new websites a day. While all respondents visit websites, only the most frequent users would visit 20 new websites every day. When we tabulated these “most frequent” user benchmarks by age, the following patterns emerged:

Finding #16: The most frequent users of websites trend as younger

While all respondents visit websites, the percentage who visit more than 20 new ones a day declines steadily with every 10 year increase in age. About one third of users under 20 (30.1%) visit more than 20 new websites a day, while only 9.5% of users over the age of 70 do so.

Finding #17: The most frequent users of print magazines trend as older

The number of print magazine readers who subscribe to more than six print magazines increases steadily with every 10 years added to a respondent’s age group. Almost half (47.6%) of interactive magazine readers over the age of 70 subscribe to more than six print magazines. With each 10-year decline in respondent age group, that number drops consistently. For respondents under the age of 20, only about one in five (21.5%) subscribe to more than six print publications. There will likely be fewer print magazines in the
Finding #16:  
The most frequent users of websites trend as younger  
Visit more than 20 new websites a day

Finding #17:  
The most frequent users of print magazines as older  
Subscribe to more than six print magazines

future because younger users subscribe to fewer of them. But the same sample that showed fewer young respondents reading print magazines also showed them as more likely to be readers of digital books. Respondents under 20, and between 20 to 30 years of age, read the most digital books per year (17.2% and
18.6% respectively). It is likely that the under 20-year-old group reads fewer digital books because many are not yet economically independent or in the workforce. After those two age groups, we see a decline in usage with every 10 year increase in age. Reading e-books will likely rise as younger readers move ahead.

**Finding #18: The most frequent readers of digital books trend as younger**

While we do see a decline in the use of print magazines, we do not see a decline in reading, or digital reading. Younger readers are open to this approach, perhaps more than many assume. Regardless of technology, reading is alive and well.

This finding counters the idea that the decline in magazine usage among young people comes from a lack of interest in reading. Here, we see that younger readers will seek content to read in digital media. However, earlier in the study we saw clear evidence that younger readers, especially those “digital natives” raised on the Internet, expect more from a reading experience than static type and photos. We believe that magazines can win back younger readers and assure the future of the magazine format by recreating it as an enhanced digital product.

**Finding #19: Interactive digital magazine readers are serious readers in general**

Print magazine readers have always been above-average-frequency readers. Because reading is an active activity (as opposed to watching TV), print magazine readers have always been a more engaged group of media consumers. If interactive digital magazines are the future, then how serious a group of readers are they? It turns out, very serious.
Overall, the United States is not a nation of heavy readers. A recent AP IPSOS study showed the average American reading four books a year. But that average included the 27% of Americans who read no books at all, as well as the 3% who read between 41 to 50 books a year. The tipping point for heavy readers is at 10 books a year, with about one in five Americans (19.2%) falling into that category. By contrast, in this study we found that 59.2% of interactive magazine readers read more than 10 books a year. In addition, 38.7% of interactive magazine readers subscribe to 10 e-mail newsletters, and an average of 35.3% subscribe to more than six print magazines.

Technology evolves, but the reading function remains. Interactive digital magazine readers clearly are serious readers. As usage of print magazines declines, the magazine format could well endure in a new, enhanced, digital form.
CONCLUSION

The case for advertising in interactive digital magazines

Will the next generation of interactive digital magazines become a valuable advertising medium? As has been documented in this study, for some it already has. And as e-reader technology becomes more mainstream, the number of publications embracing this interactive approach will grow rapidly. The eight publications that participated in this survey are successfully selling advertising to repeat customers and building growing subscriber bases. Here is a summary of what some of their readers had to say:

- Their experiences with interactive digital magazines were far more engaging than their experiences with websites of similar content.
- They found advertisements in interactive digital magazines to be far more engaging than advertisements on websites of similar content.
- They found ads in interactive magazines to be more helpful or interesting than ads in any other electronic media.
- They felt the ads in interactive magazines had far less negative impact on their user experience.
- They regularly ignored ads in interactive digital magazines far less often than ads in any other electronic media.
- They use search less because they regularly receive information through an interactive digital magazine subscription.
- The “digital extras” like embedded video and flash animation extended their reader involvement by motivating them to look at articles they would otherwise have skipped.
- When “digital extras” are built into interactive digital magazine ads, this can motivate them to look at an advertiser’s message they might otherwise have skipped.
- Younger readers of interactive magazines take to them with greatest acceptance. For this next generation of “digital natives” who grew up with the Internet, interactive digital magazines seem like a very natural media experience.

Interactive digital magazines have unique opportunities for reader engagement that are not found in other advertising media. Marketers lucky enough to find one of these publications in a target market can use it to deliver a customized interactive customer experience to meet their marketing goals. As e-reader technology makes its way into the hands of consumers, the circulations of these publications are sure to increase. For these reasons, we predict that the future for interactive digital magazines as an advertising platform will be very bright.
Interactive magazines are still a small minority of digital magazines, most of which are digital replicas of print magazines. I identified a group of brave, innovative publishers who are currently successfully selling advertising into their interactive magazines. I then asked them for their help in surveying a sample group from their subscriber lists. The following magazines, who agreed to send our questionnaire to their subscribers for this survey, are (in alphabetical order):

- Grand
- HipCompass Escapes
- HorseLink
- Outside’s Go!
- PopSci Genius Guide
- Premier Guitar
- VIVmag
- Winding Road

We collected a total of 5,612 completed questionnaires. The responses represent a wide variety of interests, respective to the list above: automotive, women’s interests, men’s interests, science, horses, travel, music, and grandparenting.

In essence, this was a series of eight separate but identical surveys, each sent to the circulation of one of the eight interactive magazines we partnered with. Each respondent received the exact same questionnaire, and the results from all the publications were combined to obtain the composite results of the study. Because of the challenge of working within the schedules of each publication, the actual surveying took place over a two month period. The first survey deployed on October 8, 2009, and the final response from the last survey was collected on December 15, 2009. At no point will we be sharing results from individual publications. By prior agreement, all results are presented collectively.
Nxtbook Media has been producing digital magazines for publishers since 2003. Utilizing a dynamic blend of cutting-edge technology and superior customer support, the company is proud to have worked with thousands of publishers serving millions of readers. The company provides its customers with sales and circulation training to ensure their publishers paramount success.

Nxtbook Media is proud to be “platform ambivalent,” and uses its Liberty product to deliver content to computers, netbooks, Smartphones, eReaders and whatever the brightest minds will dream up next.
**VIVmag** is a first: it’s an exclusively digital, 100% interactive magazine that delivers reliable, accurate service journalism around the seven key pillars of a woman’s life — beauty, fitness, style, healthy eating, travel, wellness and awareness — in the most dynamic and engaging manner on the internet. Its audience of over 350,000 savvy women (ages 35+ with annual HHI of $150K+) genuinely is committed to leading healthy, balanced lives.

Since 2006, VIVmag has defined and proven the revolutionary approach to interactive content, enabling all subsequent magazines to leverage its success in the “decade of digital devices.” VIVmag’s interactive content entertains and informs, helping readers achieve the confidence that comes from engaging life at a higher level.

From interactive exercise demonstrations to point-and-click purchasing power right from its pages, VIVmag has generated a circulation of more than 350,000 influential readers committed to discovering and embracing the future of magazines. For years, global luxury-market brands, such as Audemars Piguet and Claudia Ciuti, have embraced this engaging format for driving brand awareness by offering sophisticated alternatives to previously scoffed at online-advertising options.

Attracting world-renowned celebrities for both its boundary-breaking cover models (Beverly Johnson), as well as its expert regular contributors (Colin Cowie), VIVmag has been featured on national television segments including “Extra” and “TODAY.” Last month, VIVmag won “Best Branded Digital Magazine” in the 2009 DPAC Awards, which celebrate overall excellence and breakthrough achievement in digital publishing and advertising.

As the pioneer in dynamic design, worldwide industry leaders such as Time, Inc. (*Time*), Hearst (*Esquire*), National Geographic Society (*National Geographic Magazine*), *ESPN: The Magazine*, Hachette, Bonnier (*The PopSci Genius Guide*, *The Green Home Guide*, *Popular Science’s Tech Buyer’s Guide*) and *Tennis* all have identified and sought out VIVmag to help them create an optimized, rich-media, digital approach to the design and multi-platform display of their iconic titles.

To learn more about VIVmag, please visit our media kit or contact:

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Gordon successfully sold media for 26 years, for a wide variety of publications. As one of the first print salespeople to aggressively sell online media, his territory with Broadcast Engineering magazine, currently published by Penton Media, Inc., accounted for over half of all online billing during the first four years of that publication’s online presence, with much of the revenue coming from projects he initiated.

Gordon is known for his columns in Folio magazine and his popular “Ad Sales Blog” (www.AdSalesBlog.com) which offers ideas and strategies to help publishers improve business.

Gordon is also the author of four books on selling and persuasion, and is an internationally recognized expert on the subject. He has been covered on CNN, CNBC, National Public Radio (on PRI’s “Marketplace”), The Fortune Business Report, Wall Street Journal TV, and WCBS Radio. His books have been translated for publication in Germany, China, Korea, and Taiwan.

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