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Digital newsstands

The definitive guide

FIPP
Connecting Global Media

In partnership with

pressreader™

Contents

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An ever-changing platform

The digital magazine sector is full of activity – mergers, takeovers and new partnerships. Scale and ownership of the constantly evolving tech are key drivers. Yet all the activity highlights what a vibrant platform the digital magazine remains in a complex and volatile market. It also shows that digital newsstands and aggregators have a massively influential role to play in shaping the marketplace.

Initially over-hyped as the "digital future for magazines", when the tablet first came on to the market, the industry's view of digital magazines cooled, with some then denigrating them as "the Sony Betamax of publishing" – just one step of intermediate technology on the path to a much more flexible and sophisticated digital future.

Image: PressReader

Yet as the digital magazine has become more flexible – and more difficult to define - the value of these issue-based products has been more appreciated for their utility and cost-efficiency. This has been mirrored in a confusing increase in the range of routes to the consumer and the business models that sit behind each opportunity. Digital magazines are now part of a bigger Digital Content Delivery System (DCDS) landscape.

This report – made possible thanks to PressReader, FIPP strategic partners for more than 10 years – maps the options and questions swirling round an adaptable and morphing platform, yet has a core focus on:

- The major digital newsstands / aggregators, each of which has very different ways of working.
- Consumer magazine brands. B2B and news brands - both with very different digital journeys to that of consumer magazines - are referred to as background reference points when relevant.

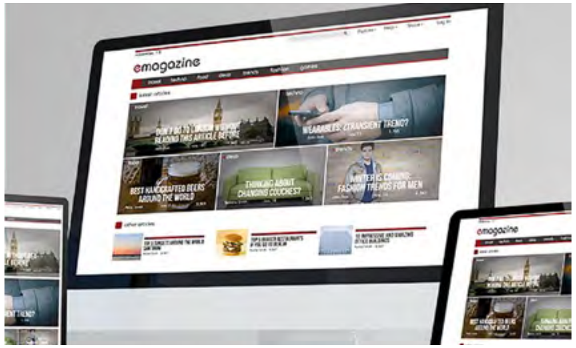
Executive summary

Mapping the DCDS market

Digital Content Delivery Systems (DCDS) is the over-arching term that captures the changing face of digital magazines. These are now available in various formats (from PDFs through to apps), in various places (from open newsstands through to closed user groups) and with various business models (from All-You-Can-Read through to subscriptions to individual publications and on to single copy purchases).

- Published magazine brands still play a massive role in the life of the consumer.

- The general digital consumption of magazine content continues to grow.



- Digital magazines remain a fundamental part of the growing DCDS ecosystem.

- Most audit figures tend to underestimate digital magazine activity, which continues to grow quickly, but from a relatively small base.

- Digital magazines are used in a variety of ways to engage with the consumer, sometimes paid-for and sometimes free to the consumer.

- Digital magazine growth is being driven via three routes: (1) direct-to-consumer by the publisher, (2) through third party sellers as single brands, (3) through broader newsstand / aggregator operations, several of which offer an All-You-Can- Read (AYCR) service for a flat fee consumer offer, and (4) paid for by third parties for end-user consumption.

The consumer perspective

Consumers have a bewildering and growing range of digital magazine options. Each consumer platform has its own distinct dynamics. Also, consumers themselves are becoming more demanding and more difficult to define.

There are three ways that consumers can access digital magazines, driven by a simple distinction: do they actually pay for the product themselves or do they receive it as part of a benefit package?

There is no simple, single "digital reader". They break down into different types with different wants and the proportion of each type varies massively from market to market and from brand to brand.

The publisher perspective

Digital magazines have an important and stable place in consumer magazine publishing. In addition, the rocketing costs of manufacturing and distributing print products are giving new impetus to the digital format. Yet the options for publishers are as complex and wide-ranging as they are for consumers.

The digital magazine is used by the majority of consumer magazine publishers. Usage levels are relatively stable despite the proliferation of other content delivery platforms. Yet the company focus on digital magazines is relatively low – the other platforms are absorbing more resource and focus. The most common format is the PDF replica, although the usage of bespoke apps is growing. What digital magazines are used for varies from company to company and from brand to brand.

If the consumer has a complex range of digital magazine options, then so do publishers. There are five broad pools of activity, although these are overlapping increasingly, with suppliers who can themselves operate in more than one area, and where mergers / closures / launches seem to take place on an almost daily basis. The five pools of activity are:

- Publisher direct to consumer
- Specialist newsstands and aggregators
- Service providers with consumer facing front-ends
- Mainstream social platforms
- Other fringe services

When individual publishers deal direct with their own readers, usually on a brand-by-brand basis, they use the digital edition in a number of ways:

- A replacement for the print edition during print supply chain disruptions or for export markets.
- A sampling tool in audience building promotions.
- One part of a bigger content

bundle, usually print + digital, and often involving the usage of back issue archives.

- A self-standing, paid-for product. This is where the digital newsstands / aggregators play a significant role and where their investment in consumer marketing can bring individual brands to a wider audience.

The major aggregators

The major newsstands and aggregators have been instrumental in driving the growth of the digital magazine format. Yet each one has a distinct range of services and publisher offers that extend well beyond a normal "newsstand". That is why the term "aggregator" is more all-embracing and descriptive.

There are six large international aggregators (PressReader, Readly, Magzter, Zinio, Cafeyn and Apple News+) with very different service offers and ways of working. Yet behind these majors, there is a wide range of more local operations and a long tail of specialist service providers.

From a publisher perspective, there is a series of pros and cons of using these aggregators. Yet they should form part of a balanced channel strategy. The most disruptive element of the aggregator operation is the All-You-Can-Read offer, but this has given new life to the whole digital magazine platform and brought it to a wider audience.

The future for digital magazines

The digital magazine format has suffered from its original over-hype several years' ago as the future of digital content distribution. It has since settled down to become the low-profile workhorse of electronic publishing, used by the majority of media companies, as they focus more on other more pressing (and more difficult to monetise) platforms such as social media, audio and video.

The format is looking to have a longer life than many were anticipating. It may not be leading-edge in tech terms, but it is "good enough" for most, at least for the time being.

However, the digital magazine itself is also changing and becoming more sophisticated and interactive, moving from simple text-based reading into audio and video extensions.

At the same time, the concepts of the "issue" and the "magazine" itself are being eroded by content atomisation. There is no certainty about any content delivery system in the future. Yet digital magazines are thriving and still retain a role in a changing media landscape.

Mapping the market

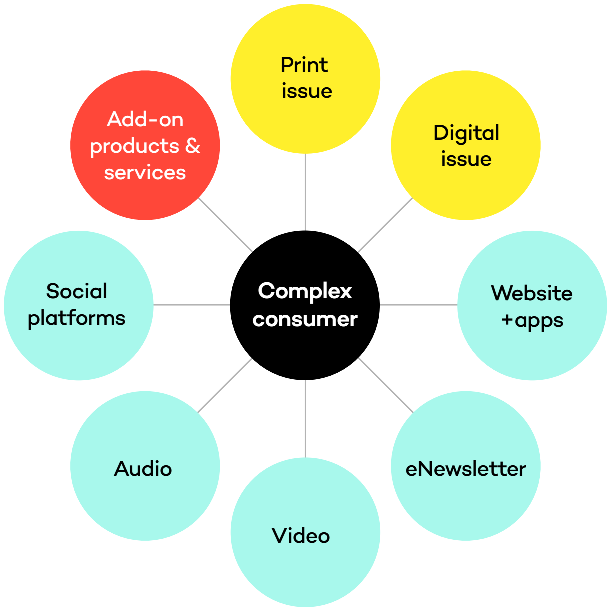
Digital Content Delivery Systems (DCDS) is the over-arching term that captures the changing face of digital magazines. These are now available in various **formats** (from PDFs through to apps), in various **places** (from open newsstands through to closed user groups) and with various **business models** (from All-You-Can-Read through to single copies).

DEFINING THE SHAPE OF THE MARKET

Digital magazines are just one of many ways of delivering content to the end consumer, with both print and digital platforms continuing to run alongside each other in parallel.

In most consumer magazine markets, the **print issue** remains the “gold standard” in three respects: (1) what the “magazine experience” actually feels like in terms

Multiple content products



of how the content is navigated by the reader; (2) how the content is structured around a curated collection of content – the "issue"; and (3) how much can be charged for it.

Most **digital issues** are simply the print product converted into a digital format - the structure remains the same, but the consumer's perception of the experience and what the value of the product is, can both change.

The other products, all digital, usually deliver content which has been atomised into smaller information units, often article-level, rather than the fully curated bundle of an issue:

- **Website** and/or app
- **Newsletter**
- **Video**: streamed channels and downloads
- **Audio**: streamed channels and downloadable podcasts.
- **Social platforms**: branded publisher presence and distributed / off-platform.

Beyond these core content products is a range of add-on products and services which include live events, transactional marketplaces, the sale of linked goods and services (e.g. holidays, insurance and wine clubs) and general ecommerce activity.

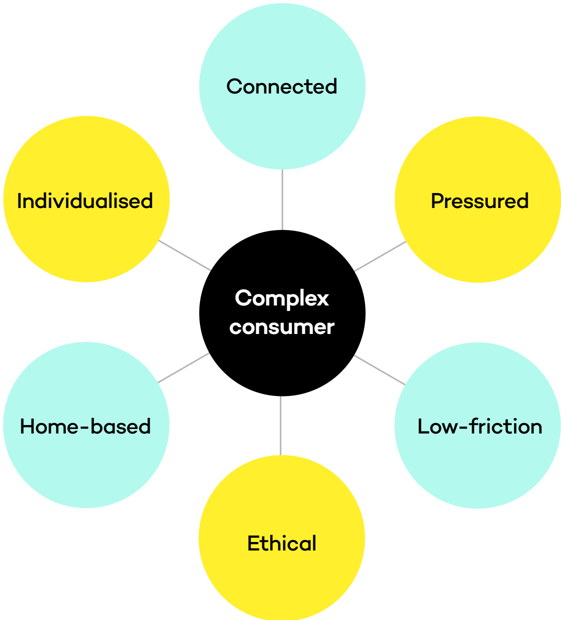
The relative focus being devoted to each of these by publishers is detailed on Page 29.

So, the "digital magazine" is just one digital content delivery system (DCDS) among many, but an enduring one.

There are two key factors behind all this. Firstly, the number of content products is increasing. Secondly, these products are merging into each other to create complex and hybrid bundles, rather than being standalone and distinct platforms.

Yet what is driving all these changes is an increasing complex consumer,

The morphing consumer



who is both more demanding and also more difficult to define in traditional demographic terms.

- The connected consumer is hard-wired into a digital world.
- The **pressured** consumer is increasingly fickle, with increasing demands on their time and money.
- The **low-friction** consumer wants to choose, buy and consume as easily and as quickly as possible.
- The **ethical** consumer has real concerns about the social and environmental impact of their behaviours and spend. This has become an important factor in the choice between print and digital magazines (see Digital Magazines and Sustainability on Page 25.)
- The **home-based** consumer is still in the process of rethinking their whole lifestyle / work style and how, where and why they spend their money.
- The **individualised** consumer wants to be treated as a completely unique person.

All these factors add up - and sometimes collide - to make for a very complex consumer marketplace.

THE ELECTRONIC WORKHORSE

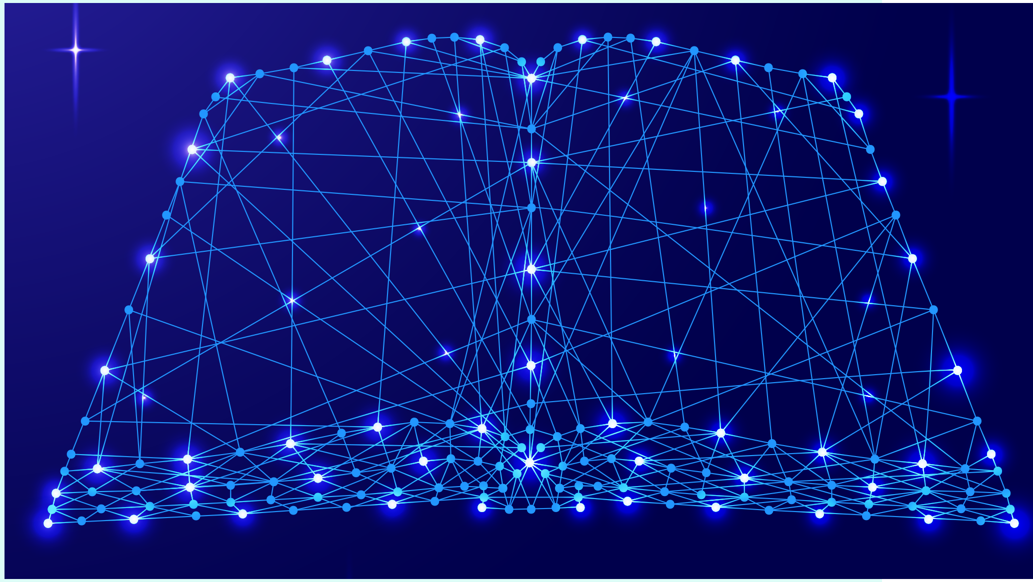
A background to digital magazines

THE PLATFORM has suffered from its original over-hype as the future of digital content distribution when the tablet first came on to the market – it was originally envisaged to be a tablet product and not something that would be viewed on a phone.

It has since settled down to become the workhorse of electronic publishing, used by the majority of media companies, although it remains more of a B2C platform than a B2B one.

What is a digital magazine?

Defining what the term "digital magazine" means is surprisingly difficult, as the products range from simple PDF replicas of the print edition through to sophisticated and highly interactive platforms – usually brand-specific apps. Each manifestation has (1) its own cost and return-on-investment implications for publishers and (2) the consumer dimension of balancing leading-edge functionality against simplicity and ease-of-use.



The mediafutures definition

Wessenden's mediafutures benchmarking survey, which covers the European and US markets, defines a digital magazine as "an issue-based magazine brand which might or might not have a print edition parent. The digital magazine could be a PDF replica of a print magazine through to a fully interactive digital product.

It might be accessed via a bespoke app, a web browser or a digital newsstand, either to be read online or downloaded onto the consumer's device." See Page 29 for a deeper analysis of the trends in the three core formats: (1) PDF replica, (2) enhanced replica and (3) fully interactive bespoke app.

The auditors' definition

The UK ABC's definition is typical of the approach that most audit bodies around the world take. To qualify as a digital edition, that edition must be sufficiently similar as to be considered the same product as the print parent edition (e.g. logo / general layout and appearance).

- A digital edition must carry all the advertisements from the print parent edition.
- In terms of editorial content, a minimum of 75% of the editorial in the print parent edition must be present in the digital edition. Additional editorial, not in the print parent edition, can be added to the digital edition, up to about 25% of the total editorial by volume.

Editorial or advertising may include electronic enhancements or be adapted to take advantage of the medium. For example: pictures replaced with video. A digital edition may include live social media feeds, news feeds and/or video feeds.

In addition, a number of audit bodies around the world require that the digital edition be sold at a minimum percentage of the print product cover price.

DEFINING THE SIZE OF THE MARKET

PwC in their annual *Global Entertainment and Media Outlook 2022-2026* report estimate that the total global consumer spend on digital content for the consumer magazine industry in 2022 was US$4.7bn. That figure includes all digital platforms, from digital magazines through to paid website access.

- Digital reader revenues were showing strong growth pre-COVID averaging +9% per year in 2018 and 2019.

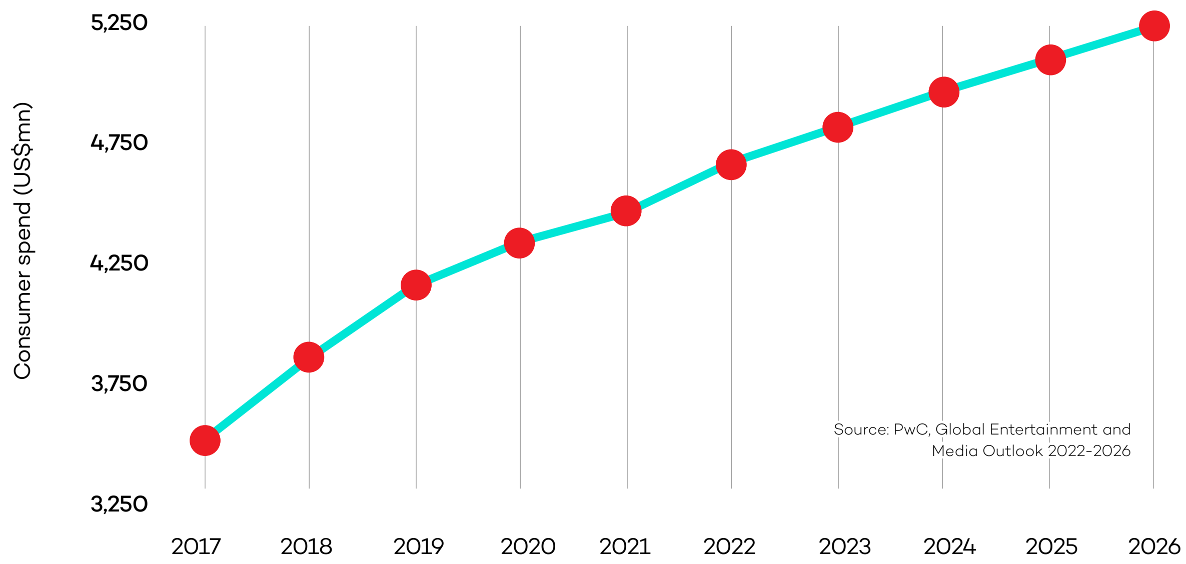
- This rate of growth slowed markedly to +5% in 2020 and +3% in 2021. During this period, digital magazines were often given away free: (1) to ensure continuity of delivery to the consumer when print supplies were disrupted or (2) being dropped into value-added subscription bundles, which themselves were often heavily discounted.

- Digital revenues have started to accelerate once more (+4.5% in 2022) before settling into a predicted steady +3% through to 2026. This is in contrast to the forecast decline of print reader revenues of -2% per year over the same period.

- In 2017, digital accounted for 7.6% of total reader revenues. In 2022, this has grown to 11.5%. By 2026, it is predicted to increase to 14%.

The figures highlight that print remains an important platform for consumer

Global spend on digital content in digital magazines



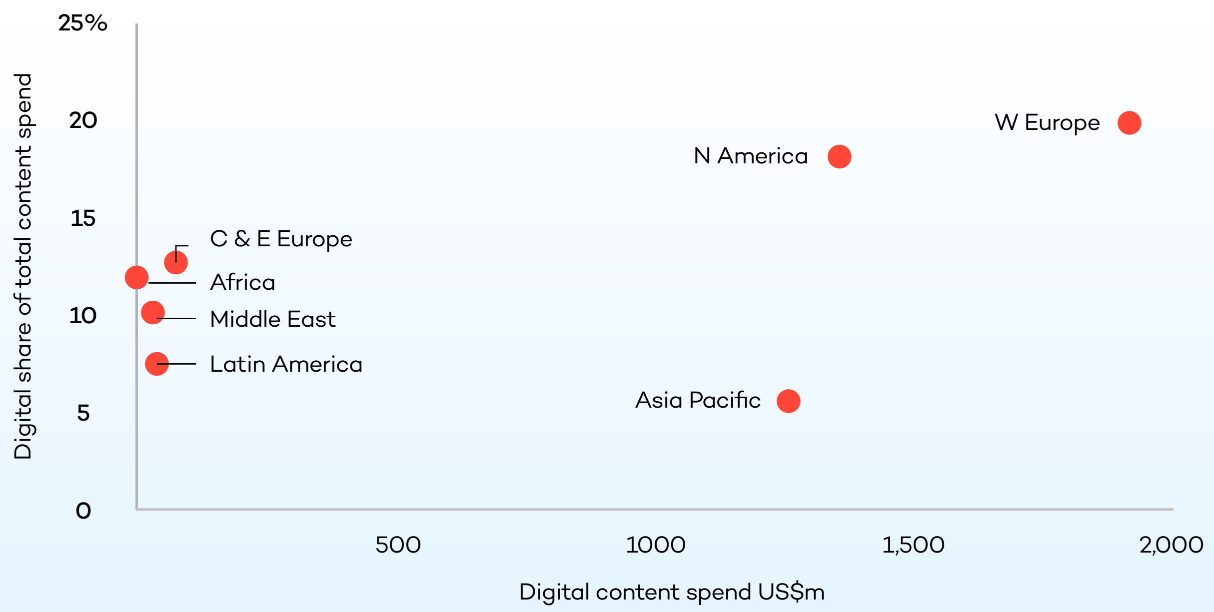
magazines. Yet it also suggests that there is the potential to grow digital platforms much more quickly with more focused activity and firmer pricing.

These global figures conceal significant differences around the world. The chart below maps what is happening at a regional level.....

Western Europe is both the largest and the most digital region with a 2022 digital content spend of **US$1.9 billion**, which accounts for **20%** of total reader spending on content.

- Three countries stand out as leading the zone in terms of their digital share: UK (29%), France (29%) and Ireland (25%).
- Other important markets include Italy (18%), Germany (14%) and the Netherlands (14%).

Regions digital spend vs digital share: 2022

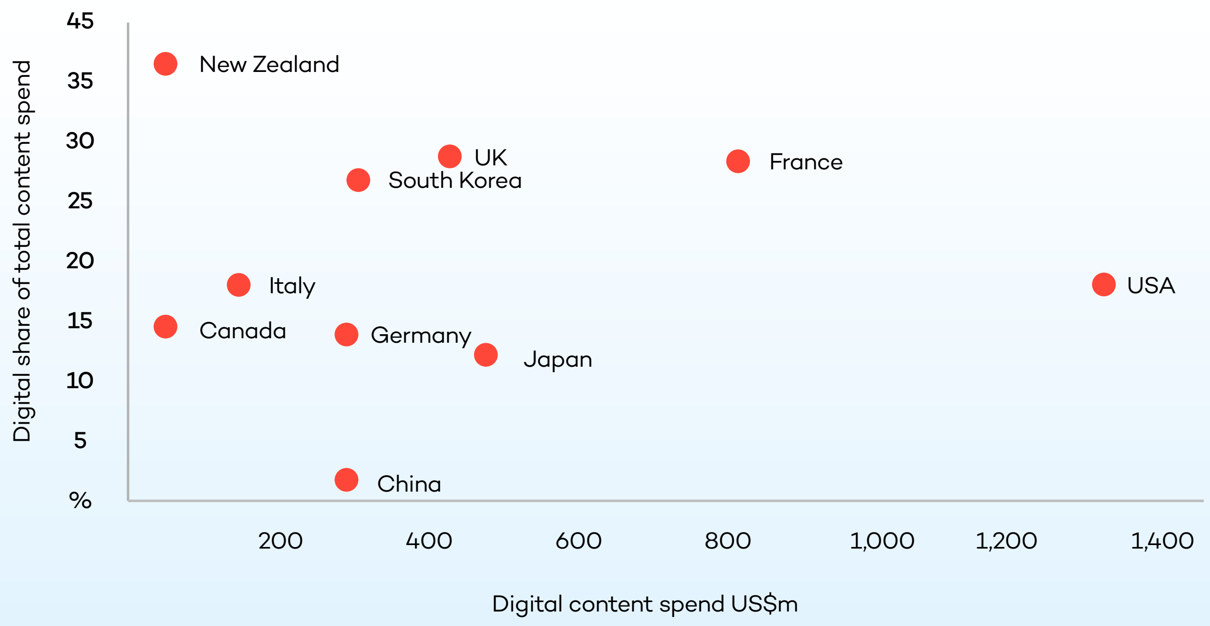


Horizontal Axis = total spend on digital magazine content.
Vertical Axis = % of total consumer spend on magazine content that is in digital formats.

North America is the second largest digital market and has a strong **18%** digital share, but this still lags behind Western Europe, with the USA (18%) slightly more digital than Canada (15%).

Asia Pacific is the third largest digital market, but with a low **6%** digital share figure. This is pulled down by China which has a low 2% digital share and India (3%) – both remain very strong

Top 10 countries digital spend vs digital share: 2022



print markets. When these are stripped out, there are some very strong digital countries, notably New Zealand and South Korea.

The remaining four regions are much smaller and closer in size, clustering around the global average digital share of **11.5%**. Dig into each of these regions and the digital shares vary markedly from country to country. Yet **Latin America** is the most extreme ranging from a very high digital share in Peru down to very low figures for Argentina and Colombia.

DIGITAL MAGAZINE REACH: UNITED KINGDOM

The UK market is one of the most detailed and consistent in terms of tracking digital magazines as opposed other digital platforms. It highlights some important issues.

Sales levels

The available data from the main circulation audit body (ABC) is not robust enough to calculate reliably the total volume of digital magazines. This is due to (1) the definition of what a "digital edition" actually is, which is quite limiting due to the very close linkage to the print product (see Page 11); (2) the limited number of publishers consistently reporting their digital magazine sales;

and (3) whether the copies are paid for (either as a standalone product or part of a bigger bundle) or given away free of charge to the consumer.

However, the ABC puts the total 2021 digital edition sales of the titles it audits at 2.1m, which is +20% up YoY.

The key conclusions are:

- Most audit figures tend to underestimate digital magazine activity.
- Digital magazine activity continues to grow quickly, but from a relatively small base.
- Digital magazines are used in a variety of ways to engage with the consumer, sometimes paid-for and sometimes free to the consumer.
- Digital magazine growth is being driven via four routes: (1) direct-to-consumer by the publisher, (2) through third party sellers as single brands, and (3) through broader newsstand / aggregator operations, several of which offer an All-You-Can- Read service for a flat fee consumer offer, and (4) paid for by third parties for end-user consumption.

Readership levels

The major industry readership research survey (PAMCo) tracks the reach of print and digital magazine brands. Its definition of “digital” includes websites, apps, distributed content on social platforms as well as digital editions – the full range of DCDS.

The **total reach** for magazine brands across all platforms, print and digital, is a high **76%** of the GB population aged 15+ (41m). This figure is holding steady, with **50%** of the reach coming from digital platforms (Source: PAMCo4). This varies widely from sector to sector - General Weeklies are the least digitally reliant and Women’s Weeklies the most (75%).

The dominant **digital device** is the smartphone (75%), followed by computer (16%) and tablet (9%). Yet this varies by sector: smartphone share is lowest in the General Weeklies (68%) and highest in the Women’s Weeklies (83%).

The key conclusions are:

- Published brands still play a massive role in media generally.
- Digital consumption of magazine content continues to grow.
- Digital magazines remain a fundamental part of the growing DCDS ecosystem.
- The smartphone continues to grow and dominate digital access across every sector.

As the 'publisher' section of this report details (page 29):

- The digital magazine is used by the majority of consumer magazine publishers. Usage levels are remaining relatively stable despite the proliferation of other content delivery platforms. Yet the company focus on digital magazines is relatively low – the other platforms are absorbing more resource and focus.
- The most common format is the PDF replica (some enhanced extensively, some not), although the usage of bespoke apps is growing.
- What digital magazines are used for varies from company to company and from brand to brand.

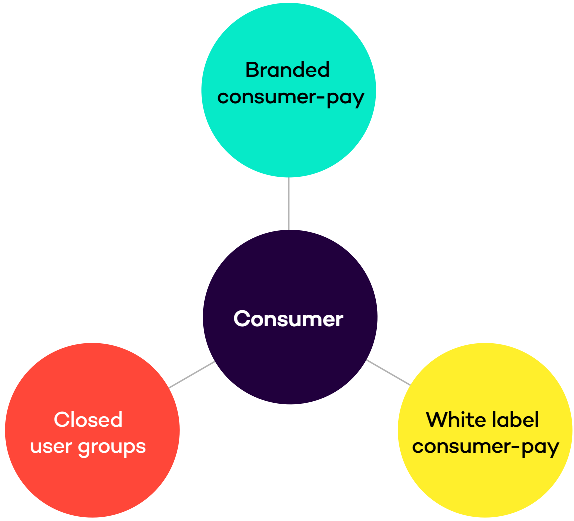
The consumer perspective

Consumers have a bewildering and growing range of digital magazine options. Each consumer platform has its own distinct dynamics. Consumers are also becoming more demanding and more difficult to define.

Photo: Ketut Subiyanto

MAPPING THE DCDS MARKET

The consumer perspective



→ BRANDED CONSUMER-PAY

This is the where the consumer pays for digital magazines via four basic routes:

01 Directly with the publisher. This can be a single-title publisher through to major international media companies with multi-title portfolios. Usually, these are accessed via the publisher's own websites.

02 There have been instances of several publishers cooperating together to build scale (Next Issue in the USA was the biggest and longest running example – see Page 27). Yet these coops are often confined to short-term acquisition promotions, rather than an ongoing, full-service offer.

03 Independent aggregators and newsstands (e.g. PressReader, Readly, Zinio, Magzter, Apple News+, Cafeyn)

04 The major FAANG and social platforms (e.g. Amazon Kindle, Google News, MSN, Facebook).

→ WHITELABEL CONSUMER-PAY

This is where a digital service provider creates packages on behalf of third parties under their own brand. Often these brands are retailers , with WHSmith in the UK and Barnes and Noble in the USA being significant players in the past.

→ CLOSED USER GROUPS

These can be either consumer-pay or can be provided as a benefit to a closed group of users, where the consumer does not actually pay directly for their digital magazines in a B2B / Business-Pay relationship (e.g. libraries, hotels, airports, travel operators, telcos, etc).

As an example, a core part of PressReader's business is based on Sponsored Access, a monetisation strategy used by thousands of publishers worldwide. In this model, consumer brands pay for trusted content on behalf of their customers, allowing readers to access it for free. Meanwhile, brands can enhance their customers' experience, and publishers can reach new audience, track circulation, increase revenue, and support quality journalism.

Varied business models

Behind these three core pools of activity lie a range of **business models**: e.g. AYCR, term subscription paid upfront, ongoing subscription until the consumer cancels, single copy sales.

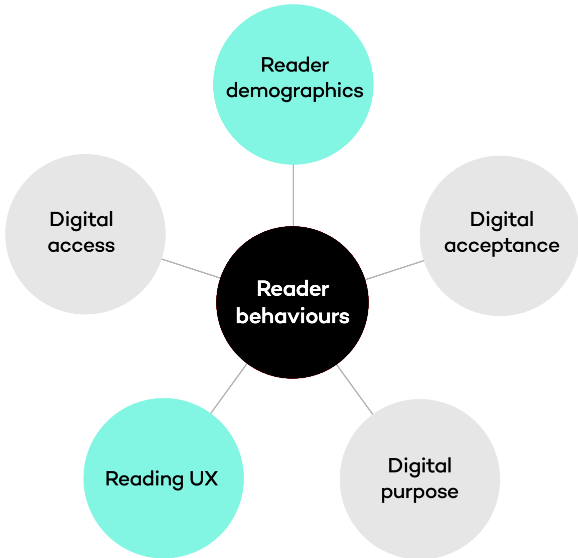
DEFINING THE DIGITAL MAGAZINE READER

There is no simple, single “digital reader”. They break down into different types with different wants and the proportion of each type varies massively from market to market and from brand to brand. There are a number of key variables:

Reader demographics: Gender

All the major aggregators have broadly similar profiles, averaging a 58:42 male: female balance when looking at the typical monthly traffic on their core websites (*Source: SimilarWeb*).

- The range of profiles is not large. Looking at individual aggregators, the male percentage stretches from a low of 53% up to a high of 63%.
- The profile of the actual magazine inventory is an obvious and important driver of overall gender profiles.
- To place this in context, TikTok also has a strong male skew at 62% of monthly traffic.



Reader demographics: Age

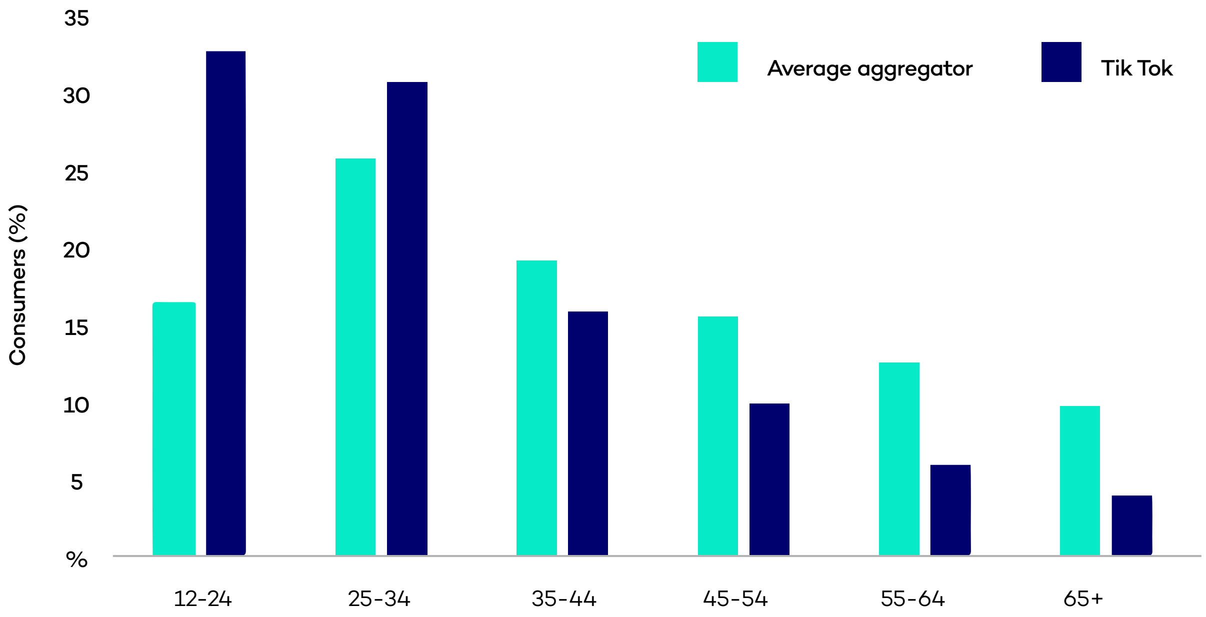
The sweet spot for the major digital aggregators is the 25-34 year old age band. The TikTok profile highlights that the Gen Z consumer is missing out on the digital magazine experience and needs to be engaged in more creative ways. (*see chart, next page*)

Digital acceptance

Whilst the magazine market continues to become rapidly much more digital, print still remains a significant platform for the consumption of issue-based products. All the available research and Wessenden’s own consultancy work with a number of European publishers shows that active magazine readers fall into four broad categories:

- **Print only**. A significant number have actually tried digital magazines and rejected them in disappointment. They simply prefer the print experience.

Age profile of aggregator consumers



TikTok has been used as a benchmark to highlight how the mature digital magazine format compares to the next-generation DCDS platforms that are competing for consumer attention.

- **Print first**. These consumers still regard print as the "real thing", but appreciate the benefits of digital magazines and are supplementing their print reading with digital products. Sometimes, this is due to the sheer cost of print magazines, but more often they are using digital products for convenience (e.g. when on holiday, commuting and on the move) or for eco-sustainability reasons.

- **Digital First**. These are generally Print Firsts who have flipped into Digital Firsts. Yet they are also made up of consumers who have come to the magazine medium for the first time without any previous history and they have "discovered" print and quite like it.

- **Digital Only**. Some have come to this point by migrating from print. Yet most have no print history at all. While their time spent with magazines may still be high, they tend to spend the least on magazine content. This is partly because digital editions tend to cost significantly less than print copies. Yet this is as much to do with publisher pricing as to consumer price expectations.

Digital purpose

Digital Purpose is based on how and why consumers are using their digital magazines.

- **Enhancers** are using the digital versions of their core print magazines to deepen contact with the brands they know and to make magazine reading an easy, flexible, anywhere experience. They often access back issues of the brands they love (18% of the issues downloaded on Readly are back issues). They are the digital Super Users.... reading more, spending more on content, more engaged, more likely to use ecommerce facilities, etc.

- **Experimenters** are using digital editions to trial titles outside their core repertoire. They spend as much on magazines as Enhancers, but they are the lowest digital spenders as they tend to buy ad hoc, single issues or to take up free offers. They are using digital as a low cost / low commitment way to try new titles. Discovery and recommendation are important to them. As is social sharing.

- **Migrators** read the digital versions of the magazine brands that they used to read in print. They have simply substituted digital for print. They understand digital and are prepared to pay a realistic sum of money for a digital subscription to a magazine they want.

Reading UX

Reading UX is all about what the “magazine experience” means to the individual.

- **Conservatives**. “I want my digital magazine to look like the print magazine - all the familiarity of print with the benefits of digital.” They are often satisfied with flat PDFs, but prefer larger screen devices to read the content.

- **Moderates**. “I want to be able to use the added functionality of digital, but I want to be in control of it, to be able to switch it on and off.” They prefer enhanced PDFs.

- **Radicals**. “I want my digital magazine to be a different experience to that of print – bigger and better - that’s the whole point!” They demand apps and bottom-up rebuilds. They are also the most comfortable with smartphone access.

Digital access: operating system and device

Digital Access is centred on which devices (and most consumers use more than one device) are used to access digital magazine content. This clearly sets the whole context for the reading experience in terms of design and layout and whether the content is a complete issue or is made up of smaller editorial “chunks”.

The UK's PAMCo readership survey (see Page 15) highlights the fact that the consumption of general digital content, including websites and social platforms, is heavily skewed to smartphones (75%) and that their share of consumption continues to increase strongly.

By contrast, digital magazine consumption has always been more skewed to tablets and to Apple's iOS in particular, although this too is rapidly shifting into smartphones.

- In 2013, the *Digital Subscriber Survey* (71,000 magazine subscribers polled across 231 titles published by 13 UK publishers) showed that the most popular device then was the PC: 40% used a desktop computer and 45% a laptop / netbook. The next most popular device was the tablet (used by 55% of readers), with smartphones only at 29%. Yet these shares varied markedly by the age and gender of the reader and by the editorial market sector – smartphone usage was low among Retirement Magazines (9%) and high among Men's Lifestyle 40%).

- Readly's more recent data on its own subscriber base (*Source: The Readly Report*) shows that IoS is the dominant operating system accounting for 70% of usage. The tablet is still the core device for reading, accounting to 86% of usage with mobile devices totalling 14%. However, the shift into mobile is accelerating with more content being mobile-optimised.

Reader behaviours

Readly's data on its own subscriber base (*Source: The Readly Report*) shows that:

- Total reading time is 6.6 hours per subscriber per month.

- Each reading session averages 21 minutes duration. This average conceals a wide range of reading times, from long, self-indulgent "me-time" sessions (often at home in the evening – similar to print magazine reading patterns) through to quick "snacks" (usually out-and-about, commuting, travelling or at "break time" moments in the day – tea, coffee, lunch). Travel and holidays are also two important uses for the service, where subscribers download more issues than normal for a short, concentrated period of reading.

- The number of reading sessions per month is just under 19, or 4 per week.

There is another key factor – **magazine repertoire**.

- **Brand Bingers** are very driven by the limited number of key brands they know and love – they are brand loyal and are not very adventurous in terms of trying new titles. They are heavy users of back issue archives. Readly data suggests that around 20% of the issues read on its platform are back issues.

- **Category Scavengers** are less driven by specific brands, but will hunt within their interest categories for any content that fulfils their focused needs.

- **Topic Hunters** are search-driven, looking for any content anywhere that meets their very specific needs. They use active search tools and like recommendation engines.

Another dimension to this is growing **international readership**. Recent data from Readly shows that 22% of its magazine consumption and 11% of its newspaper consumption are from users reading titles that are not published

Photo: Anna Shvets

in their domestic market. Consumers not only want to read similar brands from other parts of the world – they often read multiple country editions, increasing their loyalty to the brand. And digital provides the opportunity to translate the content, or in the case of some genres (fashion for example), the genre transcends language.

There are broad, commonly desired features across all consumer cohorts. These include:

- Regularly updated content (daily ideally).

- Some free content to encourage experimentation.

- Consistent functions and navigation across all magazine brands.

- Video content, but the ability to control it (e.g. stop/start videos, which should generally run for under 1 minute).

- Archiving: both digging into back issues and saving specific material they like for future reference.

- The ability to share content quickly and easily.

- Hyperlinks with the ability to buy or at least find out more about featured products and services (either in editorial or ads).

- Basic functions......quality text and photos.....the ability to switch from portrait to landscape.....easy zoom..... reflowed text for smaller screens

- The opportunity to offer digital magazines as gifts to friends and family.

BROADER CONSUMER ISSUES

There are also other consumer-focused issues, particularly for the aggregators and newsstands.

Deconstructing the issue

Article-level access to content has been standard and long-term practice with news brands, but magazines have held on to the integrity of the "issue" for much longer. Most independent magazine aggregators now offer a flow of articles to draw readers into the full issue. This can be a simple selection of trending and popular articles (usually manually selected). Yet increasingly, these are highly personalised, AI-driven feeds. The judgement call is to ensure that these article-level feeds do not cannibalise reading time from the core offer.

Going beyond reading

Just as publishers themselves are moving into audio and video platforms, so are the major aggregators.

- The **audio** offer ranges from automated text-to-speech though specially recorded readings and on to full podcasts.

- The **video** offer was initially very advertising-driven, with hyperlinks from ads embedded in the digital magazine to jump to a brand's own video presentation. Yet this again is starting to become more editorially-driven.

As with article-level feeds, there are real cannibalisation questions with both audio and video and whether these eat into read times, which are more readily monetised.

Inventory overload

The range of titles held on a magazine aggregator site can be overwhelming without:

- User-controlled search.

- Aggregator-controlled recommendations.

- Tailored article-level feeds (see "Deconstructing the issue" above).

Tiering 'all-you-can-read'

Mainstream media and entertainment players, such as Spotify and Netflix, offer a wider range of tiered access to their all-access services, which the magazine aggregators are also developing. These include:

- Freemium / low-cost access to an ad-supported service.
- Limits to the number of magazine titles that can be read.
- Limits to the number of accounts and /or devices per user.

Sustainability

Digital magazine app Readly has worked with Ethos International to assess the environmental impact of a digital magazine as opposed to a print version. Their conclusion is that the CO2 emissions for the digital edition are 79% lower than for the print equivalent.

The major digital gain is in the removal of the production of the paper. There are major wins in the printing process and in distribution, but there are still significant costs associated with digital distribution, where the green gap closes to only 40%, driven by electricity consumption. There is also a print claw-back in the recycling of paper copies which reduces the environmental impact.

Research from a number of sources confirms that the environmental impact of print is a big and growing influence with consumers when comparing with digital magazines.

Subscription streamlining

The 2020–21 period saw an unnatural growth in media and entertainment subscriptions in general, but particularly in video streaming services, where there was intense and price-driven activity.

There would have been a natural cooling-off period under normal circumstances, but the Cost-of-Living-Crunch has driven a more focused review of the consumer's subscription portfolio.

This is impacting on the magazine business, whether those subscriptions are digital or print. This is also prompting publishers to offer **single copy delivery**, both digitally and in print, aimed at consumers who do not want to make a longer-term subscription/membership. In addition, **flexible, variable-term subscriptions** (eg three months or monthly recurring) are more in evidence. However, it is currently uncertain as to the what the real scale of this whole area is going to be.

The publisher perspective

Digital magazines have an important and stable place in consumer magazine publishing. In addition, the rocketing costs of manufacturing and distributing print products are giving new impetus to the digital format. Yet the options for publishers are as complex and wide-ranging as they are for consumers.

WESSENDEN'S latest mediafutures survey (97 publishers in the UK, Europe and USA polled) shows that:

- **75%** of consumer publishers currently produce issue-based digital magazines and / or newspapers.
- **58%** of the titles published digitally are still PDF replicas, with an additional **34%** being "enhanced". There is growth in interactive apps, but these remain the province of the larger brands and currently account for only **8%** of titles (see Page 30).

Image: PressReader

If the consumer has a complex range of digital magazine options, then so do publishers. There are five broad pools of activity - although these are overlapping increasingly - with suppliers who can themselves operate in more than one area, and where mergers / closures / launches seem to take place on an almost daily basis, as the developments at Readly and Amazon show.

Publishers direct

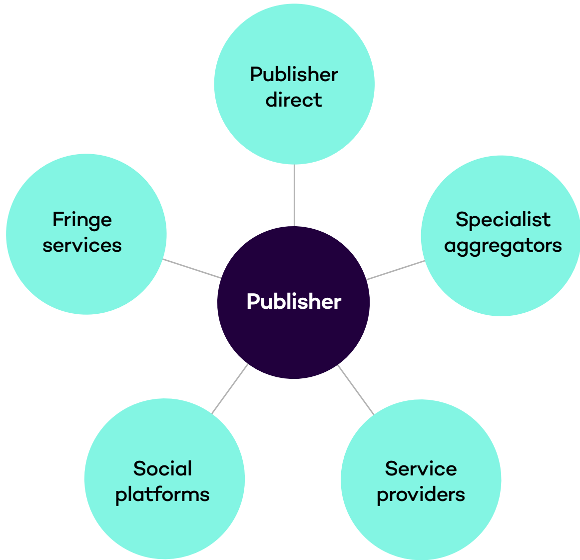
There are a number of ways in which publishers deal directly with the consumer, such as the following:

- Publishers selling direct via their own websites. This can range from single title publishers through to multi-title portfolios (e.g. Bauer's Great Magazines, Future's Magazines Direct, Immediate's Buy Subscriptions). Here, digital magazines can be offered as single copies (both current and back issues), term subscriptions or as part of a bigger membership bundle.

- A variant of this is where a single publisher takes on additional third party titles in order to widen the consumer offer and/or defray the costs of running the operation. This is what Bonnier has attempted in Sweden with its ARCY site.

- Full publisher coops. These have been discussed and attempted repeatedly without great success. The longest running example was Next Issue in the USA, which became Texture before selling out to Apple News. Yet there are more common examples of publishers pooling resources in short-term promotional activity.

DCDS: The publisher perspective



Specialist newsstands and aggregators

Whilst there is great deal of local activity from country to country, there are only a few international players (PressReader, Readly, Magzter, Zinio, Apple News+ and Cafeyn). Each one has a distinct publisher offer and ways of working. They are profiled from Page 35.

Behind these mainstream companies, there is a constant churn of smaller, more localised operations, often involving retailers and usually white-labelled for those retailers by specialist aggregators.

In addition, a number of booksellers dip in and out of the magazine market, but usually finding magazines a much more complex category to handle than books (e.g the Scribd book subscription service in the USA).

Service providers with consumer-facing front-ends

There are a number of service providers who have developed their own consumer-facing sites, but which generally lack the scale to make a significant impact in the open consumer marketplace.

Mainstream social platforms

The mainstream social media platforms have constantly flexed their presence in digital magazines. This ranges from platforming publishers own apps through to selling magazines in their own right.

Amazon has been the most consistent player, but its own financial pressures have made it refocus on its core book business.

Other fringe services

While not playing in the mainstream of digital magazines, services such as Flipboard and SubStack have an impact on the consumer market in terms of absorbing readers' time and money.

Amazon cuts newsstand

Amazon is discontinuing its Newsstand service. The company is phasing out print and digital subscriptions and digital single-issue sales for magazines and newspapers while continuing to offer a selection of magazine and newspaper subscriptions within its Kindle Unlimited programme. The key headlines are....

- Print magazine subscriptions in the US will stop.
- Digital magazine and newspaper subscriptions and single issues in (US, UK, Germany and France) will stop. Digital magazine single issues in Italy and Spain will continue to operate.

The core service is now a widening selection of magazine and newspaper subscriptions through Kindle Unlimited.

The role of digital magazines in publisher DCDS

The chart (page 30) from mediafutures shows the range of digital content delivery platforms available to consumer publishers, ranked by an Investment Focus Score ("On a scale of 1 to 10 how much focus in terms of investment – time and/or resource - will be given to each area over the coming 12 months?")

Digital editions sit in the middle as a reliable and consistent delivery platform, while other channels may be taking more publisher attention currently. Some publishers have simply dismissed digital editions as not being an important channel, or as a dead-end / transitional technology; while others see them as an important part of the mix, but a relatively stable one, which they are not focusing on while they concentrate on other more pressing (and difficult) platforms:

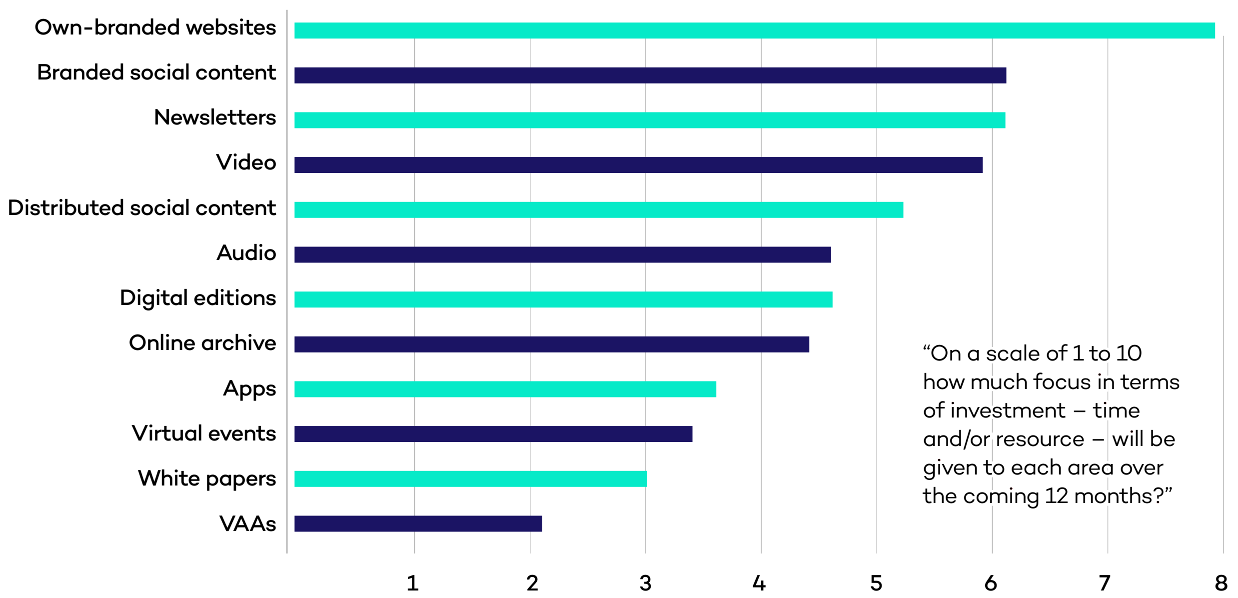
- It is the ongoing development of publishers' **own branded** websites which is currently the dominant priority. This ranges from mobile optimisation to a range of paid content strategies.

- **Social media**, whether publisher-branded or distributed / off-platform, remain important, but controversial channels. Many publishers regard these platforms as structurally unable to be monetised and have decided to have only a token presence.

- **Newsletters, video and audio** (both podcasts and audio channels) have become more important.

- **Publishers' own apps** lag well behind the other major channels, as they are a major investment for all but the biggest brands.

DCDS platform priorities for publishers



Source: Wessenden's mediafutures benchmarking survey

There is an ongoing debate within the industry (and even within individual companies) about (1) the value and longevity of digital editions versus apps, (2) the "issue" versus streamed and atomised content and (3) the relative pricing of each product.

The three core digital magazine formats

- **Flat PDF replica:** This is in much wider current circulation than many think, although usage is dropping in preference for more sophisticated outputs. In the most recent mediafutures survey, this format accounted for **58%** of consumer brands, slipping to 47% within two years. So, it still remains the single most common format.

- **Enhanced replica:** There is a slow, but significant drift from the flat PDF replica into the enhanced replica (with embedded video, audio, animation, external hyperlinks, optimised for device and screen size, etc.). This accounted for 34% of consumer brands, dropping to 27% in two years. This format is seen by many to be a more realistic and cost-effective option than bottom-up content rebuilds. Yet as many publishers move beyond the PDF replica, they are leapfrogging straight into apps.....

- **Fully interactive apps**: Built from the bottom up, these account for only **8%** of consumer magazine brands currently, but is predicted to rise dramatically to 26% in two years.

Yet these trend figures conceal the fact that individual publishers are developing their own strategies, often brand by brand. For many, the cost of developing a bespoke app is too high for the additional revenues generated. For others, the increasing sophistication of the enhanced replica as offered by companies such as PressReader (eg embedded text-to-speech and translation, seamless movement into publishers' own digital services, feeds and products) are meeting all their needs more cost-effectively.

HOW PUBLISHERS USE DIGITAL MAGAZINES

When individual publishers deal direct with their own readers, usually on a brand-by-brand basis, they use the digital edition in a number of ways:

- A replacement for the print edition during print supply chain disruptions or for export markets.

- A sampling tool in audience building promotions.

- One part of a bigger content bundle, usually print + digital, and often involving the usage of back issue archives.

- A self-standing, paid-for product. This is where the digital newsstands / aggregators play a significant role and where their investment in consumer marketing can bring individual brands to a wider audience.

BROADER PUBLISHER ISSUES AND VARIABLES

The difference between newspapers and magazines

Newspapers and magazines have had quite distinct digital journeys, but these are now converging.

- Many consumers think of magazines - especially those with a glossy, lifestyle content - as a print-first experience. Younger consumers may not be prepared to pay for that print experience or to consume it as regularly as older age groups, but it is still regarded by many as the "real thing" and an offline sanctuary in an increasingly screen-based world.

- By contrast, news is firmly established as a streamed, 24/7 digital resource, often available free of charge.

From a publisher perspective, what "digital content" actually means is also different. For news publishers "digital" is generally, an article-level website hub, with or without some kind of paywall. For magazines, it is more about issue-based digital editions and apps, with a few website add-ons.

However, these distinctions between newspapers and magazines are reducing and the whole concept of the "issue" is now a question for magazine publishers and for the digital magazine format, where the atomisation of content continues apace.

As content packages become more complex, there will be more pricing tiers (including the increasing use of freemium content) and dynamic pricing. The single-issue delivery of both print and digital editions grew through the pandemic to drive sampling and impulse sales which were limited by socially-distanced shopping in physical stores. In addition, the digitalisation of international, cross-border content has accelerated.

The importance of pricing

Feedback from the publishing industry shows that there has been a real shift away from "cost plus" models and a "what are my competitors doing" mindset, towards a stronger focus on the value that the end-user places on the content. However, this shift has been disrupted by the short-term "cost crunch", especially for print products.

Rocketing operating costs are forcing publishers to increase their consumer prices generally. A year ago, publishers were looking at price rises of +3-5% per year, implemented annually. Currently, the average looks more in the +10-15% range with instances of up to +25%. Also, price rises are being implemented more regularly, often quarterly.

Yet few publishers have a truly strategic pricing strategy across multiple platforms. To be fair, this has actually become much more complicated as the content packages themselves have become more complex, varied and tailored to specific audiences. Some of the key decision points include:

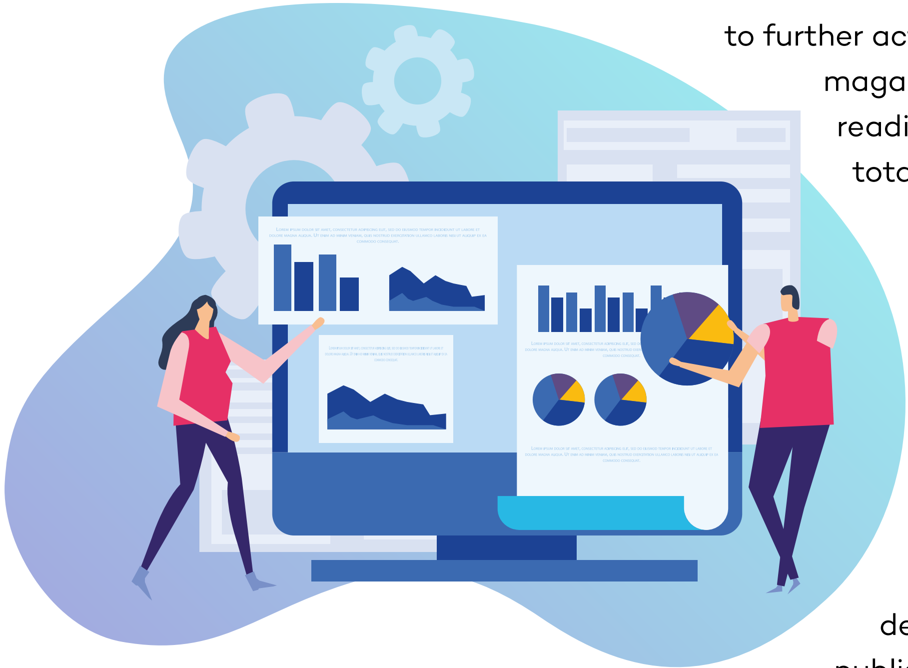
- The relative pricing of digital products versus print products generally. The price of the print edition is still the anchor point that sets the sense of value in the consumer's mind.
- The level of discounting on offer to convert ad hoc / single copy purchasers into subscribers / regular repeat purchasers.
- Balancing standalone purchasing of digital copies against bundling them into an overall bundle.

Knowing what publishers' direct competitors are doing with their prices is essential intelligence and more work is going into this areas (e.g. monitoring competitors' websites and mystery shopping) yet asking one's own customers what they think of prices (publishers' own and competitors) is becoming increasingly common.

The data benefits of digital magazines

What data is generated from a digital magazine? This varies massively dependent on the tech platform, but is falls into three broad areas....

- **Who** is reading. Linking demographics captured by the supplier to the titles being read.
- **Where** they are reading. Simple geographic data through to the tilt of the screen (which can pick up when people are reading in bed!)
- **What and how** they are reading based on dwell times (time spent per page / per article / per photo – whatever information unit is tagged), both editorial content and advertisements. This data can be looked at for an individual issue, across a publisher's own portfolio, across multiple issues delving back into the archive and across other publishers' titles.
- Other reader actions can also be tracked, such as sharing with friends, bookmarking, hyperlink jumps from an advertisement on to the advertiser's own website, search terms used, etc. Other key metrics include the time spent with an issue in total and the number and frequency of reading occasions per issue ("snacking" versus longer "me time" occasions).



The type of data is quite cold and transactional and needs to be supplemented by additional research and reader panel work which looks at questions such as... Why do consumers read in the way they do? What is their mood ? What do they get out of the experience? Does it prompt them to further action? Where does the magazine brand fit in their overall reading portfolio and in their total lifestyle?

Data users: who is accessing and using the data?

Within a single publishing company, there are usually a number of users with distinct interests: editorial, audience development and marketing, publishing management. Each user has their own angle on the data generated and their own perception of its value to their role.

Data applications: how is the data used?

- **Magazine product development** (publishers). Improving existing titles, particularly in terms of cover design, content topics, article length, issue structure and flow; suggesting new titles; re-purposing archive material though to completely new brands.
- **App development** (newsstands / aggregators). Managing their own inventory and consumer offer: balancing the big sellers versus the long tail and current issues versus back issues.
- Assessing the effectiveness of **consumer promotions**.
- **Performance tracking** (publishers). Market shares in terms of both (1) audience share and (2) advertising share.
- **Live A/B tests** of editorial, advertising creative, price, etc.

Other data issues and questions

- **Data overload**. There is far too much data potentially available:

distinguishing between "need to know" and "nice to know" is essential; as is understanding how often each metric needs to be tracked – how quickly do they change in practice?

- **Ease-of-use**. User-friendly dashboards tailored for individual users' own needs are critical.

- **Building an overview**. With multiple sources of usage data, dependent on who has the final contact with the consumer, and with varying levels of detail and data format from each one, there is a need to consolidate the data into some kind of statistically robust overview.

Other broader issues

- It is clear that the consumer magazine reader is still some way off being digital-only in most interest categories, so having a **print option** is still important, although print is becoming the added-value supplement rather than the core channel.

- A number of publishers are testing paid-for **digital single copies** to supplement the single copy print channel via retail, which is under multiple threats and pressures.

- The major digital newsstands are following what publishers themselves are doing, by adding a **video and audio** dimension to their consumer offer, although time will tell how this impacts on reading times and the overall monetisable time spent with the apps.

- The **device** used to read digital magazines is a core issue. Originally envisaged as a tablet product, digital magazines need to be re-designed as mobile-first.

The main aggregators

The major newsstands and aggregators have been instrumental in driving the growth of the digital magazine format. Yet each one has a distinct range of services and publisher offers that extend well beyond a normal "newsstand".

There are six, major international players in the aggregator market.

- Readly, Apple and Zinio are digital-only operators, whereas the other three companies have some print and term-subscription business.
- Readly and Apple are totally focused on their B2C activities and do not offer the range of B2B services that their competitors do.

What's on offer?

The table here outlines the activities each operation is involved in.

Area of activity		Press Reader	Readly	Magzter	Zinio	Apple News+	Cafeyn
Consumer	**Newsstand** Single copy and subscription	Yes	No	Yes	Yes	No	Yes
Consumer	**All-You-Can-Read**	Yes	Yes	Yes	Yes	Yes	Yes
Consumer	**Closed user groups** Geofencing / customer groups	Yes	No	Yes	Yes	No	Yes
Consumer	**Whitelabelling** for other consumer brands"	Yes	No	No	Yes	No	Yes
B2B	**Other publisher services** saas / ad hoc projects	Yes	No	Yes	Yes	No	Yes

- PressReader is the longest established company and has developed the broadest base in terms of activities, geographical reach and platforms used.

- The digital-only Readly is totally focussed on its All-You-Can-Read (AYCR) offer, which has forced some of the other aggregators to add AYCR to their portfolio of activities, although sometimes rather half-heartedly.

- Magzter has concentrated on the open consumer market, but it does offer a geofencing service and its Orey Click digital publishing software tool to publishers.

- Having been one of the pioneers of the digitalisation of magazines, Zinio still maintains a consumer presence through Zinio Newsstand and the AYCR Zinio Unlimited platform, but is now building its business as a B2B software supplier for publishers.

- Apple News+ has grown out of the Texture publisher cooperative which it acquired in 2018 and its own existing free-to-consumer Apple News. The end result is a unique AYRC offer.

- Cafeyn is very broad-based in terms of its activities and is developing its non-text services (video and audio) at the same time as positioning itself as a multi-platform provider of “information” rather than traditional magazine and newspaper brands.

Local competition and the long tail

Beneath these leading players, there is local competition in most major territories around the world. These include printers, news trade distributors and software suppliers who have set up consumer-facing websites for their clients.

YUMPU is an example of the kind of local operation which now competes with the major international players in specific countries.

Founded in 2014 in Switzerland as a B2B software service supplier to publishers, Yumpu launched a consumer AYCR operation in 2020 in Germany and Austria and then in the UK in 2021.

It has a £7.99 per month consumer fee across 500 titles and offers a 70% share that goes into the publisher pool (all dynamics that are very similar to Readly).

The service is ABC / audit body compliant. Yet the volumes generated are reported to be relatively low in an intensely competitive marketplace.

Most platforms are digital newsstands, offering a mix of term subscriptions and single copies, although a few do offer an AYCR service. Most also focus on the domestic market, but some are gradually extending internationally, either by unplanned “seepage” or by a conscious decision to build scale across borders.

A recent analysis by Quested Consulting reviewed 48 smaller companies around the world that fell into six distinct business models:

- 14 with B2C AYCR.
- 11 with a B2B SAAS model to support publishers and/or other non-publishing clients who want to distribute content to their customers.
- Eight that target Travel/Hospitality locations (e.g. airlines, cruise ships, hotel groups, etc.). Normally white-labelled and born out of a legacy print service. Often with a geo-fenced dimension.
- Seven that target Libraries/ Institutions – a large market.
- Six that offer a wi-fi location-based / geofenced service in smaller and more specialist locations (e.g. shops, cafes, gyms, salons and doctors / dentists)
- Two with traditional “newsstand” operations, often both print and digital, selling individual titles, either single copies or annual subscriptions.

All this is usually undertaken without the necessary promotional support to create a self-standing consumer brand. Yet they all generate “background noise” in an already fragmented and complex marketplace.

The pros and cons of using aggregators

Each publisher has their own reasons and priorities for using these third party operations – reasons which may change through time and differ by individual brand within a publisher’s portfolio..

THE PROS

- Building brand profile in an intensely competitive and noisy consumer marketplace.
- A way to boost volumes for ABC / audit body purposes (NB ensuring the aggregator has full ABC / audit body accreditation is essential).
- A relatively solid and consistent source of revenue.
- Low risk / zero upfront investment / simple to action without great internal resource demands.

- The smarter newsstands offer rich data about how the individual brand is performing amongst its competitor set and how the issue is read and navigated – some deep insights for both the editorial and commercial teams (see the Data benefits of digital magazines on Page 32).

THE CONS

- Activity through third party, consumer-facing platforms can cut across the publisher's strategic goal of building direct relationships with their readers. The publisher aim is to "own" the consumer, holding their details in their own single view databases, as the foundation for selling their own products and services direct.

- Competitive pricing (especially the AYCR models) can devalue the brand in the consumer's mind.

- The danger of becoming over-reliant on a handful of big newsstands. Will they always provide reliable volumes and revenues going forward? Could they reduce their publisher terms at some point in the future?

The major aggregators, and PressReader in particular, argue that a broad-based partnership relationship allows publishers to cut through the simple pros and cons to create a balanced content distribution strategy across multiple platforms, channels and environments.

Unpicking All-You-Can-Read

The core AYCR offer

PressReader pioneered AYCR in 2003 and in 2012, Readly called itself "the Netflix of magazines", establishing the concept (and comparison to the streaming platform) in the market. Since then, most of the major aggregators have added AYCR to their service portfolio, although with varying degrees of commitment and enthusiasm.

All the AYCR operators claim the same core benefits for their own offerings, although the actual quality of each element can vary markedly from aggregator to aggregator. These include seamless UX, sophisticated user search, automated recommendation engines to sort through the deep inventory of newspaper and magazine brands, online and offline reading, and easy-to-use data dashboards for publishers.

In addition, most of the major players are adding non-text options, including audio (ranging from text-to-speech through to full podcasts) and video.

All the aggregators offer multiple device / family member access, ranging from four devices (Magzter Gold) up to six (Apple News+)

The AYCR financial deal

The standard approach is for publishers to receive a share of what the consumer pays as their monthly subscription to the service.

- A percentage of the monthly consumer fee goes into a publisher revenue pool. That proportion varies from 45% through 50% (Apple News+ and Magzter) up to 70% (Readly). However, these percentages are being flexed at the moment.

- Individual magazine brands then receive a slice from that pool based on their share of the total reading time during the month.

- That payment can be sweetened by a number of factors, such as: guaranteed minimum revenue deals, extra promotional support, free access to data or data tools and software, etc.

The consumer pricing of AYCR

The major players can alter prices at different times in different markets and for different cohorts of prospects. Yet the table below shows the current base prices in the USA and UK.

- The UK is the only market where all five companies compete side by side.

- The claimed number of titles available varies markedly. Sometimes, the numbers can include all titles across the aggregator's total inventory, while not all are actually available in the AYCR service (e.g. Magzter).

PressReader uses AYCR in two contexts: (1) in its large and growing B2B / sponsored access activities and (2) in its B2C operation, which is where these prices in the table apply. These stand out as being by far the most expensive. This is largely due to the having a deep daily newspaper inventory, which because of their frequency, boost the value and the cost of the package. As a result,

Consumer Pricing of AYCR Service (per month)

	Press Reader Premium	Readly	Magzter Gold	Zinio Unlimited	Apple News+	Cafeyn
USA	$29.99	$9.99	$9.99	$8.99	$9.99	n/a
UK	£27.49	£9.99	£9.99	£8.99	£9.99	£7.99
Claimed Title Inventory	7,000+	7,500	8,000+	6,000	200+	2,500

its pure B2C AYCR subs numbers are relatively low and are dwarfed by its B2B operation.

- The company has a free offer that allows access to 100+ free newspapers, 50+ free magazines and to a selection of atomised content. This is used as both a trial to PressReader Premium, but also in a number of its sponsored access operations.

Readly launched in the UK in 2014 at £9.99, dropped to £7.99 in 2016 and started to revert to £9.99 through 2022 – a move that the company claims has had little impact on its volumes. Yet these have plateaued and stood at 453,000 subscriptions at the end of 2022.

Magzter Gold has an introductory trial price of £9.99, but the ongoing options are actually pay-upfront, term subscriptions that auto-renew. The prices are £99.99 for one year (equating to £8.33 per month), £175 for two years (£7.29 per month) and £250 for three years (£6.94 per month).

- The company introduced Magzter Gold Lite in 2015, which gave unlimited access to five magazines for £4.99 per month. This option has not been actively marketed for some time.

Zinio operates its own branded Zinio Unlimited (it also creates AYCR platforms for publishers) which operates in 26 markets with local currencies. Currently, its UK and US prices come in the middle of the major players at a base £8.99 / $8.99.

Apple News+ is only officially available in the UK, USA, Canada and Australia and is a paid-for add-on to the free Apple News service. After an initial free trial period, the ongoing price is £9.99 per month. It is also included in the Apple One Premier Plan bundle which costs £32.95 per month. Industry estimates put the total number of self-standing, paying subscribers that Apple News+ has at well under 500,000.

- The 200+ title inventory is by far the smallest and most select of all the aggregators.

Cafeyn does not have a significant US presence currently. It is holding its prices down at a base £7.99 in the UK.

10 tips for using aggregators

01 It may be blindingly obvious, but know your own market and audience – what do they value and engage with? How much do they really like digital editions? And why? Consumer behaviours are changing rapidly – yesterday's insights may not apply to today.

02 Be clear about your objectives when using the newsstands – volume, revenue or profile – these objectives may need to change through time dependent on the dynamics of the individual brand.

03 Do not become too dependent on a single source or a specific aggregator as their policies and financial deals may change. Or they may not always be able to deliver the scale of business they're currently producing.

04 Do your objectives fit into a structured pricing strategy?

05 What does good looks like? What are the measurable success metrics in creating a balanced channel strategy.

06 Experiment with as many platforms, providers and channels as you can without diluting resources and focus too much.

07 Track the competition – not to follow them blindly, but to see what they are up to and to test sources that they are using, without committing long-term.

08 Which platforms are ABC / auditor compliant? – not all of them are. This allows their figures to be verified and included in circulation and reach data for use with advertisers and agencies when selling advertising inventory.

09 Assume Mobile-First when creating digital magazines. The smartphone has become the content consumption device for most demographic groups.

10 Check what data the newsstand really does have on tap. And how easy it is to access and analyse – it is sometimes much more clunky and manual to use than at first sight.

Digital pioneers

The specialist services being offered by the main aggregators

pressreader™

At a glance

Date established: 1999 as Newspapers Direct. Rebranded as PressReader in 2013
Ownership: Private
HQ: Canada with key offices in Ireland and the Philippines
Core markets: Canada, USA, UK, Italy, but with a broad international presence

Image: PressReader

What they say about themselves

"PressReader is proud to be a true partner and ally to publishers, empowering them with cutting-edge technology to expand their reach and deepen engagement with their readers. We believe in the value of quality journalism and are committed to fostering a sustainable future for the industry, where publishers are fairly compensated for their content. PressReader exists to enrich and empower curious minds, and we are passionate about driving innovation while creating opportunities for publishers to thrive in an ever-evolving media landscape."

Overview

PressReader has a print newspaper past that dates back to 1999, originally built on closed user groups (hotels, ships, libraries, etc) and local digital printing.

PressReader and The Economist strengthen digital partnership

Digital-savvy publisher The Economist has its own portfolio of print and digital products, but has progressively been using more of PressReader's services to extend the brand's reach.

PressReader is now the publisher's exclusive digital replica distributor in public libraries, hotels, aviation, marine and healthcare environments.

The deal demonstrates the continued strength of the digital magazine format and of the importance of partnerships in building the overall business of a published brand.

Since then. it has built a wide range of technology services to support the different players in the digital reading value chain. The network of companies includes...

- PressReader. The largest and most high-profile division built around pressreader.com and its associated apps. This has two dimensions: (1) consumer-facing activity (both AYCR and newsstand) and (2) B2B sponsored access for closed user groups. These include libraries, hotels, ships, planes and airports, healthcare, and loyalty programmes. The consumer offers range across AYCR, single copies, subscriptions and complimentary access in loyalty club environments.

- Branded Editions. PressReader's suite of solutions include customised digital editions, white-labelled subscription sites, apps and kiosks.

This flexible offer is used by many leading publishers globally and locally, including The New York Times, The Guardian, Canada's Globe and Mail. By partnering with PressReader for their digital editions, these publishers have access to a range of tools and services that help them build tailored, multi-platform activity.

- Educational Technologies includes TextbookHub and EvidentPoint, which offer digital solutions and services for the educational sector.

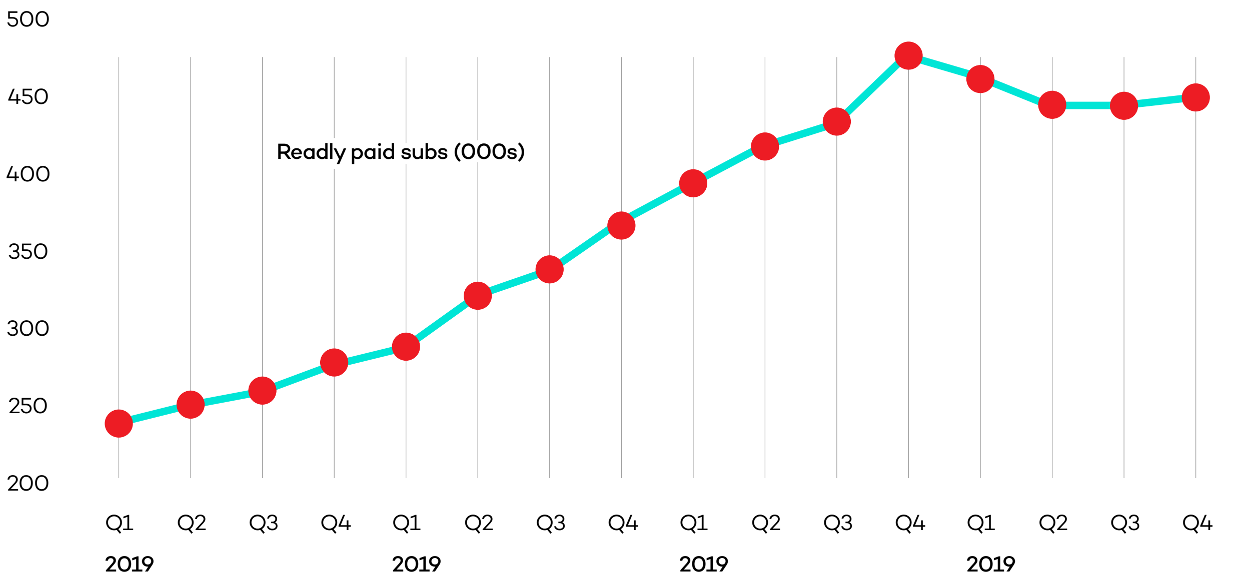
- PressReader Print. The original product: on-demand, local digital printing around the world.

Readly

At a glance

Date established: 2012 in Sweden and 2014 in the UK before rolling out across other territories.
Ownership: Private investors, private equity, listed on the Nasdaq Stockholm Midcap since September 2020. Currently in discussions about a change of ownership.
HQ: Sweden
Core markets: Germany, UK, Sweden, DACH, Italy, with a growing presence in USA.

Global consumer spend on digital content in magazines



What they say about themselves

"We bring inspiration and insight into people's daily lives and unlock meaningful moments of relaxation. Readly is the European category leader for digital magazines. The company offers a digital subscription service that lets customers have unlimited access to 7,500 magazines and newspapers including the catalogue of ePresse. Readly has subscribers in more than 50 countries and content available in 17 different languages. In collaboration with 1,200 publishers worldwide, Readly is digitising the magazine and newspaper industry."

Overview

Readly is a very focused, digital-only, AYCR-only, consumer-facing platform with a magazine-heavy past and with different options as to its consumer offer going forward – it is adding audio and video, as well as developing a curated article feed, better search and recommendation engines. Its repeated rounds of fundraising have been to fuel the major marketing investment required to build Readly as a self-standing, consumer brand.

The chart below shows the long-term trend in its paid subscriptions which stood at 453,000 at the end of 2022.

The detailed commentary on Readly's long-term trends in its subscriber

Screenshot: readly.com

base would cover many factors that are specific to the operation (e.g. price changes, shifts in its marketing spend, its acquisition of a French competitor. Yet the overall trends are indicative of what has happened to the general B2C aggregator market – strong growth, accelerating briefly during the initial lockdowns of 2020, before plateauing in 2022.

Readly has always been magazine-focused in terms of its inventory. In its launch phase in Sweden, it also sold books, which it soon dropped. Over the last two years it has been quickly growing its newspaper inventory and – more modestly – its owned inventory: it has been using its Readly Exclusives offer to create unique content on its platform.

Readly is widely recognised to have the slickest and easiest-to-use data dashboards for publishers.

MAGZTER

At a glance

Date established: 2011
Ownership: Private
HQ: New York
Core markets: India and USA dominate the geographical footprint

What they say about themselves

"We are the largest and fastest growing self-service, cross-platform global digital magazine newsstand / content destination with more than 50m active users globally. Publishers from all over the world upload their magazines and newspapers on Magzter and reach out to millions of readers to sell their digital magazines and newspapers via subscription, single copy as well as archives, on a range of devices –

Apple, Android and Amazon Kindles. We also offer the world's largest AYCR subscription service, which gives digital readers unlimited access to 8,000+ magazines, newspapers and premium stories for a monthly subscription price."

Overview

Magzter has gradually been extending its operations to include a wider range of services. It reaches 50+ million users across the globe, with 16.5mn in the Americas, 8.5mn in Europe and the UK, 2mn in Africa, 1mn in the Middle East and 16mn in the Asia-Pacific region.

Screenshot: Magzter.com

ZINIO™

At a glance

Date established: 2001 in the USA
Ownership: Acquired by Naviga in 2019
HQ: Barcelona, Spain
Core markets: USA, UK and Australia, but with a broad international presence in over 55 countries

What they say about themselves

"We are the number one platform for international digital magazines covering a host of wide-ranging categories. Discover 6000+ Digital Magazines from all around the world. We have something for everyone across 25 interest categories, in over 30 languages. Save time with us by purchasing a digital magazine with instant delivery to your library, access our magazines across multiple devices and enjoy at an affordable price."

Overview

Having been the pioneer of digital edition tech, the company developed the consumer-facing Zinio Newsstand and then later, the AYCR Zinio Unlimited. Yet it has a significant presence in closed-user-group activities, notably libraries and selected partners. It is also building its B2B / SaaS / publisher support operation.

Its long-term role in the digital magazine market means that the company is well known and well respected, even though the volume of subscriptions it now

Screenshot: Zinio.com

generates through its own consumer-facing brands are relatively modest.

Zinio has three divisions:

- Distribution. This includes its own brands Zinio Newsstand and Zinio Unlimited, as well as a distribution network of 25 partners. Zinio powers some of the largest content distributors in the market - newsstands, retailers, media service providers, in-flight entertainment and libraries.
- Publisher Services. "Publishing software solutions to drive monetisation, from managed apps and newsstands through to fulfilment services, APIs and magazine readers."
- Content Syndication. A portfolio of services and supporting content licensing models aimed at enabling partners to deliver digital magazines as part of their proposition. These can be employed to create a range of solutions, from a simple article syndication feed through to a fully managed newsstand. The list of partners includes Apple News+ (which is both a partner and a competitor), Scribd and Amazon.

News+

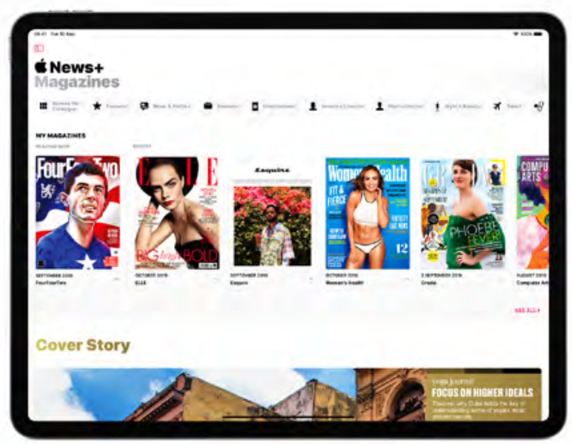
At a glance

Date established: Apple acquired the publisher-owned Texture in 2018 and then in 2019 stitched it on to its free Apple News app, rebranding it as Apple News+.
Ownership: Apple
HQ: New York
Core markets: USA, Canada, UK and Australia, but with potential global reach.

What they say about themselves

"Hundreds of magazines and leading newspapers. One subscription. World-class journalism from the titles you love and the sources you trust. Full magazine issues and in-depth features, online or off. Stay up to date on important stories with top newspapers. Share your subscription with your family. £9.99/month. Every article. Every issue. No paywalls."

Apple News+ promotes itself as a service that has:



Screenshot: apple.com

- Market leading UX, which is in Apple News format not publisher PDF.
- A diverse, but select range of major magazine and newspaper brands – full issues, but also access to paid websites of specific newspapers.
- A curated feed of news and feature articles shown in Top Stories, Spotlight and other collections.
- A powerful recommendation engine that learns from the subscriber's reading patterns.
- Privacy. Apple says that it will not share subscriber reading habits with third parties.
- Access to six family members.

Overview

Ironically, the operation started as publisher cooperative (Next Issue), involving five core publishers who have since become DotDash Meredith, Condé Nast, Hearst and Rogers, with the intention of defending themselves against the growing power of Apple in the digital magazine marketplace. The Texture rebrand came when it introduced a two-tier AYCR model. Having bought Texture in 2018, Apple rebranded it as Apple News+ as a premium paid-for add-on to the free Apple News, which is baked into every Apple Device, so offering a potential 100m user pool.

Apple News+ does not fit into a neatly defined market position.

- Publishers upload their content into Apple News format, rather than converting from their own Content Management Systems.
- That content can be a mix of (personalised) article feeds, complete issues (what Apple calls "cover to cover magazines") and heavily amended issues. It also offers access to the pay-walled websites of a number of newspaper brands.
- As a result, Apple News+ traffic is not recognised by the audit bodies.
- Apple News+ has been bundled into other service packages, notably Apple One, so subscription numbers are difficult to estimate, but are reckoned to be less than 500,000.
- Revenue split is 50:50, but Apple has supported publishers in other ways, with their publishing packages including add-ons such as software and special features.

At a glance

Date established: 2006 as LeKiosk, selling print term subscriptions, relaunched as the digital AYCR Cafeyn in 2018, entered the UK in 2019, and acquired Blendle and miLibris in 2020 and Kidjo in 2022.
Ownership: Private
HQ: France
Core Markets: France, UK, Netherlands.

Screenshot: cafeyn.com

What they say about themselves

"Cafeyn offers unlimited access to thousands of magazines and newspapers in a single app. You no longer have to choose where you get your news: with a Cafeyn subscription, you can read and listen to a wide range of the premier publications.

"Enjoy our editors' hand-picked article selections, listen to our professionally-narrated articles, or browse our catalogue of publications to find your next favourite read."

In its promotional materials, Cafeyn emphasised its slick UX (Smart Reading), data dashboards, its curated topical news feed and its expanding audio capabilities. It is also planning to launch a video offer later in 2023.

Overview

Cafeyn has been diversifying into several business areas:

- The core B2C AYCR offer.
- B2B2C through distribution deals with companies such as telcos, pay-tv, e-commerce platforms, etc.
- B2B to corporates, libraries, schools, public institutions, etc.
- An SaaS business model through an acquired company, miLibris, offering content digitisation and monetisation solutions to publishers and distributors.

Cafeyn says its above offers allow it to address 2.5 million active users every month.

The company has been constructing (mainly through acquisition) an international portfolio of publisher services around the core activity of information distribution. The purchase of miLibris (2020) added to its publisher service offer and the acquisition of Kidjo (2022) gave it a much bigger presence in the dynamic kids entertainment sector.

An interesting dimension to its 2,500 strong title inventory is moving beyond traditional newspaper and magazine brands into digital pure-plays, such as Euronews, The Conversation, AFP).

Beyond a dominant presence in its domestic French market, Cafeyn has been growing its international footprint. It is well-established in the UK and has offices in Canada, Morocco and the Netherlands, since the acquisition of Blendle in 2020.

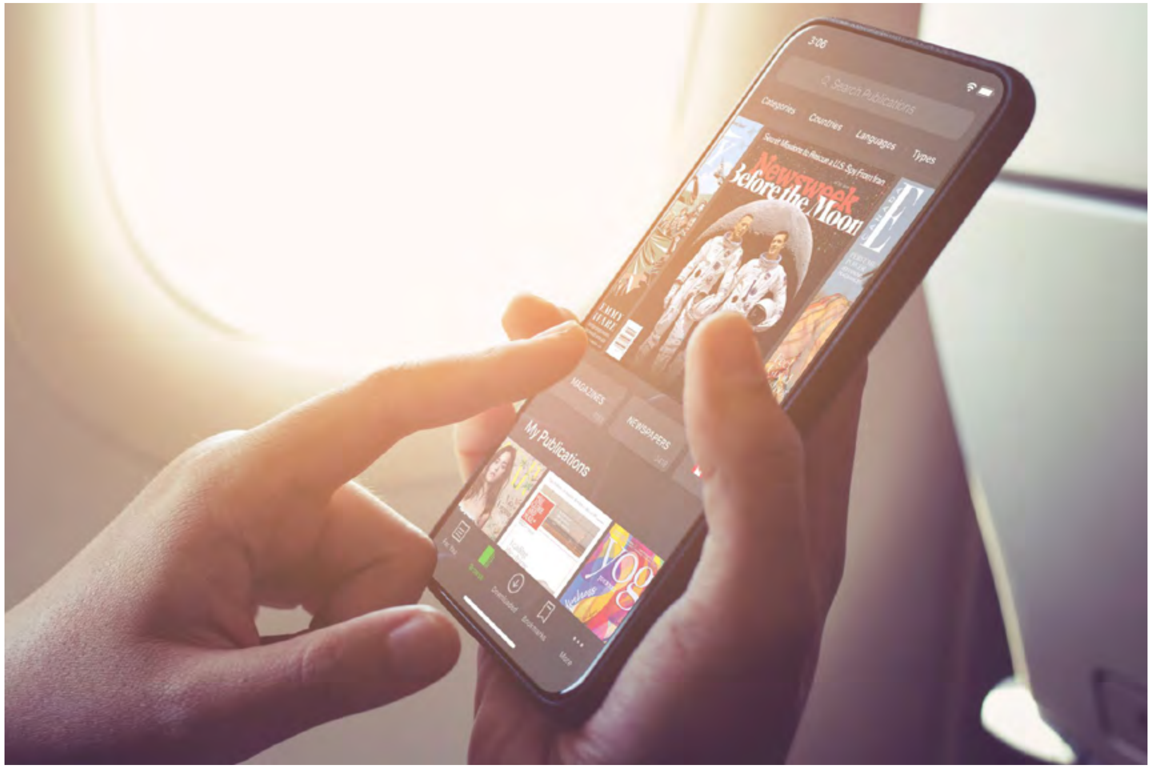


Image: PressReader

Digital single copies in the physical newsstand

AS AN INDICATION of just how experimental the market is at the moment, two companies are trialling the sale of single copies of digital magazines through physical retailers. It has some major multiple groups involved.

➜ In the UK, retail consultancy Lucid Direct and press wholesaler Smiths News have set up a 50:50 joint venture to launch LoveMedia. The tech platform being used is created by Sparc Technololgies, which powers a number of digital edition operations internationally. The retailers currently involved are a mix of major multiples (WHSmith, Morrisons, Coop) and more specialist independents, convenience stores, hospital shops and non-traditional outlets.

- In Germany and Austria, the Melo media and logistics group has launched a similar service, Trafik. This uses the Media Carrier platform – a sister company - which is also used in a number of operations across Europe, especially in geofenced applications.

Both offers operate in very similar ways. The consumer uses a QR code, given away free-of-charge by participating retailers, to access the service. They choose a title from a selection of newspapers and magazines, pay via PayPal / Apple Pay / credit card, and then download a single copy digital edition to their device. The price is the same as the print cover price, with the retailer retaining their normal trade margin as per a print copy sold in-store: for LoveMedia, this means 25% of cover price on magazines and 20% on newspapers.

The consumer benefits

- Pay-as-you-go (PAYG) consumption without having to commit to a subscription or membership.

- Access to specialist magazines which might not be easily available on the newsstand.

- Quick and convenient reading on a range of devices, especially when travelling, commuting or on holiday.

Retailer benefits

- A loyalty-building service for customers, encouraging increased frequency of purchase.

- The opportunity to capture and leverage data about the consumer.

- Providing a wider range of titles than can be physically displayed in-store: an extended-range consumer offer.

- An additional revenue stream and a basket-size builder.

- A presence and a role in the digital supply chain.

The publisher benefits

- Increased profile and presence in a retail marketplace where magazine space and range are under threat.

- A revenue opportunity for little risk and cost.

Time will tell whether there is a significant sales opportunity here or not, but is shows the digital magazine being used in new locations and applications.

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