EVOLVING FOR A CHANGING AUDIENCE

introducing

MCMA

THE MEDIA & CONTENT MARKETING ASSOCIATION

MCMA Member Survey

Presentation & Prognostications

May 2015

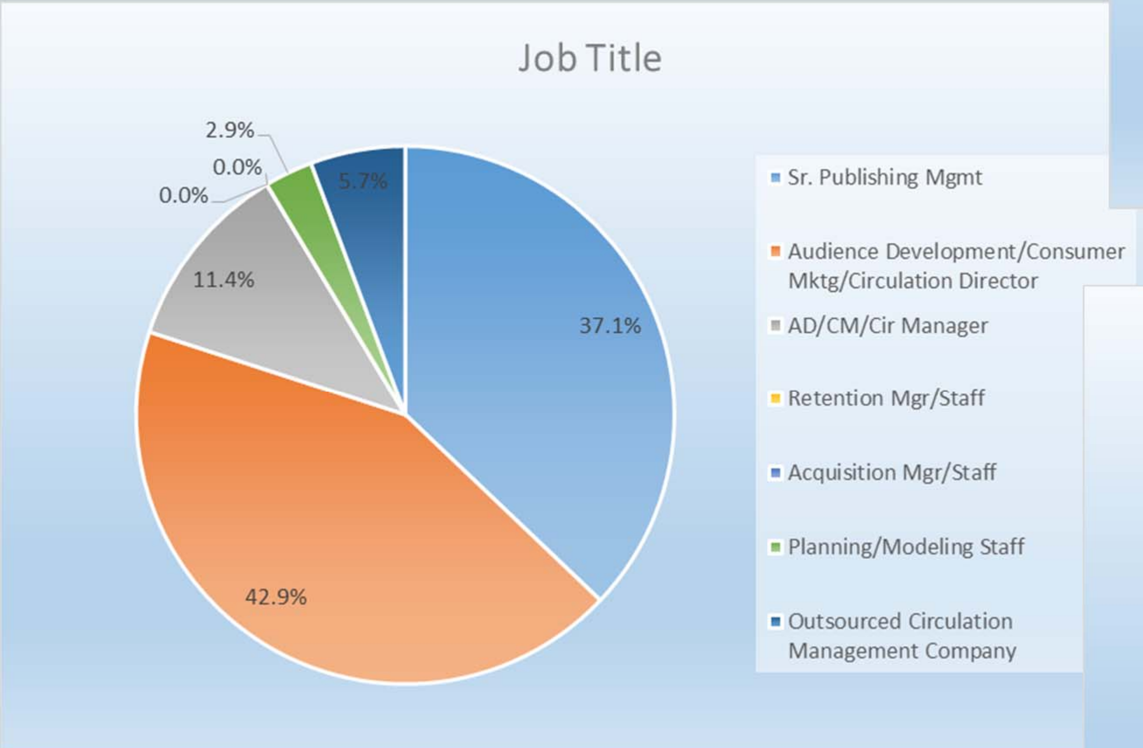
Sponsored by:

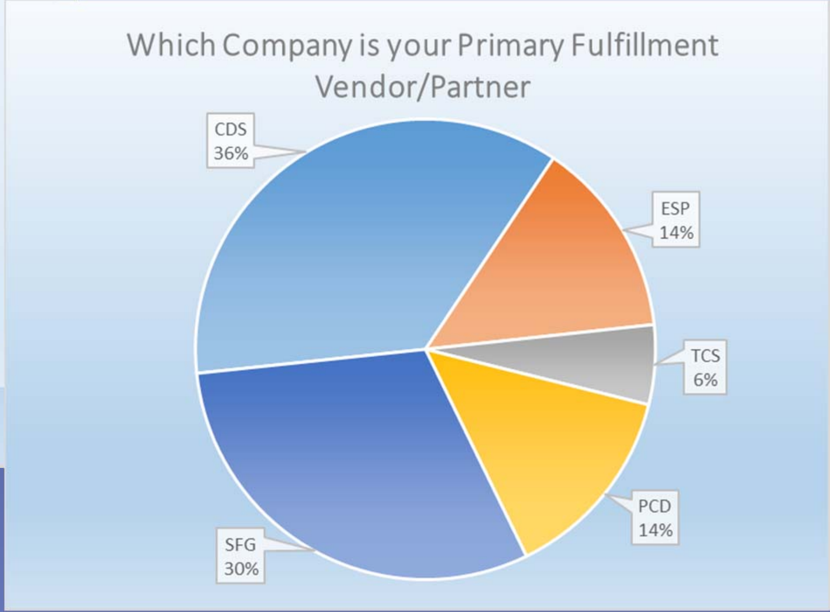
Bowman Circulation Marketing

Survey Results

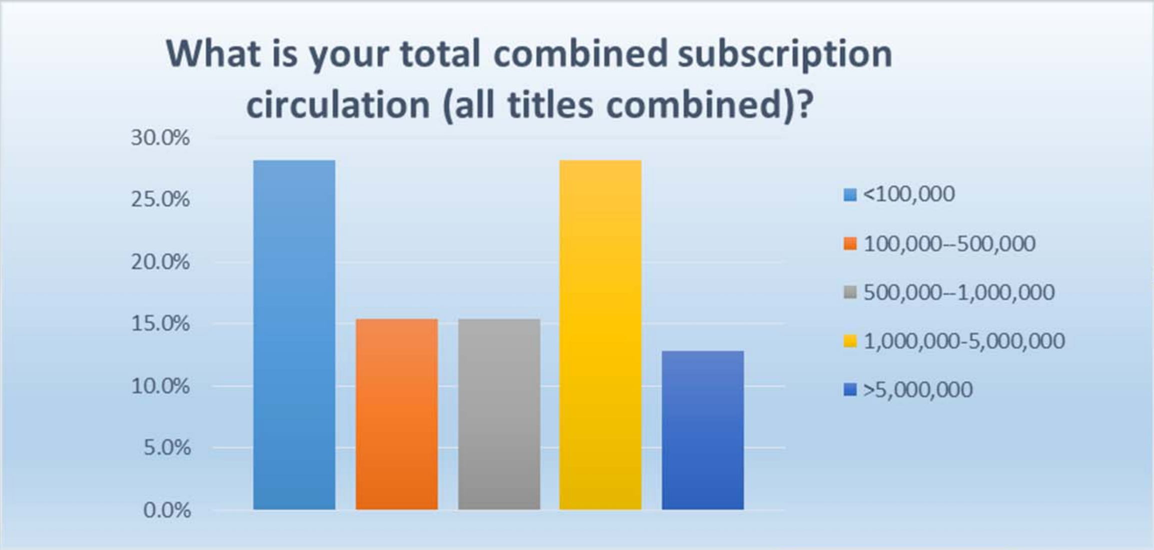
Responder Profile
Sentiment & Stability
Projected Spend

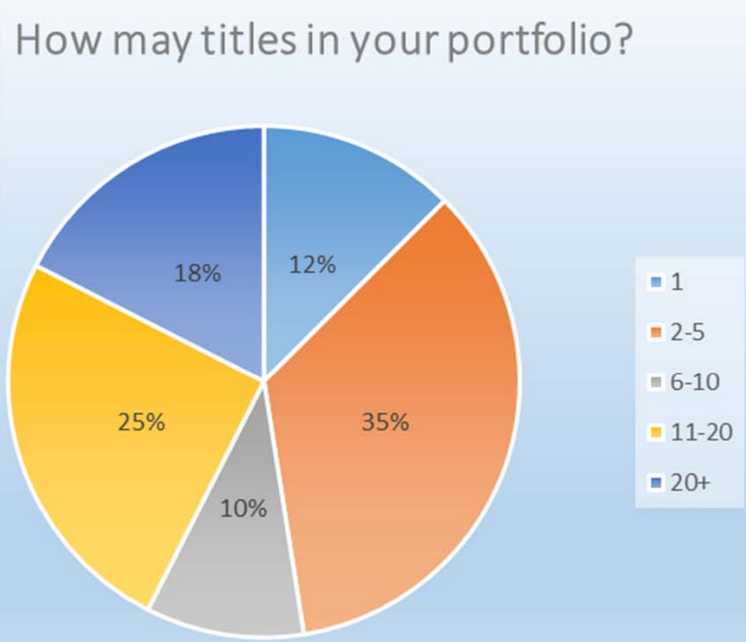
Who Responded?





Who Responded?

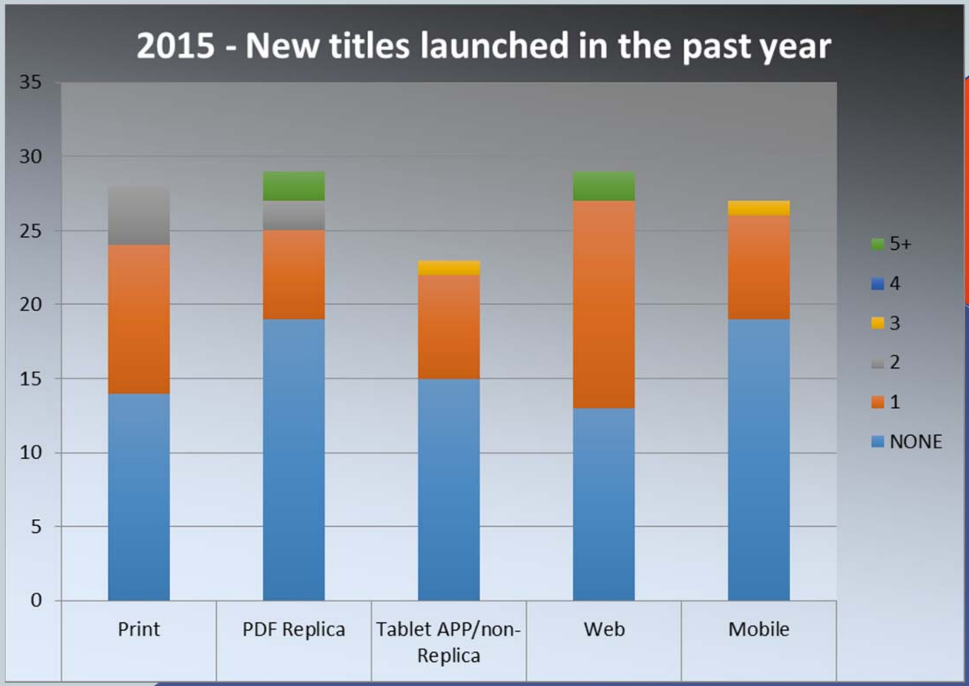


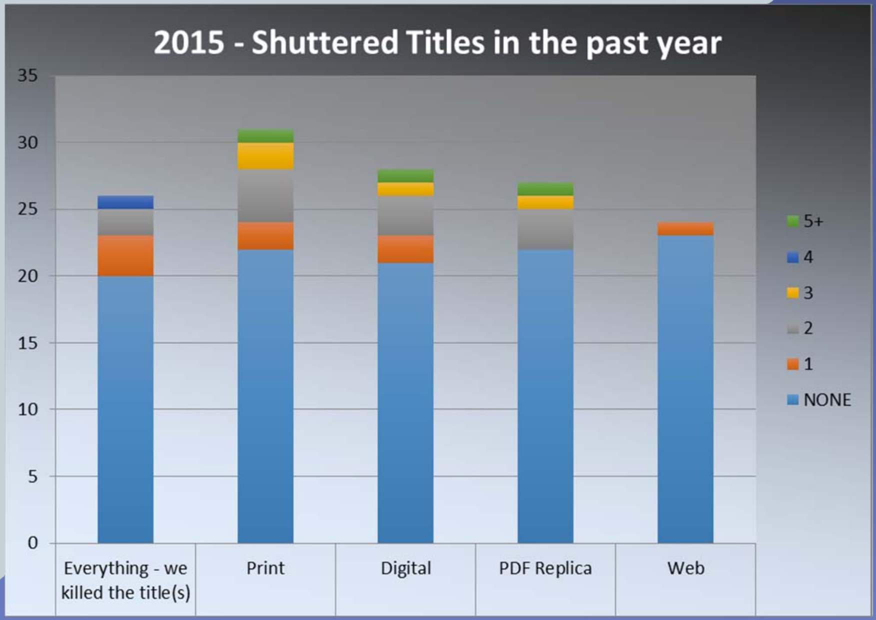


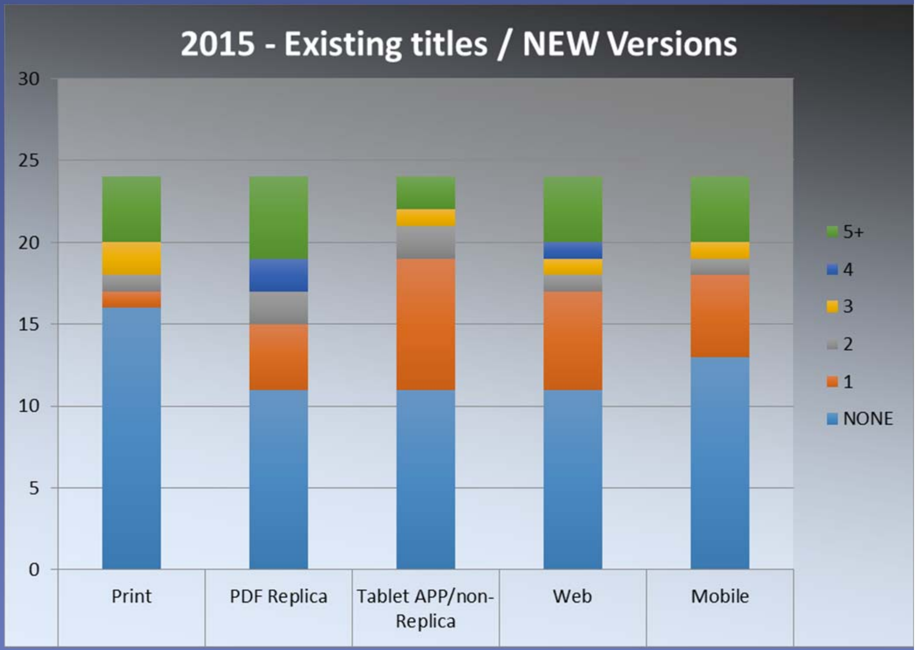
Overall Response	
Total Circulation	71,825,000
Total # of Titles	410
AVG Circ	175,183

Stability

- More launches; fewer shutters than in 2013
- Still some healthy new variations of existing titles

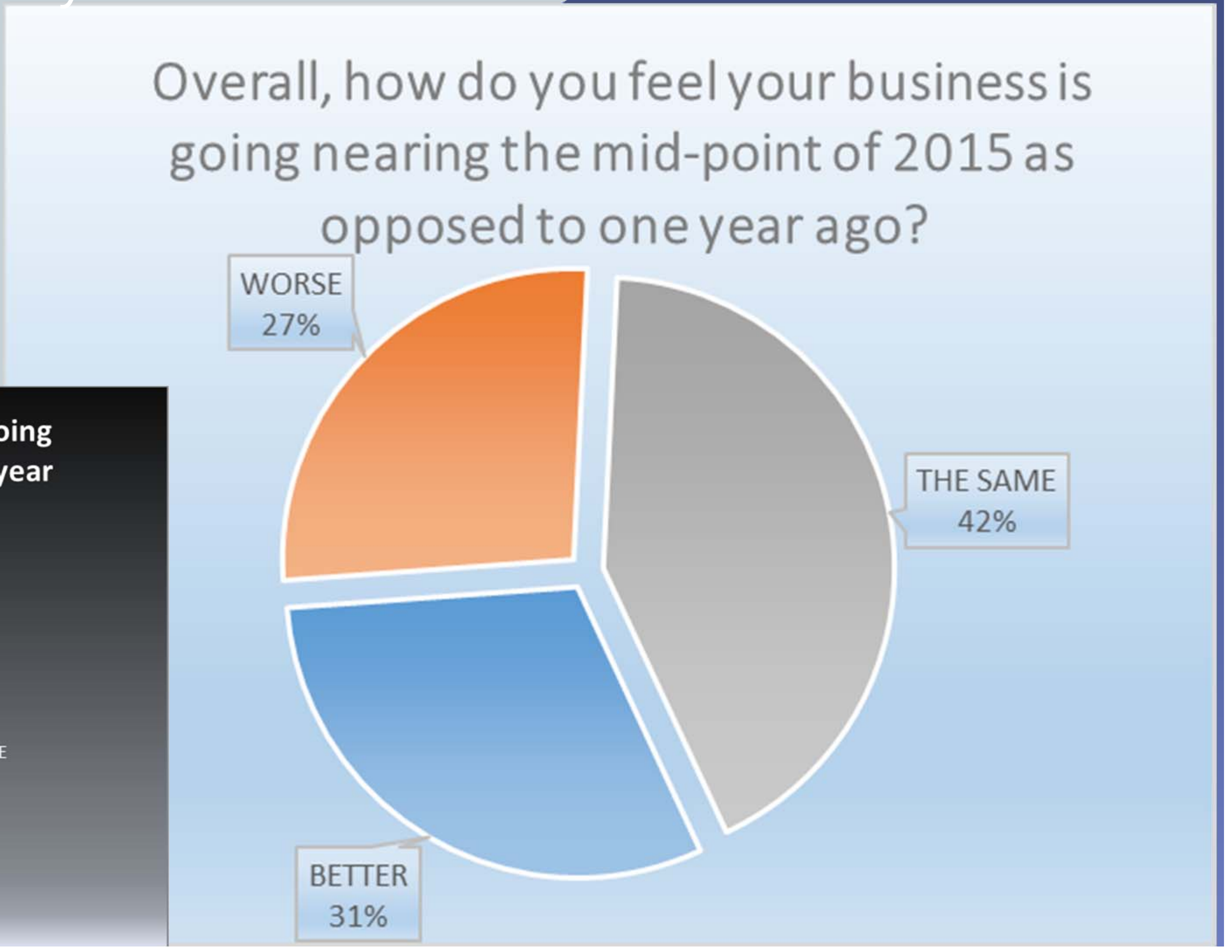


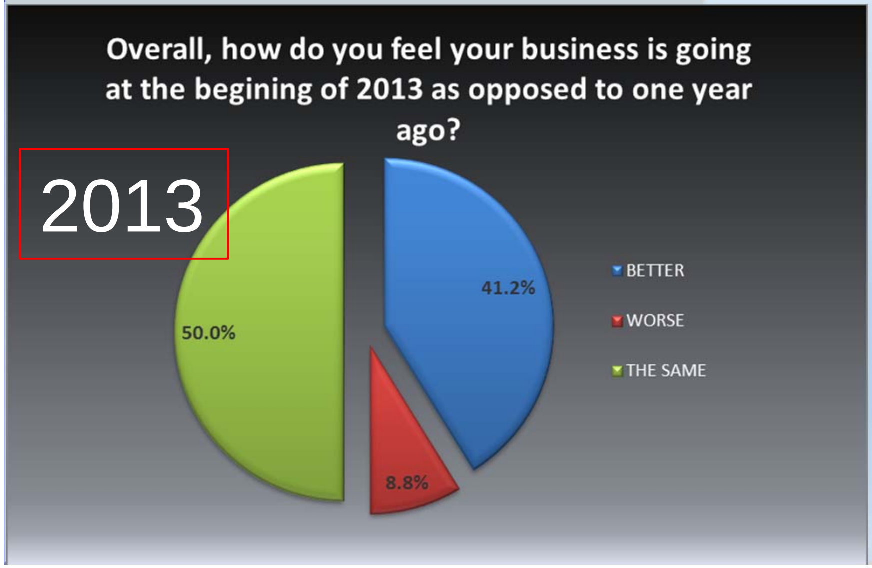




Overall Sentiment

- With three options, we are of three minds!
- Pessimism is appreciably higher than 2013





Challenges – 2013 vs. 2015

- 2013 – The Economy & Monetizing Non-Print
- 2015 – Growing Revenue, Customer Engagement, New Acquisition Sources

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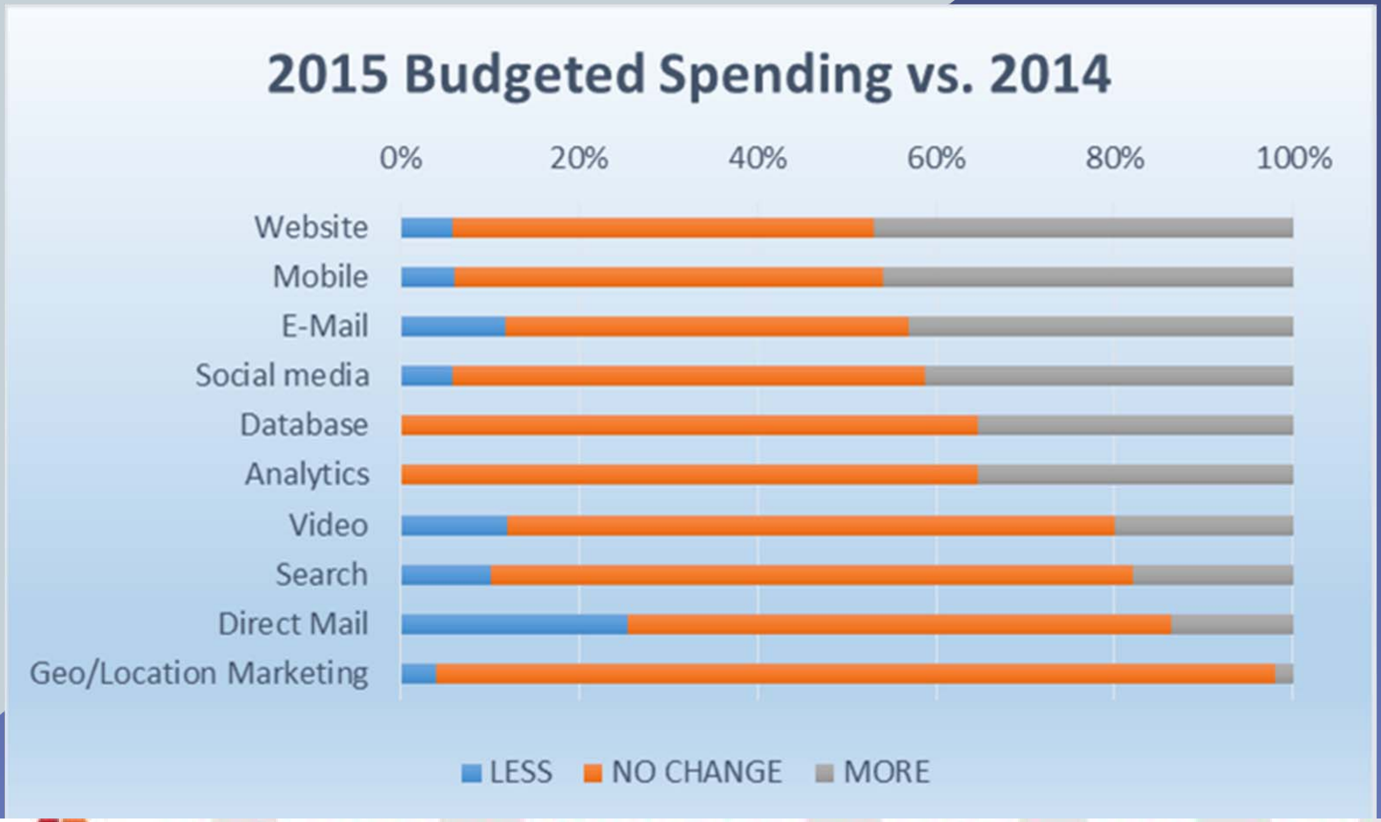
Budget Priorities

- MORE: Web, Mobile, E-Mail, Social
- LESS: Geo, Direct Mail, Search, Video



Let's Greet the Panel

Panelists:

Liberta Abbondante – Hearst Magazines
Alec Casey – Bloomberg BusinessWeek
John Reese – Bonnier Corporation

Moderator:

Joe Furgiuele – FCI

Member Survey Results
✓Discussion & Commentary
✓Questions & Answers

Sponsored By: BowmanCirculationMarketing

Liberta Abbondante
Hearst Magazines

Liberta Abbondante is SVP of Consumer Marketing for Hearst Magazines,

- In her role, she is responsible for managing the consumer marketing, retail sales, digital marketing for print and tablet editions and distribution activities.
- Prior experience includes
  - Dow &Jones & Co.,
  - Forbes, Inc.,
  - Emap Publishing, and
  - Smithsonian Institution
- She is on the Board of Directors at the Alliance for Audited Media and serves on various industry working groups, including:
  - AAM's Magazine Directors Advisory Committee,
  - AAM's Digital Vision Task Force,
  - Association of Magazine Media's (MPA) Consumer Marketing Committee, and
  - MPA's Tablet Metric Task Force.
- Liberta has been recognized for her leadership and marketing abilities by
  - DMA Circulation Council with its Hall of Fame award in 2007.
  - Lee C. Williams Award in 2012 by the (then) FMA
  - DMCNY's Silver Apple Award in 2013
- Abbondante holds a bachelor's of science degree in biology from The City University of New York.

Alec Casey
Bloomberg BusinessWeek

Alec Casey is head of circulation and production for Bloomberg Businessweek, Bloomberg Markets and Bloomberg Pursuits.

- Prior to that, he was Group Consumer Marketing Director and then VP, Consumer Marketing Director at Hearst
  - Hearst Men's Group (Esquire, Popular Mechanics, and SmartMoney magazines).
  - Cosmopolitan, Town & Country, Country Living, House Beautiful and the launch of Food Network Magazine.
- Before Hearst, Alec worked at Time Inc. where he was the CMD for Sports Illustrated for Kids, and EMD at SI
- He began his circulation career at Reader's Digest
- Prior to working in circulation, he was a consultant for Booz-Allen & Hamilton as well as an equity research associate at JP Morgan Investment Management.
- He holds an AB in English from Dartmouth College and an MBA in marketing/finance from the Wharton School.
- He lives with his wife and three daughters in New Canaan, CT.

John Reese
Bonnier Corporation

John Reese is a 20+ year publishing and consumer marketing veteran. He joined Bonnier as VP, Consumer Marketing in January of 2014.

- As the head of Consumer Marketing, John leads the department responsible for the print and digital circulation of Bonnier's entire portfolio of titles.

- Immediately prior to joining Bonnier Corp, John was Executive Director – Consumer Marketing at Wenner Media (Us Weekly, Rolling Stone and Men's Journal)

- John began his publishing career at Time Inc where he held various consumer marketing positions for Time Magazine and Sports Illustrated.

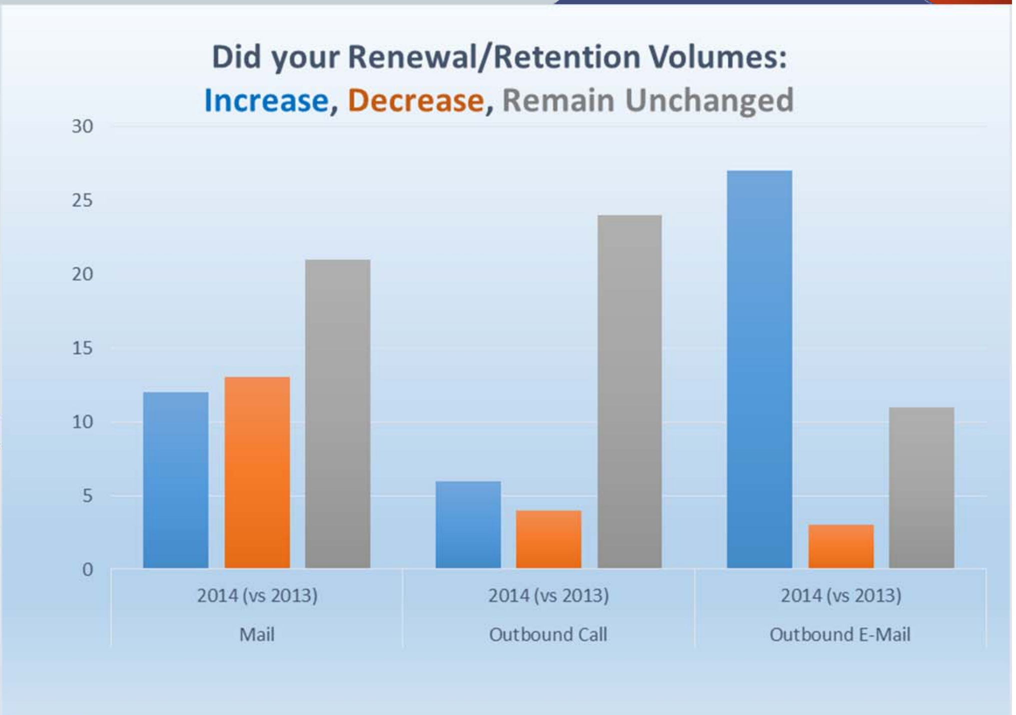
- John earned a B.S. degree from the University at Albany and an M.B.A. from Columbia University.

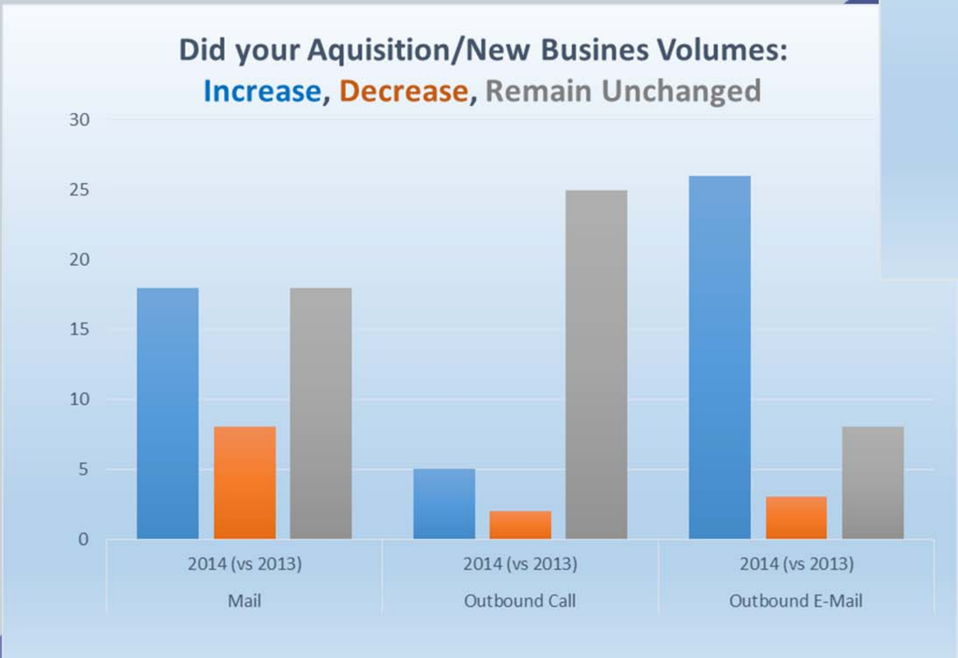
- He lives in Rye, NY with his wife Jennifer, also a consumer marketing executive, and their 3 boys. John enjoys coaching his sons in various sports, as well as golfing, skiing, and spending family time in Vermont.

A Few BASICS

Volumes

- Acquisition – DM up a bit, No Change in Call volumes; More E-Mail
- Retention – DM Mixed, No Change in Call Volume, E-Mail is also up significantly





- Customer Service – Drop in Mail Volumes, No change in call volumes, similar (large) increases in E-Mail

Newsstand Unit Sales

Chart shows AAM unit sales (this includes s/c replica) and unit "print" sales , which have eliminate the s/c replica units.

- Overall unit sales (including s/c replica) were down 17.7% - factored for s/c replica circ, however, the "print" unit decline was 22.9% for the top 22 publishers.
  - This correlates with other breakouts –
    - "Big 8" print units down 22.4%
    - The 6 celebrities down 22.3%,
    - The 9 major weeklies down 21.7%,
    - The top 25 publications down 22.0%.
- N/S sales were seriously effected by "The Source" implosion –
  - The guess (and only a guess) is that The Source difficulties added about 6 to 7 percentage points to the decline.
  - This would mean that the industry decline at retailers given continuous service was in the 16% to 17% range - still higher than the 12%-13% declines over the last several years.

* Courtesy of Baird Davis

Data is shown for the so called "big 8" publishers, top 22 publishers and for the top 25 publications.

Newsstand Unit Sales

Unit Sales Comparison (factoring for replica s/c) - 2nd H '13 Vs 2nd H'14

AAM Data in '000's

"Big 8"	AAM Unit Sales 2nd H '14	AAM Unit Sales 2nd H '13	"Print" Sales 2nd H '14	"Print" Sales 2nd H '13	Percent Ch AAM Unit Sales	Percent Ch "Print" Sales	S/C Repl Circ Perc S/C Circ 2nd H '14	S/C Repl Circ Perc S/C Circ 2nd H '13
1. Time, inc	33,704	40,526	30,845	38,866	-16.8	-20.6	8.9	5.0
2. Hearst	20,028	23,518	17,155	22,468	14.8	-23.6	14.3	4.6
3. Conde Nast	8,515	11,355	7,162	9,869	-25.0	-27.4	14.6	11.9
4. Meredith	6,580	8,237	5,779	8,026	-20.1	-30.8	13.5	2.8
Sub Total - Big 4	68,827	83,636	60,941	79,229	-17.7	-23.1	12.7	5.1
5. Bauer	46,876	57,143	46,850	57,143	-18.0	-18.0	0	0
6. American Media	25,924	34,699	25,324	34,524	-25.3	-26.6	6.4	1.6
7. Wenner	11,260	13,644	9,640	13,389	-17.5	-28.0	17.6	2.4
8. Rodale	4,954	4,689	3,811	4,583	5.7	-16.8	23.5	2.3
Sub Total - Top 8	157,841	193,811	146,566	188,868	-18.6	22.4	10.0	3.6
Tot Top 22 Pub Comp	169,295	207,274	155,641	201,777	-18.3	-22.9	11.1	3.5
All Audited Pubs	183,450	222,839			-17.7			

* Courtesy of Baird Davis

Data is shown for the "big 8" publishers, top 22 publishers and for the top 25 publications.

Circulation & Replica Editions

Chart shows AAM P6 and replica circ use for the 22 largest (audited) circ publishers, representing 83% of the total circ for all audited consumer mags.

- Para 6 use rose from 17.5% of total p/v circ to 19.6% - a significant rise of 12%. Verified, partnership and award circ were the biggest gainers. Undoubtedly the rise in P6 circ can be attributed to replacing the unexpectedly high decline in s/c copy circ, which was off 17.7%
- Replica (digital) Circ - Grew 15%, but nearly the entire increase can be attributed to the growth in S/C replica circ. The decline in subscription replica circ seems to relate to some difficulties at so called "newsstand" suppliers (Apple, Amazon, etc) and to the continuing shift to mobile devices.
- S/C Replica Circ - It grew dynamically - for the 22 largest publishers, increasing from 803k to 1,875k. Nearly all of the volume came from Next Media. The problem, however, is this circ is in a "test phase" with AAM (it's a question of whether the product has been "opened"). As a result many publishers did not declare all of the Next Media volume they received - anticipating that the revised AAM rules many negate some of this circ in the future.

* Courtesy of Baird Davis

Digital & Replica Editions

Para 6 Sources & Replica Circ Use - Companies More Than 1 Million Paid (AAM) Circ - 2nd Half '14

Companies/AAM Titles	PD/ Verif Circ	Single Copy Circ	Verifeid Circ	Partnership Circ	Paid Spons Circ	Combo Circ	Award Circ	Other P6 Circ	Total P6 Circ 2nd H '14	Percent P6 2nd H '14	Percent P6 2nd H '13	Replica Total & S/C 2nd H '14	Replica Total & S/C 2nd H '13
1. Time, Inc (21)	34,101	2,789	2,269	2,428	61	1,038	3,488	262	9,546	28.0	21.8	775/249	632/166
2. Hearst (20)	31,021	3,634	1,022	495	399	830	724	2	3,472	11.2	12.2	1,261/515	1,036/194
3. Meredith (15)	26,427	1,351	1,380	4,110	1,192	492	238	3	7,415	28.1	21.0	649/183	346/46
4. Conde Nast (17)	18,497	1,379	994	3,421	230	109	772	1	5,527	29.9	28.1	730/201	842/222
5. Reader's Digest (7)	9,064	269	142	33	41	119	0	32	367	4.0	14.3	226/3	556/4
6. Rodale (7)	6,975	930	264	504	168	51	109	25	1,121	16.1	18.2	495/219	308/20
7. Game Infomer (1)	6,724	19	0	0	19	0	0	0	19	0.3	0.0	2,822/0	2,950/2
8. Bonnier (21)	5,871	302	203	137	430	83	0	1	854	14.5	17.4	489/83	601/31
9. American Media (14)	5,368	1,481	364	85	669	0	98	0	1,216	22.7	14.2	899/96	577/28
10. TEN (20)	4,273	380	150	0	407	67	0	0	624	14.6	15.4	574/71	385/11
11. Wenner (3)	4,183	523	205	544	4	16	174	12	955	22.8	21.0	198/92	236/14
12. Bauer (7)	2,955	2,531	0	0	0	0	0	0	0	0.0	0.0	14/1	1/0
13. Martha Stewart (2)	2,299	279	64	230	3	11	408	0	716	31.1	24.6	75/2	94/3
14. Intermedia Outd (15)	2,298	180	286	0	0	0	0	0	286	12.4	8.8	48/0	37/0
15. Disney (ESPN Mag -1)	2,153	8	80	7	0	1	117	0	205	9.4	7.5	70/8	122/0
16. Maxim (1)	2,029	104	140	7	188	0	5	0	340	16.8	19.4	196/14	207/3
17. AIM (8)	1,857	183	26	99	351	23	0	12	511	27.5	26.2	336/63	179/28
18. TV Guide	1,815	67	84	0	0	0	0	0	84	4.6	5.0	8/0	9/1
19. Mansueto Ventures(2)	1,562	130	43	55	26	17	139	1	281	18.0	13.7	112/66	74/26
20. Johnson (1)	1,266	61	87	1	135	7	1	0	231	18.2	16.3	15/0	20/1
21. Weight Watchers (1)	1,262	170	70	11	50	0	0	0	131	10.4	13.1	64/5	53/3
22. Playboy (1)	1,008	39	23	0	0	0	9	0	32	3.2	11.5	25/1	36/0
Total Top 22 - 2nd H '14	173,008	16,809	7,896	12,167	4,373	2,864	6,282	351	33,933	19.6		10,081/1,875	
Percent of Pd/V Circ - 2nd H '14		9.7	4.6	7.0	2.5	1.7	3.6	0.2					
Total Top 22 - 2nd H '13	183,165	19,985	6,642	11,632	4,729	3,186	5,449	442	32,080				9,301/803
Percent of Pd/V Circ - 2nd H '13		10.9	3.6	6.4	2.6	1.7	3.0	0.2			17.5		5.1
Tot Aud Pub 1st H '14	207,845	19,931	10,472									11,534	10,012

Source - AAM data

* Courtesy of Baird Davis

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All things DIGITAL

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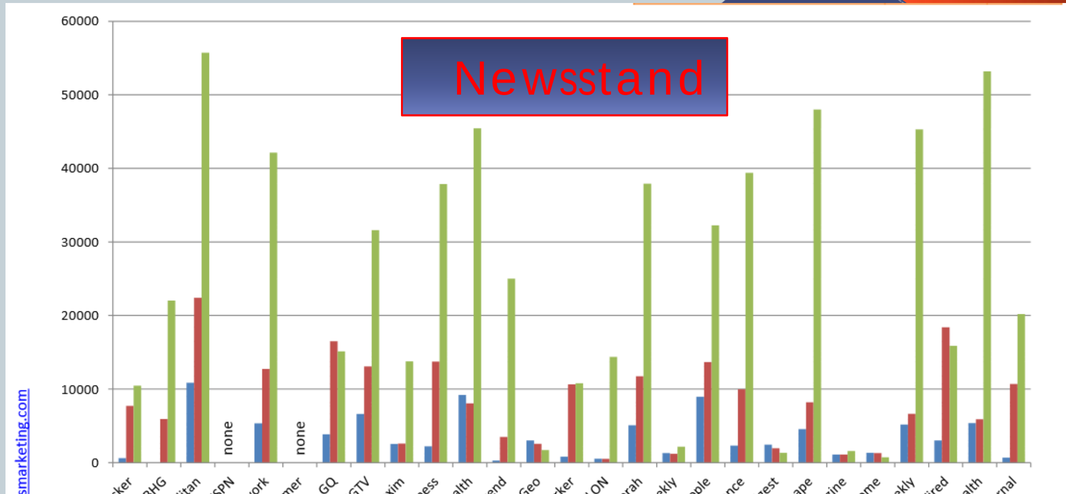
Trends – NEXT STEPS Marketing

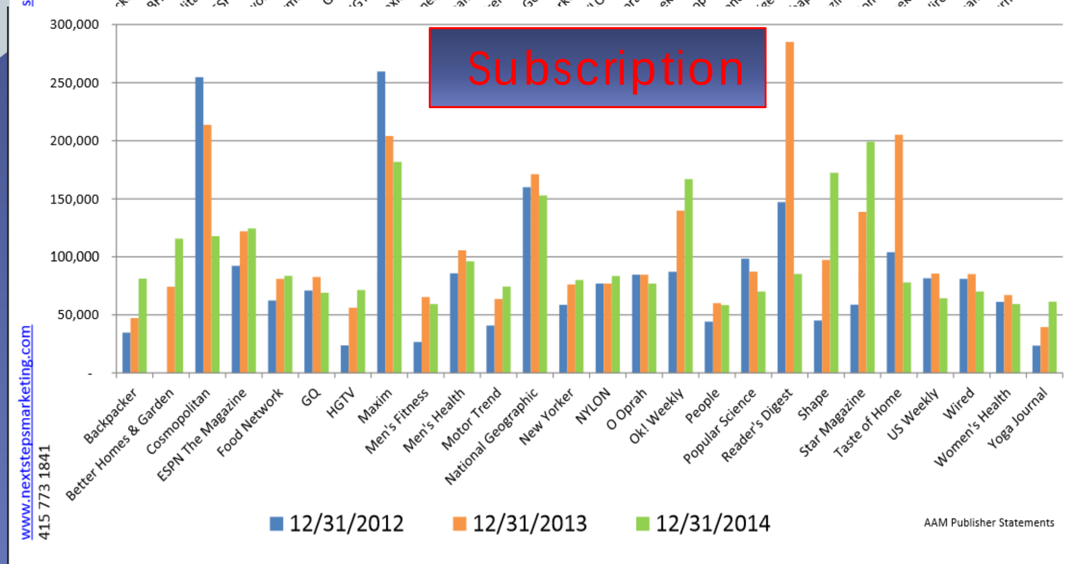
Top Take-Aways:

- Growth of digital copies sold Y-o-Y is flat.
- % of Digital circulation dropped slightly
- Greatest change in Y-o-Y is the rise of single copy sales
- Apple Newsstand still rules

	YOY '14 vs. '13	
Digital Subs Lost YOY	-389,222	(6.8%)
Digital Single Copy Gained YOY	413,418	196.3%
Print Subs Lost YOY	-1,861,413	(4.1%)
Print Single Copy Lost YOY	-1,263,823	(22.2%)

* Courtesy of:
Thea Selby, NEXT STEPS Marketing





Digital Editions – Survey Response

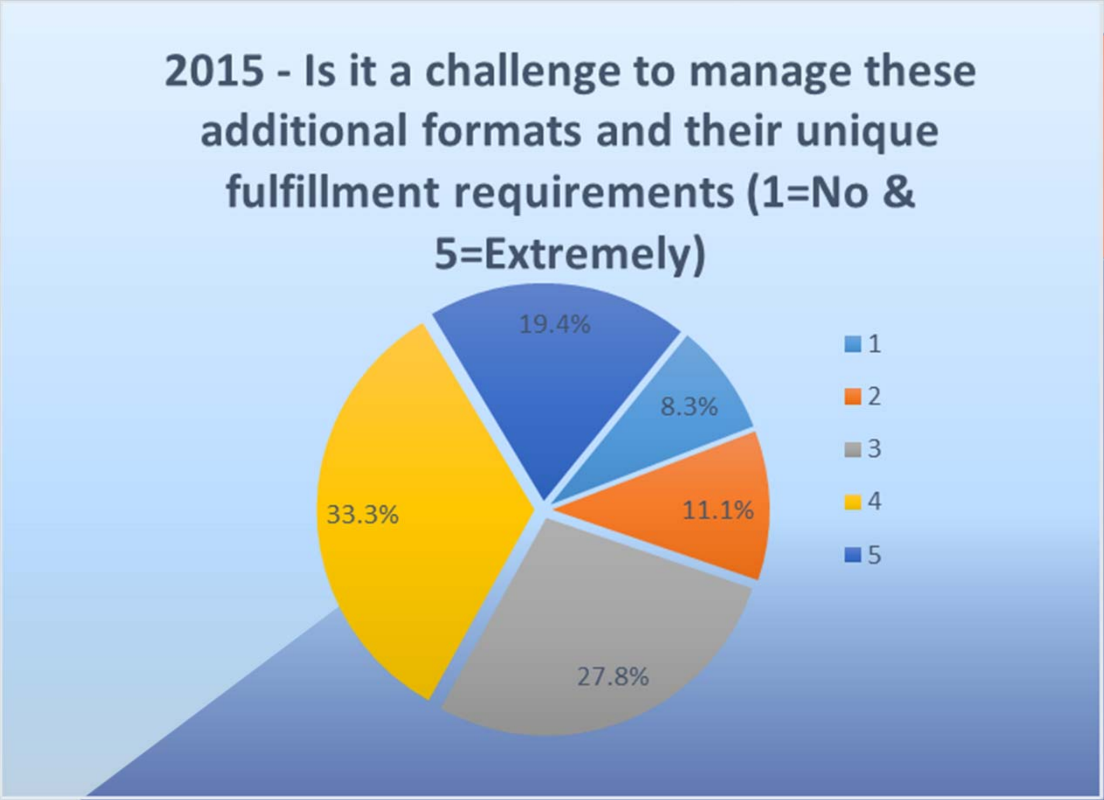
Key Take-Aways: See highlights below

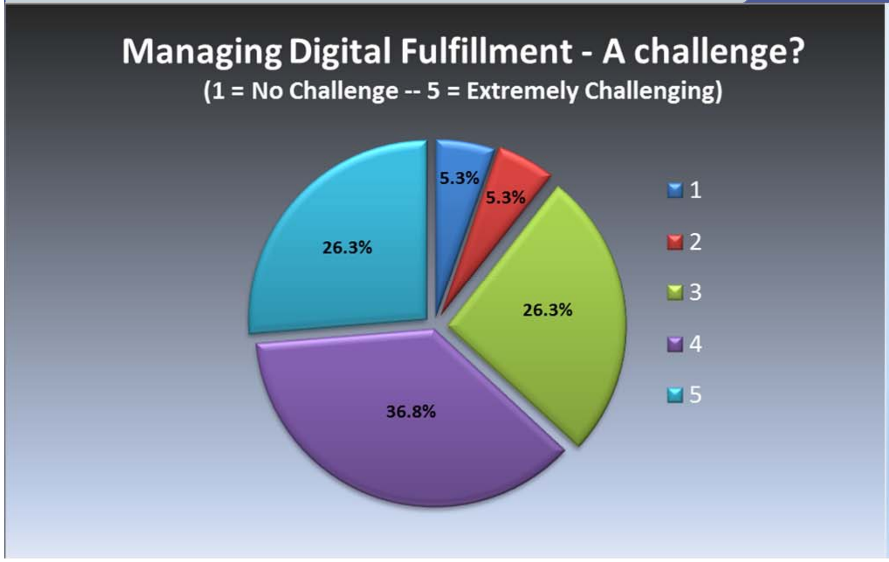
MCMA SURVEY	How are they offered?				Where / How fulfilled?			Consolidated View available?				Year-over-Year Investment?		
Digital Editions	Paid	Free	Bundle	Mix	Part of Fulfillment Service Bureau Service	Fulfilled separately, through Media-specific vendor/ partner	Both	At my Fulfillment Service Bureau	In separate Corporate Database	Only through Media-specific vendor/ partner	Not at All	More	The Same	Less
Apple iOS	16	3	1	10	3	13	13	4	5	6	10	8	16	2
Nook (B&N)	22	0	0	1	1	21	0	2	3	8	7	1	17	2
Kindle (Amazon)	21	0	0	4	2	20	1	3	2	7	9	4	16	1
Droid (Google Play)	18	0	0	3	2	15	4	3	2	8	6	5	14	0
Zinio	17	0	0	2	5	11	3	5	1	6	4	2	13	2
Texterity	3	2	1	0	3	5	0	3	1	2	2	1	6	1
Nxtbook	2	1	0	0	1	3	0	1	0	3	0	0	4	0
Kobo	12	0	0	0	0	13	0	0	1	6	4	2	9	0
Readly	10	0	1	0	0	9	0	0	0	5	3	0	9	0
Magzter	13	0	0	1	1	14	0	1	0	6	6	1	11	1
PixelMags	6	0	0	0	0	6	0	0	0	4	1	0	5	0
Next Issue Media	10	0	1	0	1	9	1	0	0	6	4	0	11	0

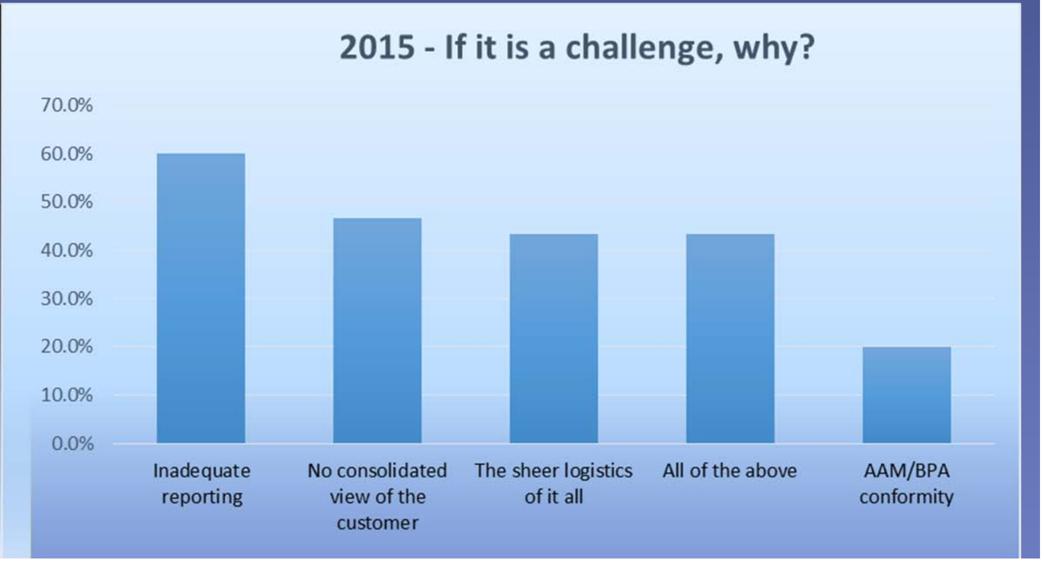
Digital: A Challenge?

"Not so Much" is up from 10% to 20%

"Very much" is down from 63% to 52%

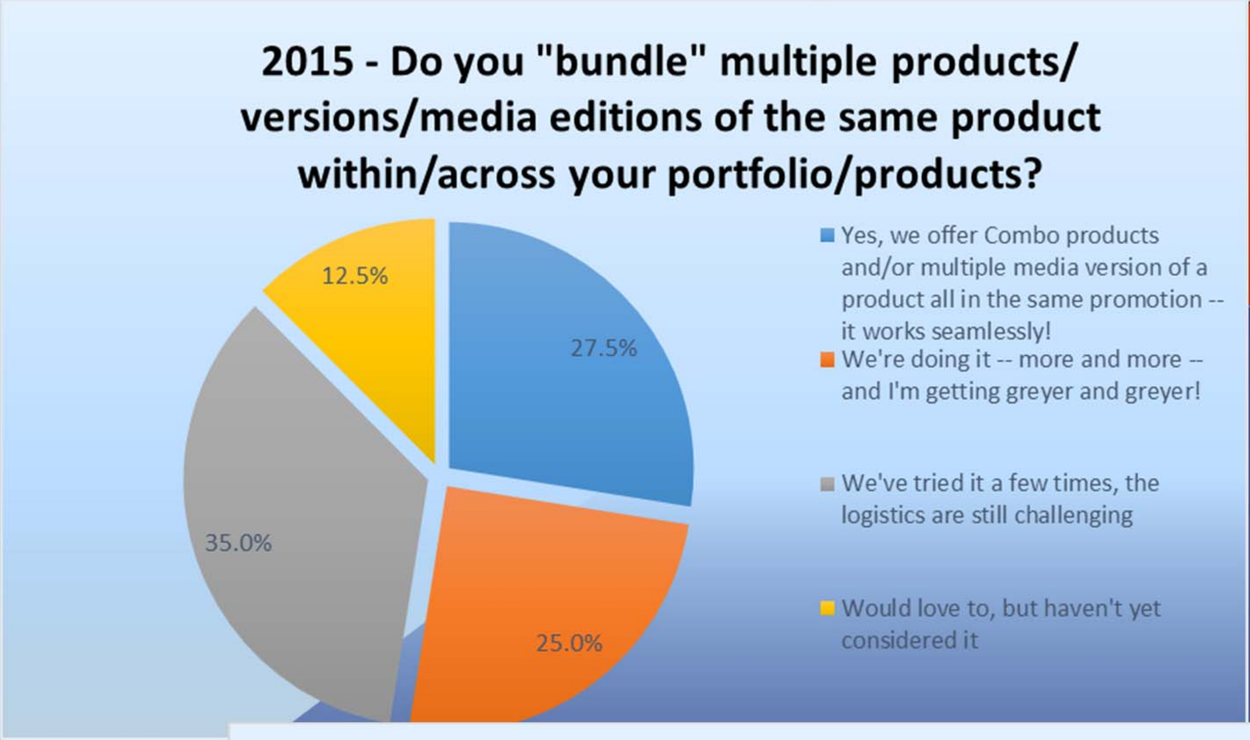


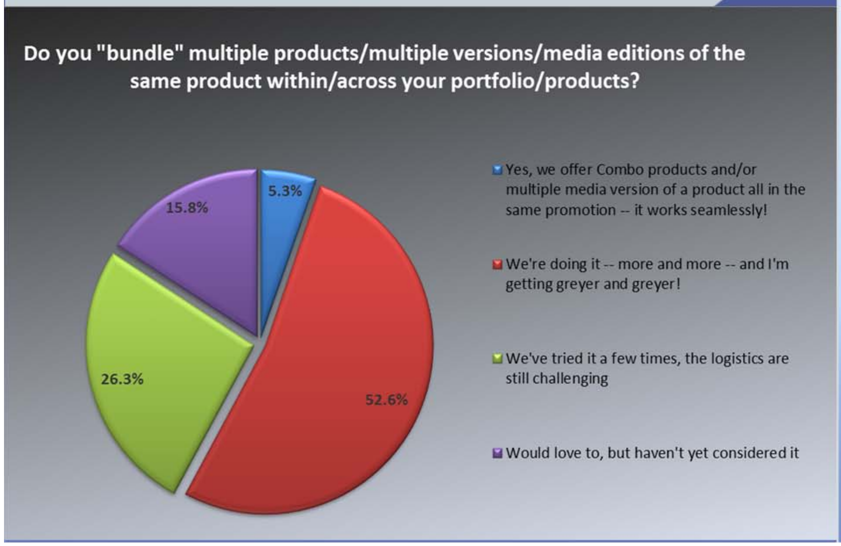


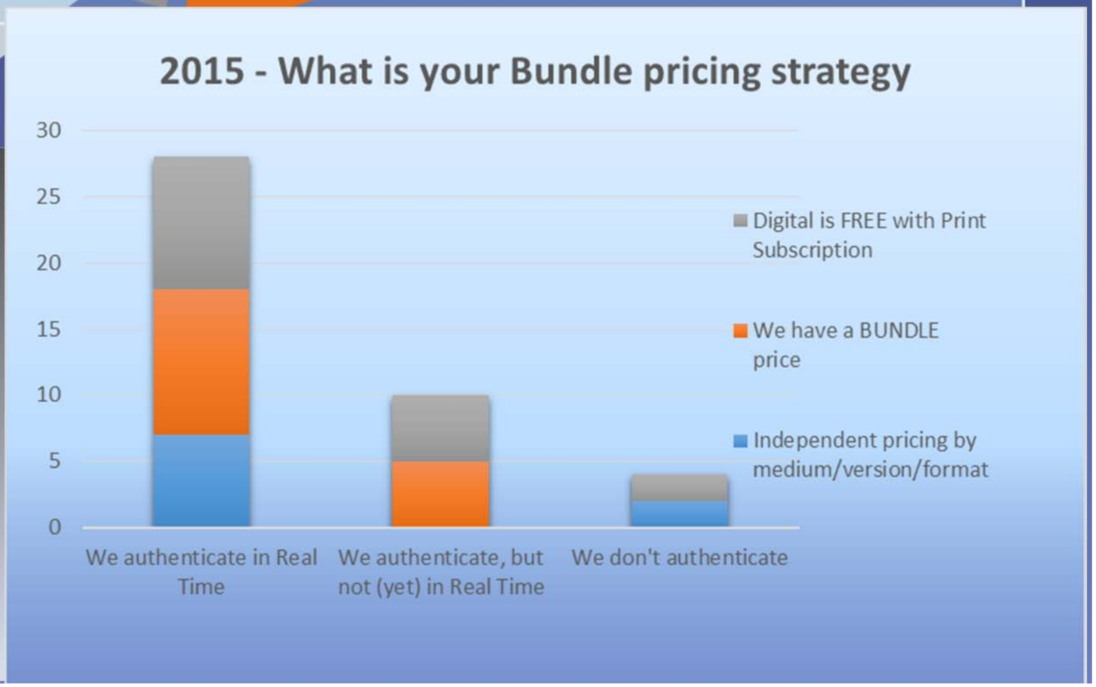


Bundling

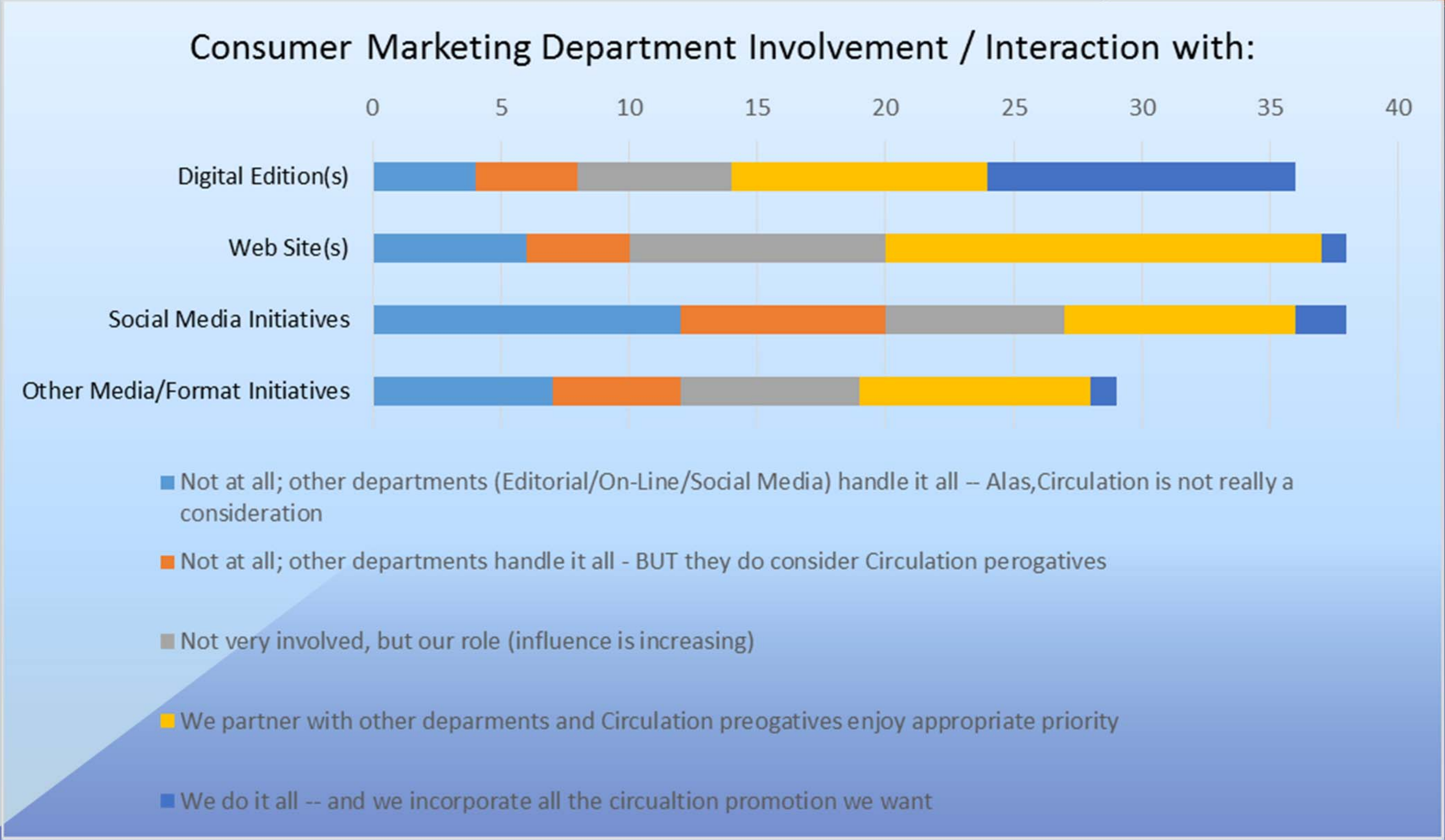
- "Yes" jumped from 5% to 27.5% (All came from 'going grey')
- A few more are trying it
- Not considered is about the same



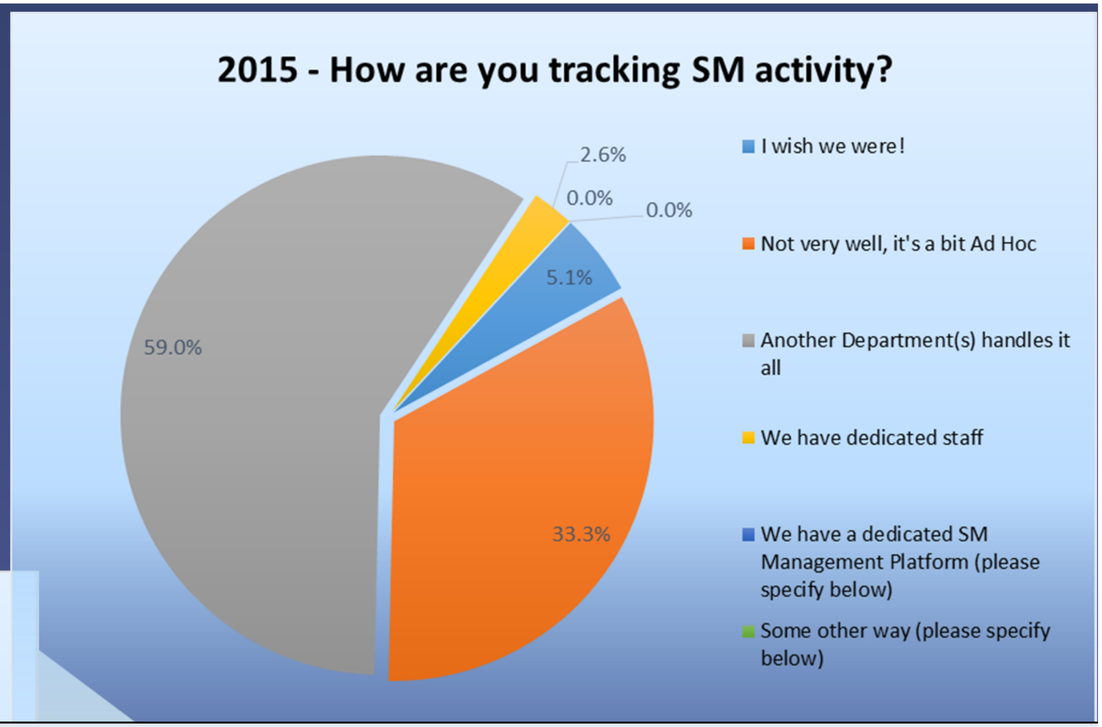


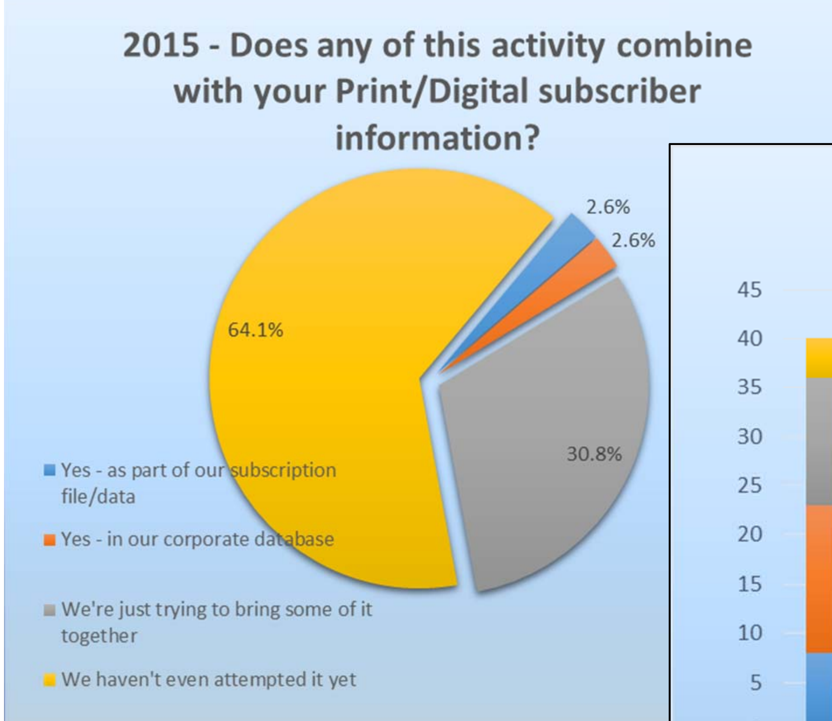


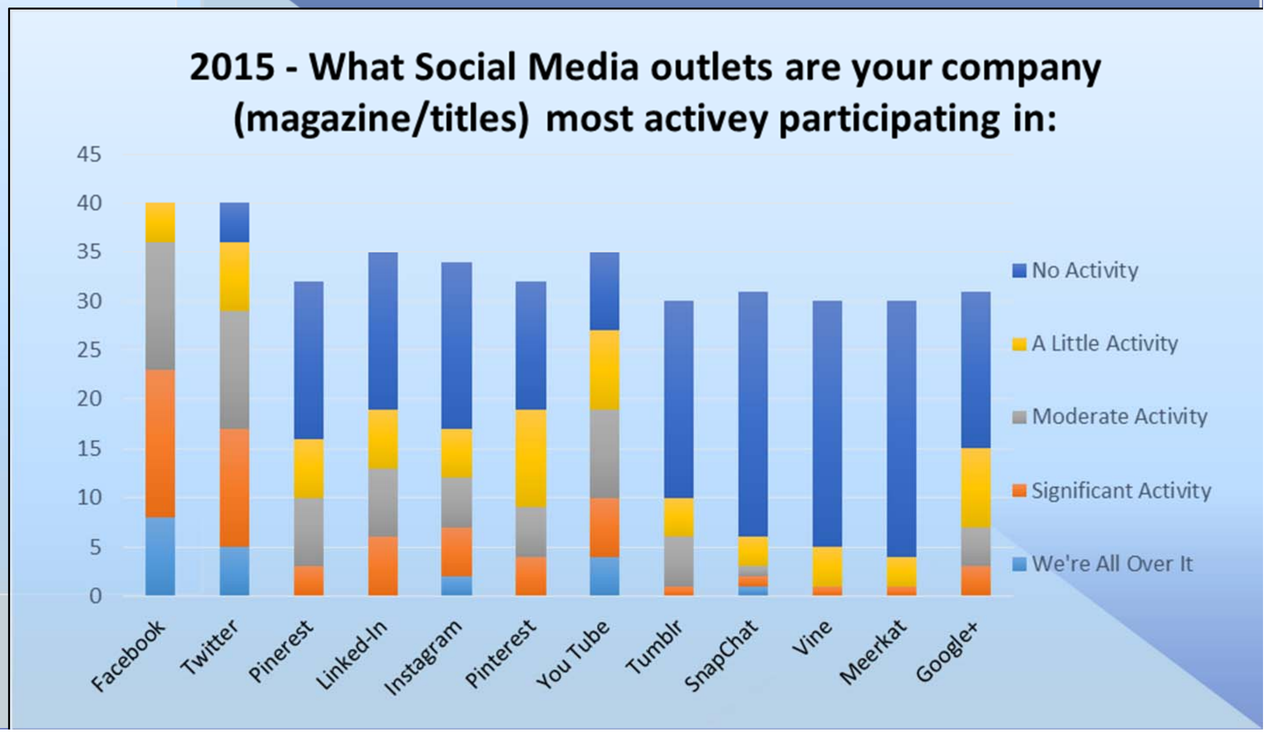
Alternate Formats / Media



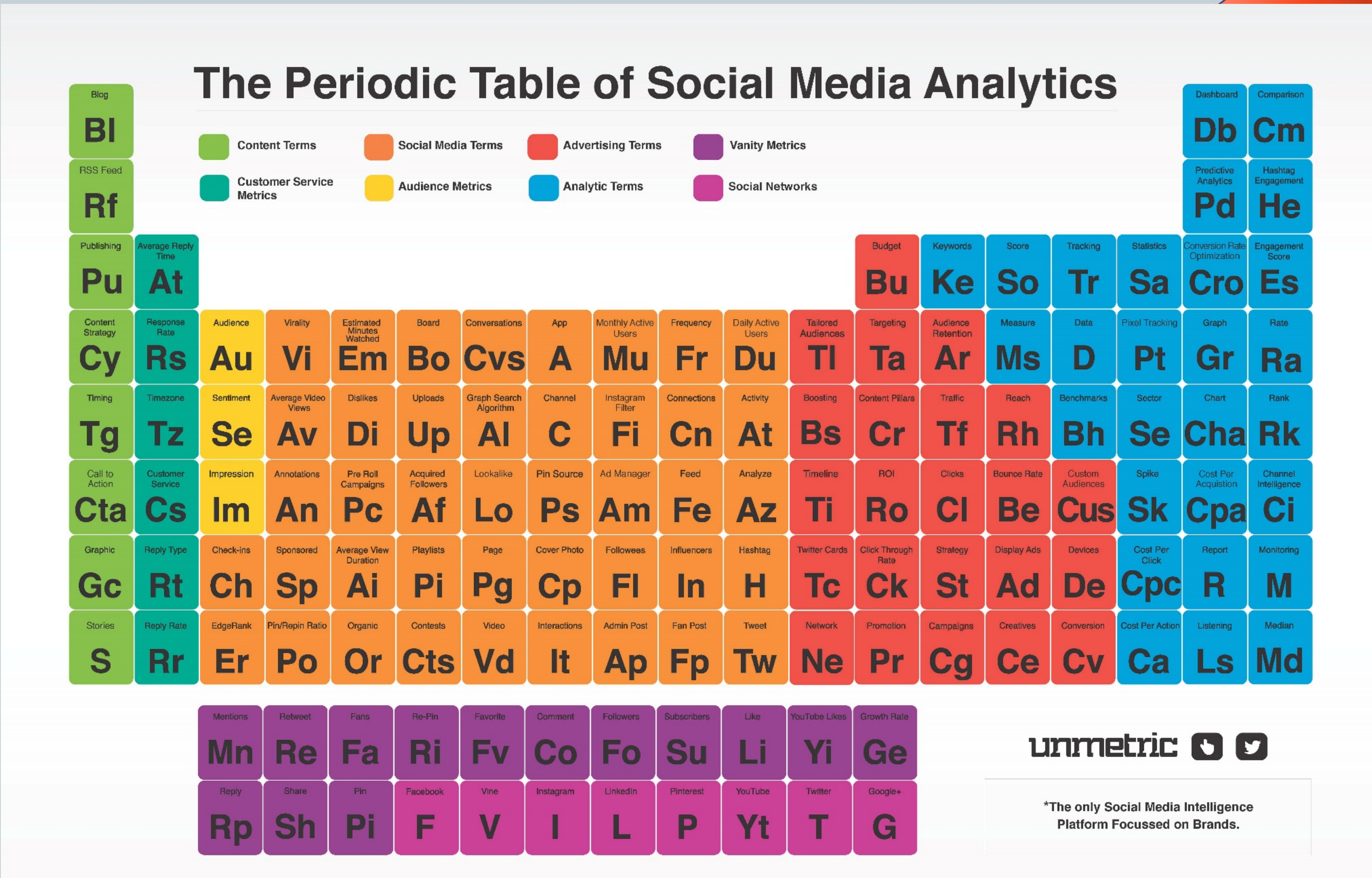
Social Media







Social Media – A simplistic view



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A few more Survey results…

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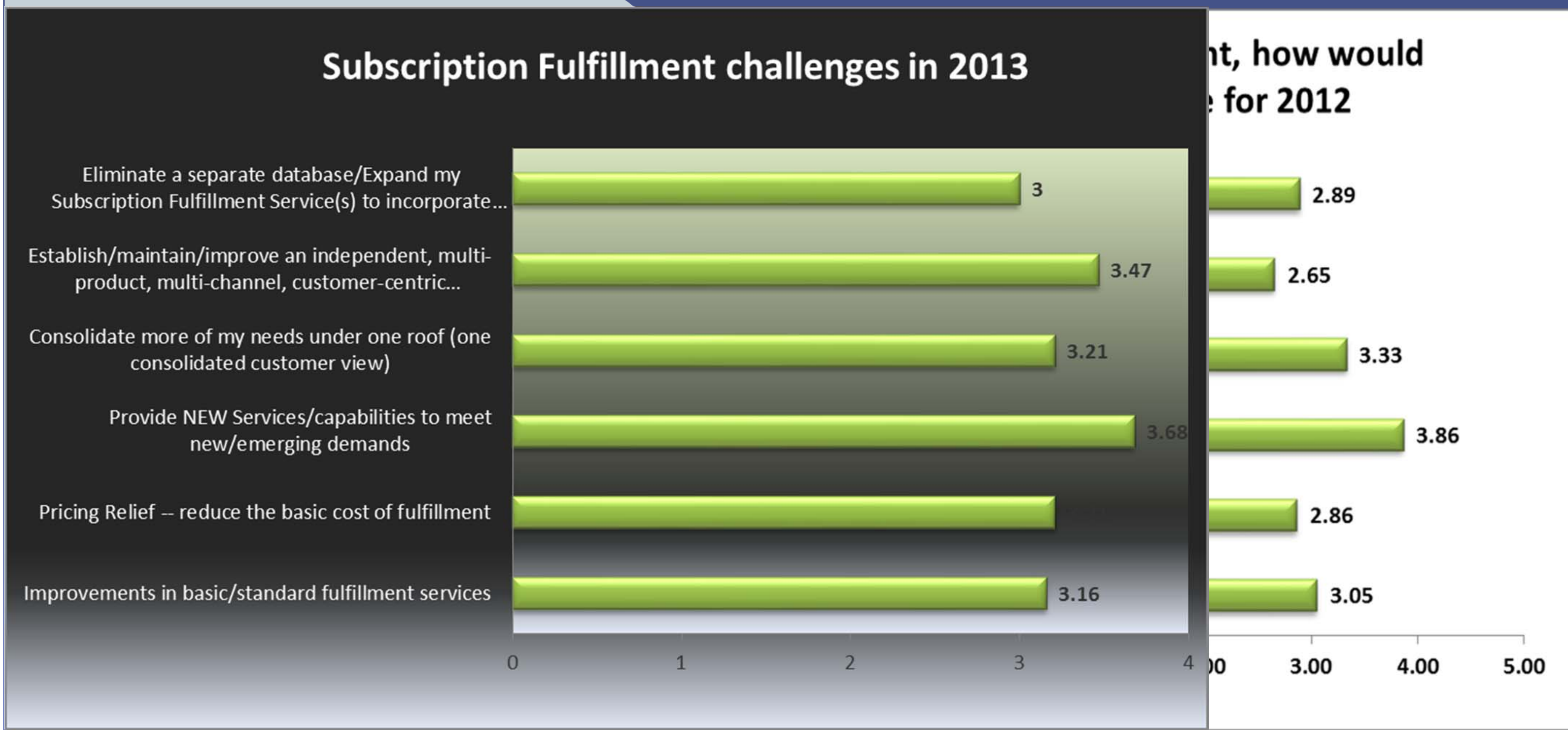
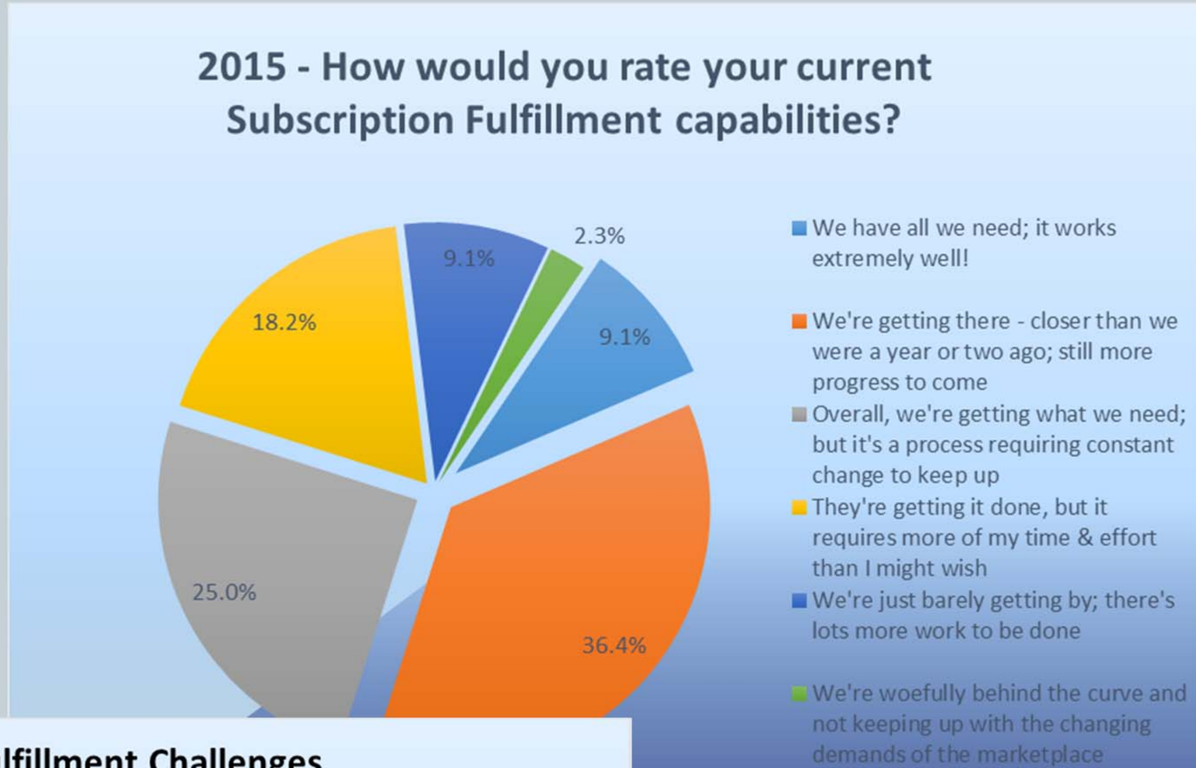
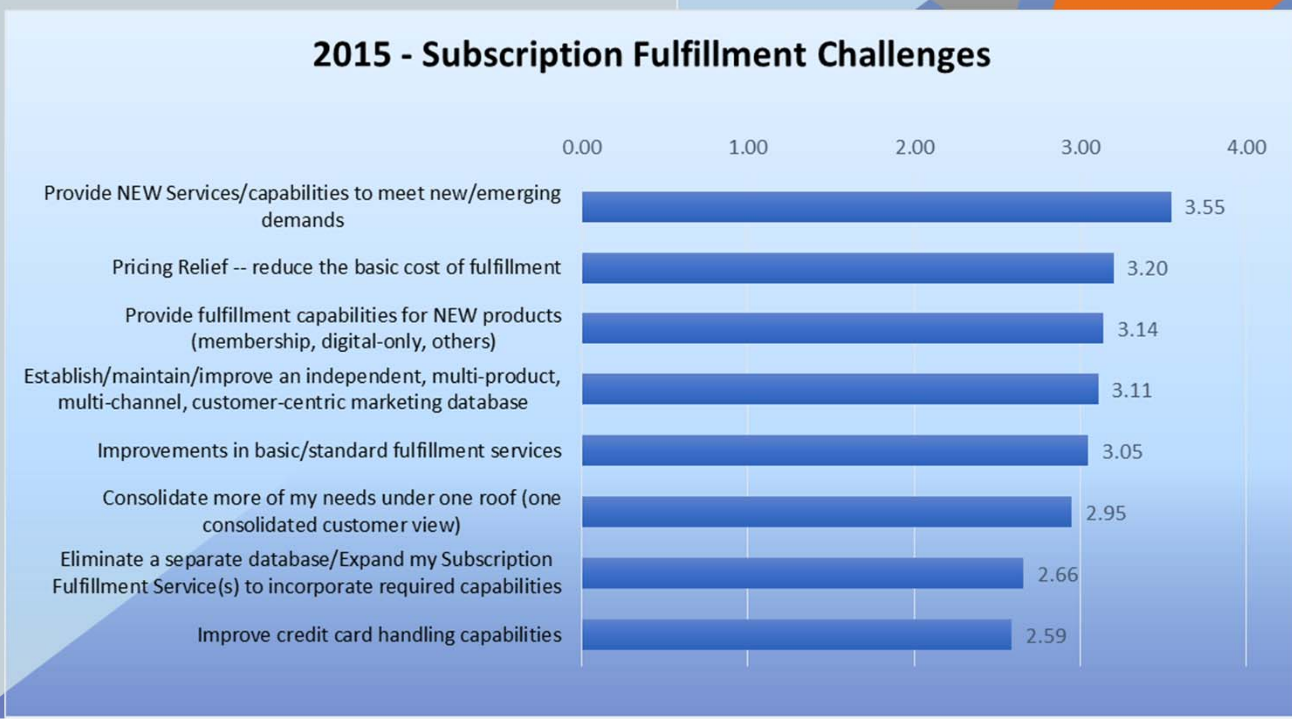
Fulfillment Priorities - Past



Fulfillment Priorities

- Top Challenge hasn't changed since 2012
- Pricing moved to #2
- NEW Product needs is new concern

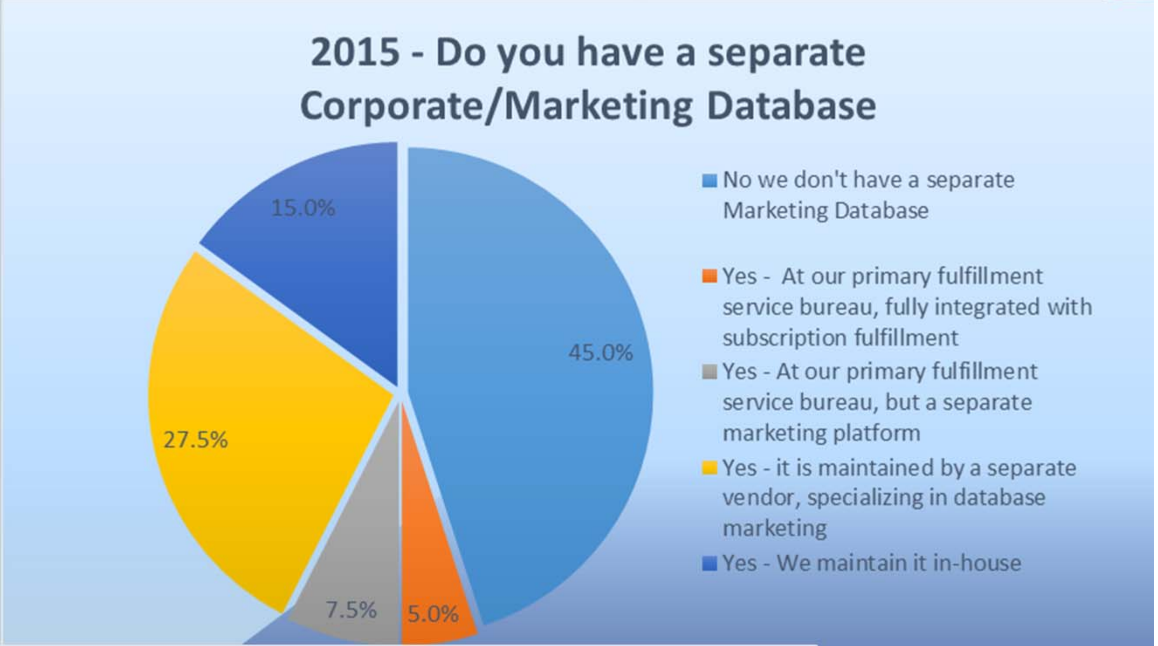


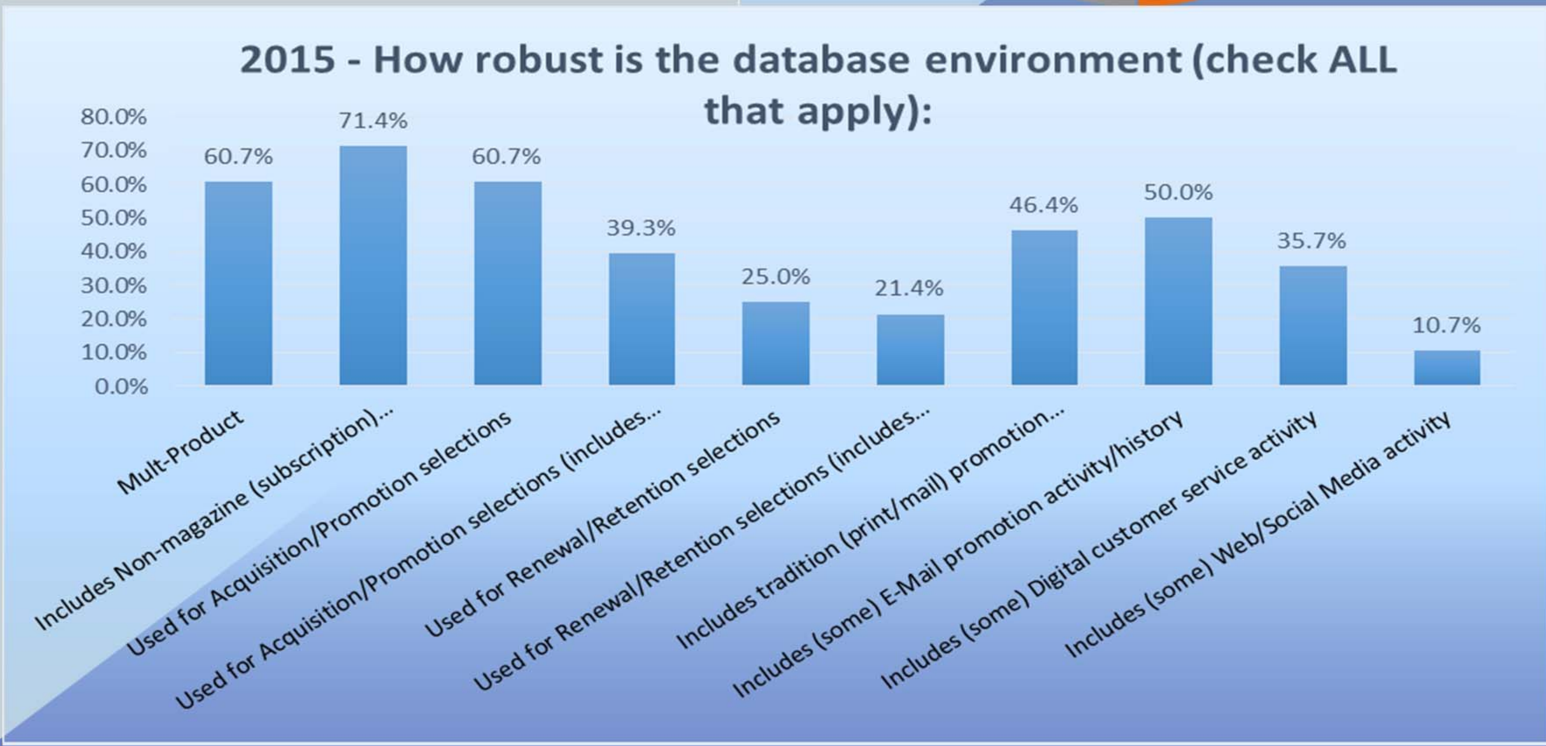


Database

Changes since 2013:

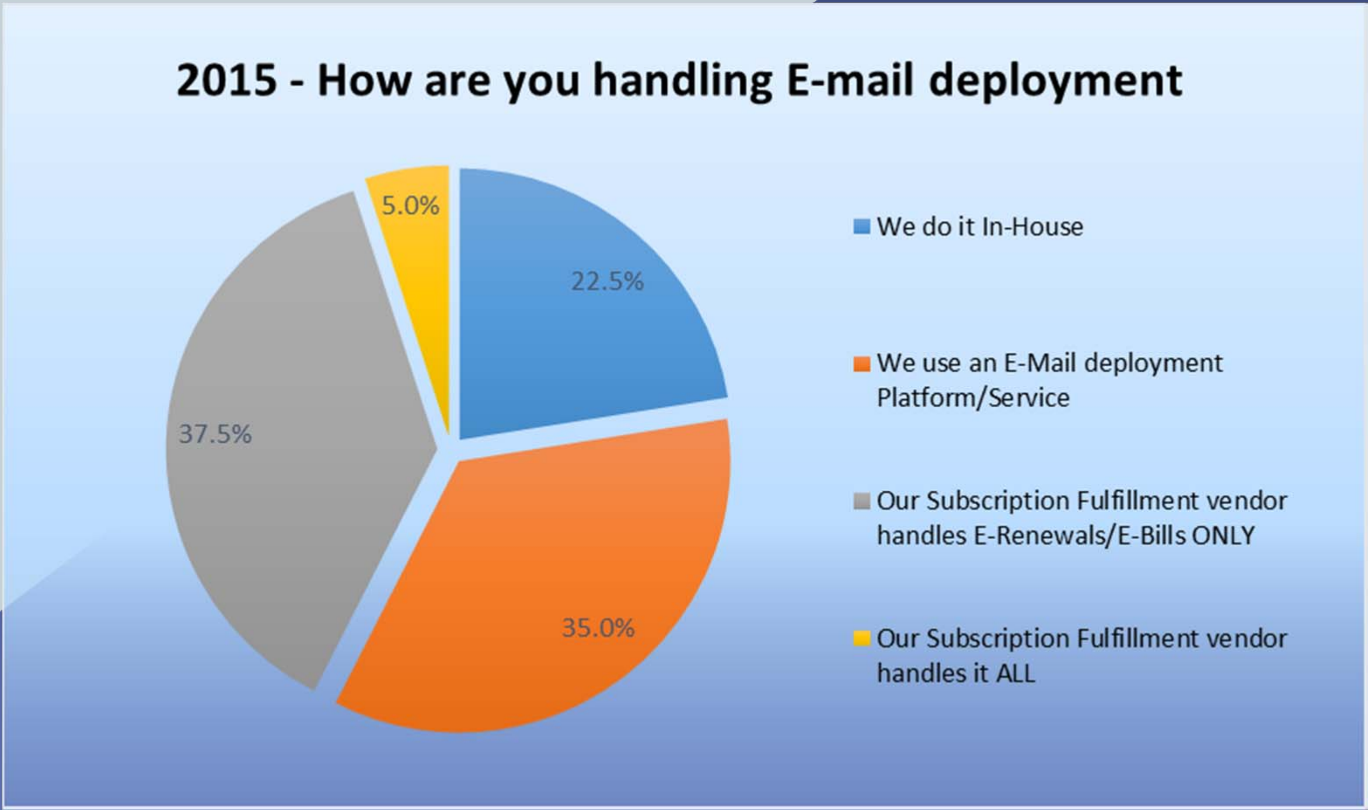
- 3X "No" (15% to 45%)
- 1/3 @ Fulfillment house
- ½ @ separate vendor





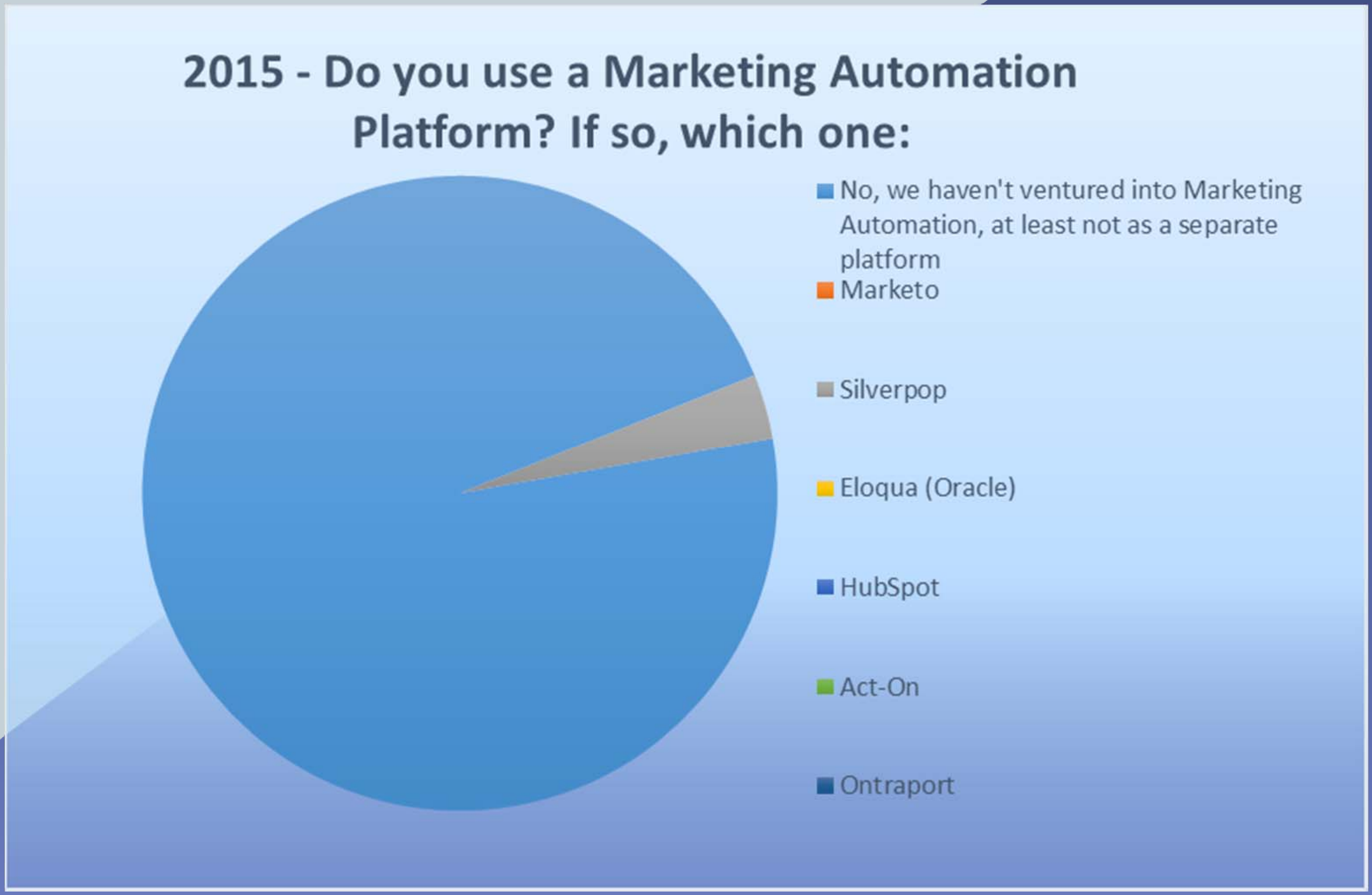
E-Mail Deployment & Vendors

- ExactTarget (Salesforce)
- Silverpop
- StrongView
- Responsys (Oracle)
- Yesmail
- Acxiom
- Epsilon
- Experian
- What Counts
- Constant Contact
- MailChimp
- Convio
- Zeta
- EmailDirect
- iProduction
- Aplied Info Group
- Omail
- Real Magnet
- SailThru



Marketing Automation

Clearly, not on many people's radar as yet, if ever!



Questions?

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THANK YOU!

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