

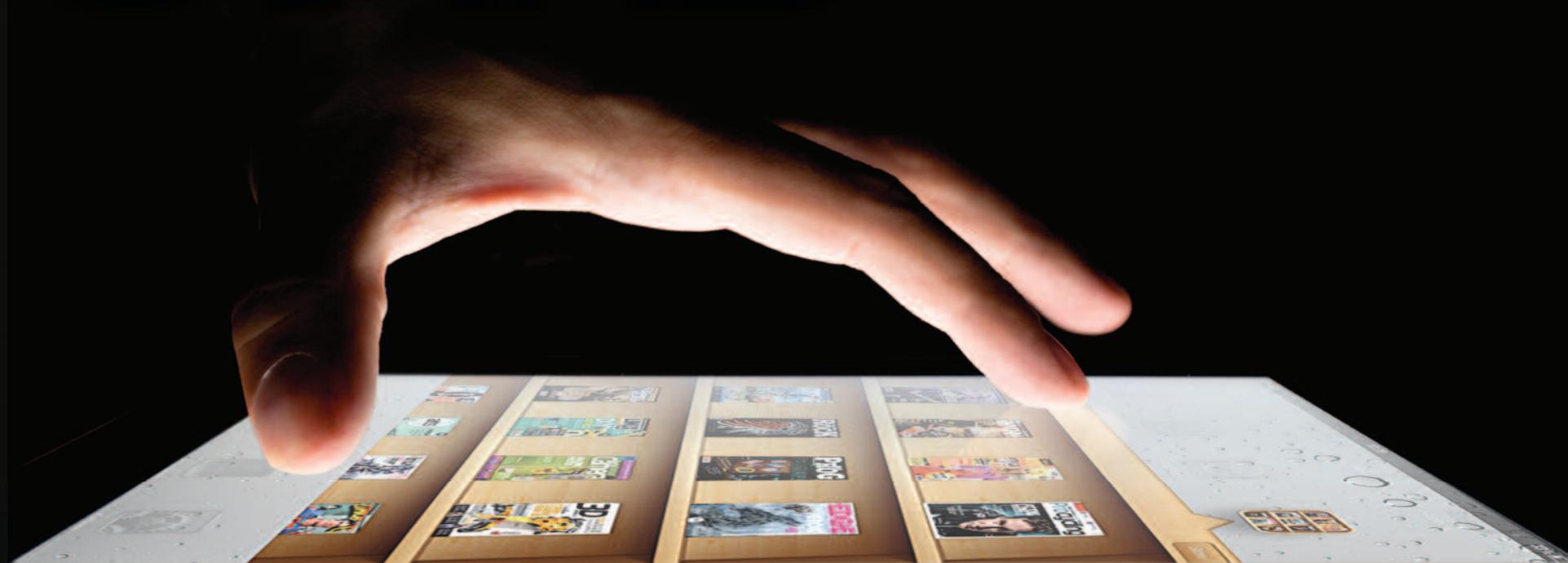
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Taking a News STAND

Publishers like the results they see so far from Apple Newsstand; don't mind Apple's 30 percent cut of subscription price

BY TIM SOHN



Newspaper publishers are raving about Apple Newsstand, saying they have seen a drastic increase in app downloads since its Oct. 12 launch.

Newsstand, a feature included in iOS 5, provides a portal for tablet users to select which newspaper and magazine apps they want to read on a daily basis, and automatically downloads them in the background to users' tablets and smartphones. It also brings renewed importance to the newspaper cover. When users enter Newsstand, they see an image of an empty shelf. After they select from the App Store what publications to subscribe to in Newsstand, they click on the cover image to access the content.

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METRO UK

Apple initially was not going to let newspapers with free apps participate in Newsstand, according to Jamie Walters, executive director of digital at *Metro UK*, a British commuter paper. However, the company later changed its mind.

“Knowing how the product operates and allows for automatic downloads and subscriptions as well, we were very sure it was going to be quite a big driver of audience. Not to be able to get in there because we

were free was a problem. And we wanted to remain free,” Walters said. “We had discussions about whether we should go paid-for in order to get in. But then Apple approached us not long before they launched Newsstand, because we were building this new product anyway, saying ‘we would like you to be in Newsstand for launch; can you do it?’ Of course, we said, ‘yes we can’ and sped up the development of this tablet-edition product, which went live the day Newsstand did, Oct. 12,” he said, adding that the app is still free as originally planned.

“With this [app], we wanted to create a kind of laid-back newspaper-reading experience but with something that was designed for the device you’re reading it on. It borrows more from print than it does from Web but takes full advantage of all the functionalities and is more than just a PDF reader,”

— Jamie Walters, executive director of digital, *Metro UK*



Apple, however, takes 30 percent of the subscription price for newspapers that do charge for their content.

Some of the features of the new *Metro UK* iPad app, which was released the same day as Newsstand and takes about a half-hour to read, include Window on the World, a set of 10 of the paper’s best photos; and a live TV feed from partner ITN that includes short-form video content to supplement stories. In addition, all advertisements are full-page, so they don’t disrupt the editorial flow.

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On the ‘Newsstand’

UNITED STATES: *The New York Times, San Francisco Chronicle, The Philadelphia Inquirer, The Daily, The Oklahoman*

UNITED KINGDOM: *The Guardian, The Telegraph, Metro UK*

GERMANY: *Der Sonntag, Der Tagesspiegel, WirtschaftsBlatt, AD*

NETHERLANDS: *Der Morgen, Der Volkskrant*

FRANCE: *Le Monde*

SOURCE: APPLE



THE GUARDIAN

Steve Wing, head of mobile/digital marketing at *The Guardian*, another newspaper across the pond, explained that his company also launched its new iPad app the same day as Newsstand’s launch. The app includes a free three-month trial and then costs £9.99 per month.

“We were looking to release our iPad app at that moment in time, and we are always thinking about what would be the best possible user experience. And we figured that the automatic download feature of Newsstand was absolutely brilliant,” Wing said. “It was a combination of timing and a belief it would offer the best possible user experience.”

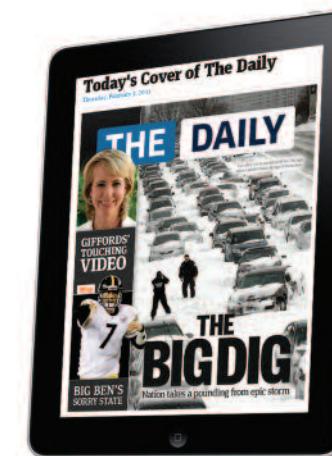
The app updates once or twice a day and is meant to be a finite reading experience, with a beginning, a middle, and an end, according to Wing. It includes photojournalism, video, and stories in all news and sports areas, as well as full-screen cartoons. It includes daily editions Monday through Saturday. In addition, there are links that send the user to the *Guardian*’s website for breaking news. “It’s a different way of reading the *Guardian* from our other products,” he said.

Wing said he couldn’t find any cons when considering the Newsstand app. “I think for us it was much more about ... a better way to experience the iPad edition. So, we were more excited about the opportunity and thinking on download.”

It appears the investment is paying off for the *Guardian*. The app saw 155,000 downloads from Oct. 12 to Nov. 3.

Wing had some advice for other publishers weighing whether to join Apple Newsstand. “I think it depends on the nature of their product really. Ours is an edition that you want to get in the morning, so the fact that it will be waiting for you is very compelling. If yours is more of a browser-based, second-by-second updated product, it might not be quite so important to you. I think the bigger thing is that Newsstand is based in the App Store. It gives you a kind of shelf to be found ...,” he said, adding that the 30 percent cut Apple takes doesn’t bother him, and that a company should expect to pay for a service that provides such value.

“We’re thrilled with how it’s going,” he said.



THE DAILY

In the United States, *The Daily*, which is owned by News Corp., and can only be read on the iPad, decided to sign on with Apple Newsstand because it offers mobile device users quick, easy access to news apps. The *Daily* offers a two-week free trial and then costs 99 cents a week.

“It’s [Newsstand] a great hub for newspapers and magazine subscriptions. It provides loads of benefits to



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users, because it finds all their stuff quicker. Every single day it's in one place. They don't have to go looking through all the pages of apps they have. It allows us, the publisher, to use the cover of our publication in the way that covers are supposed to be used — to be bold, to get users to see what's in it before they open it. Before Newsstand, covers were not something that played a huge role in getting someone to open an app," said David Brinker, senior vice president of operations and business development.

He added that Newsstand also allows publishers to update content in the background.

"One of the most difficult things about being a publisher, a challenge for users is they have to sit down and download the publication before they leave their house in the morning. This avoids all that because as long as your iPad is next to a Wi-Fi hotspot, you wake up in the morning, and all of your Newsstand publications are downloaded, ready to go. So, for us it was really a no-brainer," he said.

The *Daily*, which will celebrate its one-year anniversary Feb. 2, takes original content from print, Web, and broadcast and tells stories in a variety of ways. Some of its features include 360-degree photography, interactive charts and infographics, pages with clickable hotspots, commenting by text and audio, saving articles for later, or sharing content with friends through email, Twitter, and Facebook. The *Daily* puts out 110 to 120 digital pages every day and includes news, business, gossip, opinion, arts and life, apps and games, sports, and travel content.

"There's really a different relationship with something that you read that you can carry with you and hold in your hand than something you're separated from by a mouse. It's a very, very different experience," said Brinker, who didn't seem frazzled by Apple's 30 percent cut either.

"When Apple first released the details of Newsstand, it was a great benefit. We basically said, 'How soon can we be in?' And we launched our Newsstand app with the launch of

Newsstand," Brinker said.

The *Daily* executive refused to talk download figures. "I'm not going to comment on exact numbers. It has been a big boost to our subscriptions. We're getting better conversion than what we were getting previously, and our previous conversion rates were very good. And people are converting to subscriber (from the free trial) earlier, which are all good things for the publisher," he said.



THE NEW YORK TIMES

The New York Times also has seen big-time results from Newsstand. The download and access to the Top News section are free, but full access costs \$19.99 per month and includes a subscription to NYTimes.com. For \$34.99, the user can purchase access to the *New York Times* app for iPad

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and iPhone, and NYTimes.com.

"Our apps are designed to bring our rich news and content to *Times* enthusiasts wherever they are. Newsstand offers a meaningful way for users to easily get to their news, and we are excited to be a part of it," said Yasmin Namini, senior vice president, marketing and circulation, and general manager of reader applications for The New York Times Media Group.

The NYTimes for iPad app includes articles on all topics, videos, photos, and slideshows. It also lets the user share articles, photos, and videos by integrating with Facebook, Twitter, and email. The app also provides breaking news alerts. It does not include crossword puzzles.

The company has seen a 429 percent spike in iPad app downloads and a 5,596 percent increase in iPhone app downloads since entering Newsstand. ■

Publisher requirements to note

Apps offering subscriptions must do so using an in-app purchase. Apple will share the same 70/30 revenue split with developers for these purchases, as set forth in the Developer Program License Agreement.

Apps that link to external mechanisms for purchases or subscriptions to be used in the app, such as a "buy" button that goes to a website to purchase a digital book, will be rejected.

Apps can read or play approved content (specifically magazines, newspapers, books, audio, music, and video) that is subscribed to or purchased outside the app, as long as there is no button or external link in the app to purchase the approved content. Apple will not receive any portion of the revenues for approved content that is subscribed to or purchased outside the app.