



Discours d'ouverture de la Journée Magazine :
Bruno Lesouëf, Président du SPM

**« Applis, monétisation, réseaux sociaux :
3 leaders étrangers dévoilent leurs stratégies »**

**Mathias Müller von Blumencron, DG du Groupe Der Spiegel et responsable des
produits numériques du groupe**

James Bilefield, Président Condé Nast Digital International

Kelly Murphy, General Manager tablet products, Meredith Group

**Animé par Arnaud De Saint Simon, Président du Groupe Psychologies et Président
du groupe stratégique numérique du SPM**

**Mercredi 4 avril
9h00 – 10h30**

Discours d'ouverture de la Journée Magazine - Bruno Lesouëf, Président du SPM

Bonjour à tous. Bienvenue à la Journée Magazine 2012 pour la sixième rencontre annuelle des éditeurs, organisée par le SPM, toujours en pointe de la réflexion prospective de l'ouverture internationale et du partage d'expérience.

Le programme que nous avons imaginé colle bien entendu à nos interrogations et nos projets du moment. L'année étant incontestablement celle de la tablette, nous avons fait une large place à ce nouveau support qui fédère les rédactions et surtout qui redonne le sourire aux directions financières.

iPad égal I paid, comme le résume l'explorateur du tour du monde des innovations en presse magazine. Si le numérique interroge nos organisations, il dynamise aussi la relation avec le lecteur qui n'est plus anonyme, il autorise des nouvelles formes d'interactivités, qu'elles soient rédactionnelles ou publicitaires, et refondent la relation entre annonceurs et marques média. Nous analyserons, sur la base d'un sondage annonceur, l'évolution de la perception des marques magazines après avoir écouté les éditeurs étrangers les plus engagés dans ces nouvelles pratiques et ces nouveaux marchés.

Steve Jobs disait : j'échangerais toute technologie contre un après-midi avec Socrate. Pour nous, ce sera en fin d'après-midi avec un tour du monde du magazine papier qui représente encore 90% de notre activité et son lot d'innovation, de créativité et de modernité. Le marché français n'est pas en reste et nous avons invité quelques patrons de rédactions pour analyser leur succès.

« Applis, monétisation, réseaux sociaux : 3 leaders étrangers dévoilent leurs stratégies »

Arnaud de Saint Simon

Bienvenue à tous pour cette conférence d'ouverture de la journée.

On a mis une quinzaine d'années à comprendre ou à dompter Google et voilà que se présentent les réseaux sociaux, Facebook, Twitter, l'enjeu des tablettes qu'elles soient sur Smartphone ou iPad. La grande différence avec le bon vieux Web, dont Mathias nous parlera, c'est que nous faisons face à des concurrents extraordinairement puissants, des Gatekeeper, très différent pur player avec lesquels nous étions en compétition jusqu'ici. Pour une idée, Google compte huit cent cinquante millions d'utilisateurs – Facebook est à peu près identique – Twitter, trois cents millions de comptes ; Amazon, cent cinquante millions d'utilisateurs ; Apple, deux cent vingt-cinq millions. Facebook monopolise 15% du temps passé sur internet. En pub, ces Gatekeeper contrôlent 54% du marché, et contrôlent trois des quatre clefs du web : l'accès, la recherche et les systèmes de magnétisation. La compétition s'annonce difficile, mais est loin d'être perdue car nous contrôlons la quatrième clef d'accès au web : les contenus. Nous comprenons avec Facebook, encore plus avec les tablettes, que c'est une vraie réhabilitation. Les marques reviennent, par rapport à l'époque Google où c'était la recherche et les occurrences et juste la sémantique qui dirigeaient le jeu. En plus, ces Gatekeeper permettent de faire du business et de vendre enfin nos contenus. Bien sûr, Apple inquiète, mais Amazon se lance et nous savons que, quand il y aura de la concurrence, les grands distributeurs internationaux seront peut-être un peu moins arrogants, à condition qu'il y ait des synergies et des alliances locales entre nous pour faire face à ces mastodontes. Nous devons être unis dans la conversation dans les deals que nous passons avec ces entités. Le grand enjeu est que nous ne sommes pas concurrents. Comment comprendre et faire du business avec ces Gatekeeper ?

Nous avons proposé à trois grands internationaux de venir partager leur expérience.

Mathias Muller Von Blumencron dirige un des magazines - Der Spiegel - les plus puissants sur le web. 180 millions de visites mensuelles, 30 millions de chiffre d'affaires, un monstre qui est devant les quotidiens en Allemagne avec 140 journalistes online.

James Bilefield, un pur player, dirige les activités digitales de Condé Nast Digital. Nous savons les Américains très engagés dans ces enjeux avec de grandes entreprises américaines. Les progrès que Condé Nast font sur Facebook sont intéressants, mais nous évoquerons plutôt les réseaux sociaux et de Pinterest, dont tout le monde parle depuis quelques jours.

Kelly Murphy dirige les activités tablettes de Meredith Group, un des big five américains, un immense groupe centré sur le féminin ; c'est intéressant d'avoir sa vision sur les tablettes beaucoup plus développées en nombre d'utilisateurs mais aussi d'interlocuteurs, car il n'y a pas qu'Apple aux États-Unis, il y a le Nook lancé par Barnes et Nobel et le Kindle Fire d'Amazon.

Okay Mathias tell us just in a few words how did Spiegel achieve something no magazine has achieved, I think to my knowledge, around the world, which is being the leader of the news on the web ahead of the dailies?

Mathias Müller von Blumencron

That's an interesting question because for many years we couldn't believe it that we achieved that position. I think, first, we were very early on the web; Spiegel was the first magazine, worldwide on the Internet. It was a couple of days before Time magazine which we are very proud about. Later on the Americans invested much more than us and we developed much slower but anyway. We put always a lot of editorial effort into the website and specifically after 2000 when the competitors from the daily newspapers cut their newsrooms in half, we continued because we believed in the net. That was then the time, 9/11, Afghanistan, Iraq, everything and we were present, or we were present with good journalism, with up to the minute reporting, correspondents everywhere and that made the site very strong. So the content was strong but also the competition didn't really, for a couple of years the competition didn't believe in the internet.

Arnaud de Saint Simon

Why didn't the newspaper succeed being the leaders?

Mathias Müller von Blumencron

One newspaper surpassed us two years ago. It is the leading daily tabloid in Germany, Bild, which has a circulation of three million daily copies. They put all their energy on the internet as newspapers in other parts of the world did it many years ago and they were able to get more uniques than us. But they are certainly not as relevant in the political and business space. The other ones are trying to do it but you know people have habits, we always say the competition is just one click away but it's not that easy. So if you serve your readers well they seem to stick with you. If you lose your readers, if you're not staying revolutionary which is our issue at the moment, you talk about the good old web, then we have a problem.

Our problem at the moment is we have a revolutionary workforce which did the revolution for many years. You think, and we are profitable with the digital operation since six years. So the people think "Okay let's get a little bit more relaxed." But we can't relax, we can't relax, we have to keep the revolutionaries revolutionary because what we experienced, and you all experienced the same during the last two years, is another revolution in the last three years. That we have the social web revolution and we have the mobile revolution, both revolutions which are affecting us the most and which we have to address and we address constantly. But we don't have the magic formula.

Arnaud de Saint Simon

Okay but Mathias most of the news magazines and dailies, they work on merging their editorial departments, on having newsroom, on having people from the print to participate. You didn't follow this path, you two have, not separate but distant editorial departments, 240 journalists on Der Spiegel, 140 on the online. Why didn't you merge a little more those two editorial departments compared to most of the other countries?

Mathias Müller von Blumencron

We always get a lot of advice from outside and we were always –

Arnaud de Saint Simon

We know German people; they don't take that much advice.

Mathias Müller von Blumencron

No, no and we were always pretty good to go our own, select our own path and our own path was doing all the roles which we are doing with the biggest passion, with the biggest energy as we could. So if you do a weekly magazine, the leading weekly magazine, news magazine in Germany and by circulation it is in Europe, then you need to be very, very good and very, very focused. So you need all the energy of the people we have there to come up with investigative work, feature stories you haven't read before, thoughts you haven't thought about before and so on and so on. So we keep them basically with the magazine. On online we have the same issue; you only can win online if you excel with what you are doing there. You can do feature, you can do all kinds of interactive things but at the end the people want to get their information, they come to you because they want to know what's happening out there. Those are two totally different needs which we serve.

The website is serving the archaic need, I mean the people in the Stone Age they put their head out of the tent and they asked their neighbour "What's happening? Is the Chief still the same? What did you hunt last night?" And so on. That was later done by the newspapers and now by the websites and on the weekly magazine we explain why things happen the way they are and what will happen during the future. So you have to have a total different mind-set and you can't combine it like a newspaper. In a newspaper it would be strange not combining the workforces but on such distinctive medias it makes not much sense to basically create a common, we have a lot of contact.

Arnaud de Saint Simon

You have contact but do people of the print contribute to the work or very little?

Mathias Müller von Blumencron

They contribute, we have our brightest minds on the print side, they contribute with commentary, with analysis. Investigative work is very important, if the print people have a big story and they know there's a newspaper on it and they could be scooped during the next day and it doesn't last till the next publication, we go online and we write and drive the story online, that's a very important issue. So there's a lot of interaction and also we have some very good reporters on the online issue which help to find investigative stories or do research for print stories. But we don't have kind of a formalised common newsroom, we don't even have formalised meetings. The people come together when they need to, they know each other, they talk to each other but we don't have in mind, also now in mind, to combine it into one operation. I think we would water down the advantages of the two references.

Arnaud de Saint Simon

Yeah Mathias, Spiegel online is a huge business success, you make money even if you have 140 journalists, you make €30 million which is roughly €3 euros per unit which is very high compared

to the market. What do you make, what is your revenue out of and how do you see the ad market evolving because a lot of people say that banners and branding are declining on the web, it is search or e-commerce who is raising. What is your, how does your business structure and how do you think it's evolving?

Mathias Müller von Blumencron

Of course the business on the web is always built on hope and not on knowledge and we try to combine both. So of course we see that we are very, we know that we are in a certain way unique in this position. But we see that apparently the advertisers still like display advertisement. The page you see there is just the inner part of the page, it's the middle one which is our website and you have always a layer around the page which is our most successful advertisement tool. We call it the wallpaper, we invented it many years ago and then it took over. It was used by all other advertisers, media advertisers in Eastern Germany. We sell it for €75,000 a day for the home page, so it's our biggest revenue driver and if people don't, if the advertisement industry stops believing in branding, stops believing in display advertisement, we all have a problem.

Arnaud de Saint Simon

But display's declining.

Mathias Müller von Blumencron

It is not necessarily declining. I mean we get pretty good reviews from our customers, they are sceptical about Facebook, of course they are on Facebook. But they like the combination of a strong brand and their own brand. That's the very old mechanism of advertisement. Now we hear, since decades, that the brands are going to an end and people are not believing in brands anymore. My daughter's 12 years old, she is probably the strongest believer in brands I ever met. It is unbelievable how the teenagers are still believing in brands. So I'm not so pessimistic.

Arnaud de Saint Simon

Okay but if video, e-commerce and search are growing compared to banners do you agree with this or not?

James Bilefield

It has been the case for many years that search has been driving the digital advertising market forward. However now, globally, certainly in Europe and certainly in America and now globally display advertising is growing faster than search advertising and a lot faster than classified advertising. So certainly at Condé Nast we are huge believers in display advertising, whether in a magazine or in digital format. We're seeing huge growth in the digital side of our business and video and mobile are growing faster, but from a very small base frankly. But the core display business for digital is growing at a significant rate.

Arnaud de Saint Simon

How do you think traditional, I would say in a way, publishers like us can face the video challenge in terms of content and in terms of business because definitely it's small but it's growing fast and it's not our culture, how can you face this?

Mathias Müller von Blumencron

Video is very important; we are in the fortunate situation that Spiegel brand has print, online and TV. We started TV operation 25 years ago. So we have a lot of video content from our TV colleagues although you can't necessarily employ the TV colleagues because they ask for TV rates and for TV money and TV money is still unbelievably high and online we have to produce cheaper, faster and different. So we created an on video workforce but in close collaboration with the TV people. The problem is also, or our as competitors see it, we can't refinance our video activities at the moment. We probably kind of breakeven but we don't really gain a lot of it.

Arnaud de Saint Simon

So when there is an event will you send someone who writes or will you send sort of a TV crew?

Mathias Müller von Blumencron

We do now different things. We started last year live streaming so if we have an event we have a live stream on the side of the event, we have a live ticker which is written. We have a person or two who are Twittering live from that event and we have reporters who are covering basically the event in kind of news form and analysis and commentary later on. So it is a multi-people operation, if you have a large event.

Arnaud de Saint Simon

Okay just to go on the revenue issue, what is your present position towards paid content? I know it doesn't work that much, but in Germany people pay, quite expensively, for magazines. So what is your philosophy in terms of having your content paid on the web, I'm not talking about tablets here.

Mathias Müller von Blumencron

Yeah, huge debate everywhere, probably in every operation. We have, so far, and we think we continue that way, a strategy which we see as Spiegel Online for free. That is our handshake to young people, to students and so on and then you don't find almost any article of the magazine for free on the webpage. But we have a lot of links from the webpage to our magazine, web app; we had an e-paper for many years. Last fall we created a HTML5 web app, so the people find the digital presence of their Spiegel. They can buy it and then they have the right to access the platform on the web app on their Android devices on iPad. They have all in months and that we see for a lot of money, the full price €197 euro a year. We have now 33,000 paying customers per week.

Arnaud de Saint Simon

On your iPad app?

Mathias Müller von Blumencron

iPad, Android and web app, the HTML5 app but the iPad certainly has –

Arnaud de Saint Simon

So you have 33,000 sales per issue?

Mathias Müller von Blumencron

Per issue, exactly yes. Two years ago we had 3,000 so it grew quite a bit. I know that a lot of companies have a low prices strategy; I as a journalist of course always fight with our business people.

Arnaud de Saint Simon

What is the cut off of the price on your apps?

Mathias Müller von Blumencron

It is the same as in print.

Arnaud de Saint Simon

So the price of Spiegel print is the same then as the price of Spiegel on tablet?

Mathias Müller von Blumencron

Exactly and if a print subscriber wants to subscribe to the digital version he has to pay additionally.

Arnaud de Saint Simon

So this is very surprising Mathias because in most of the, I don't know what's your experience, in France some publishers have tried to have print subscribers paying extra money for the app and it didn't work. I mean our experience here, our little growing experience is that the subscribers believe that it's enough that they need to have, you make them pay for the tablets right?

Mathias Müller von Blumencron

Right, right. I mean some call us greedy but the protest wasn't that big and I mean you often hear from people "Oh you don't have to print the magazine, why you take the same amount of money?" But on the other hand we don't have the advertisement because the circulation is still small, we have, of course small advertisement revenue, we still gain more with one single print edition than with the digital edition, with one single copy, digital copy.

Arnaud de Saint Simon

Kelly, are the bundles free for print subscribers or do you charge more?

Kelly Murphy

So at Meredith we offer digital only subscriptions in which the consumer pays and then for our print subscribers we allow them to access our digital editions at no additional charge. So we consider that an added value for print subscribers. We're in the early days of launching subscriptions across tablets, we just launched this summer and we see it as a way of building audience, you know we want our subscribers to kind of learn about the digital editions, all the great value that's in there, all the enhanced content. Then, hopefully, they'll start migrating over to a digital only subscription over time. We also are testing bundling pricing so a print plus a digital subscription. We're testing and learning, again it's still early days but for right now we are offering it free or at no cost to our subscribers.

Arnaud de Saint Simon

James, what's your

James Bilefield

Yeah we have a slightly different approach in the US which is our most advanced market. We initially offered print subscribers to sample, basically, the iPad edition for free. But when it comes round to them renewing their print subscription we actually try to get them to pay more so it's a way of boosting our print subscription.

Arnaud de Saint Simon

So you have them pay the renewable?

James Bilefield

So basically it's a bundle pricing. You just get the print for actually a pretty enhanced price of you can print plus iPad or you can get print plus iPad plus other products as well. So we started to think of this as almost like a Cable TV subscription, you put it in those terms where the magazine is the basic package and there are other bundles or other products you can purchase in addition to that.

Arnaud de Saint Simon

Well we say double, triple play, this type of...?

James Bilefield

That sort of thing.

Arnaud de Saint Simon

Mathias just one or two last questions. What is the percentage of your traffic driven by mobile, smartphones?

Mathias Müller von Blumencron

Yeah we saw a huge increase during the last years. Our mobile traffic tripled and we now have on our digital traffic up to 30% of our visitors, sorry not our visitors, up to 30% of our visits on some days from mobile devices, specifically during the weekend. That is we were all over them by that but we address it and we now think about a lot of additional mobile products to serve those people. The problem is it's already difficult to earn money on the web. Mobile, it's even more difficult so we're basically, in a certain way cannibalising our finally successful website. But on the other hand I think we have no chance because our readers are there, they're demanding it. If you watch your own behaviours or if you see your peers, I mean on the waiting area for a train or on the airport, they are all doing this. They are all sitting there and with their iPhones and Androids and watching content.

Arnaud de Saint Simon

Because for our audience mobile drives a lot of extra traffic but it's more difficult to sell as much banners as on the web right?

Mathias Müller von Blumencron

Yes but I'm betting that, I mean the advertisement industry unfortunately is a little slow always in adapting the digital possibilities. I'm deeply convinced that the possibilities on an iPhone and on an Android with a large screen are beautiful for advertisers and we are willing to do different advertisement formats than we would do on a normal mobile site. For example [---28:43] would immediately do because you can just swipe it away, I don't say that to advertisers but you can easily kind of move it away. On the other hand it's a brilliant, I mean on the screen and we don't see that format growing as fast as we would like to but we are believing in it. It's like the internet, 1996, 1998, it took some time.

Arnaud de Saint Simon

Just one last question on the tariff, 33,000 copies sold. What is the percentage of subscribers compared to single copies?

Mathias Müller von Blumencron

Very interesting, single copies only 3,000 and they don't seem to grow. We had the largest success with the edition after the death of Steve Jobs where we sold 6,000 single editions. But that was a unique thing and a tragic thing. Otherwise it's between 2,000 to 3,500 and the rest are subscribes, 15,000 subscribers roundabout. They are completely new subscribers, they haven't subscribed to the brand before, very lucky for us.

Arnaud de Saint Simon

So 50% new customers?

Mathias Müller von Blumencron

50% new customers and 50% did the upgrade.

Arnaud de Saint Simon

How many coming through Newsstand, the Apple Newsstand?

Mathias Müller von Blumencron

We're not selling on Apple and we debated it for, as you can imagine, for hours and hours and hours and because we had an in-app purchase system before. So we stopped that and we feared that now it's dead, we can forget about and we didn't see any movement in our curve. I mean we have a curve nicely growing customers for the digital edition and they grew, and they continue grow. So they come through the website, book their subscription on the website.

Arnaud de Saint Simon

Sorry, 33,000 who come from the App Store, not Newsstand, right? Not Apple at all and not the App Store.

Mathias Müller von Blumencron

Not Apple at all. So the subscription is done on the website and the 3,000 of course, the single customers, the single edition customers, they of course come through iTunes. I mean we sell through iTunes.

Arnaud de Saint Simon

So most of your subscribers come from your HTML5 App?

Mathias Müller von Blumencron

Yeah rather from the website because we have, I mean the gateway is the website and if somebody wants –

Arnaud de Saint Simon

And the monitor is on your website?

Mathias Müller von Blumencron

No on the website we have links and the links guide them, if they wanna subscribe to the subscription process. It's also a big thing, I mean it's €200 euro you don't just flip away in a second.

James Bilefield

Why not be on the Newsstand? We wanted some controversy in this session.

Arnaud de Saint Simon

We said we would talk about Apple at the end.

Mathias Müller von Blumencron

I think we all have the same issues. We like our customers and we want to know our customers and we don't like to give away easily 30% of the revenue and we saw that it didn't make a difference. But the most important thing is knowing your customer. Now we have a competitor, Deep Site, they sell their subscriptions through iTunes. So what do they get? They get calls from people who say "I'm a site subscriber and I have a problem. Can you please help me?" And they look in their database and then say "I don't know you, who are you? I mean you can be anybody." So it's very confusing and so far it seems to work, perhaps in the situation changes we think about it differently but at the moment we go this way.

Arnaud de Saint Simon

Since we're on the tablet, Kelly, is Apple, as an American company, making your life easier than us?

Kelly Murphy

I think, you know Apple in the United States is a really important partner, they have majority share, about 80% of the market. So in the United States there's 33 million tablet users. I think the Apple terms are pretty standard, I think when you think about data, you should be thinking creatively about how you incentivise your subscribers to opt in to give their data.

Arnaud de Saint Simon

So just for the audience, the big battle is for the data, for the publishers to have the data. So how do you deal with this with Apple?

Kelly Murphy

So we incentivise our customers by adding on an additional month or two to their subscription so we add that on if they share their personal data with us. So it's another free issue onto their subscription. I know other publishers other things. You know you can speak to Condé Nast. But I think it's about thinking creatively about how you capture that data. You don't even have to just capture it in the prompt that Apple gives you. You can capture it in the app somehow. You can ask them to sign up for newsletters, you can ask them to create an account. You can try to incentivise them to share information because you're going to share value with them in return.

Arnaud de Saint Simon

What is the percentage of the data of your customers that you get through all those ideas, roughly?

Kelly Murphy

The percentage, it's pretty high, you know we get 60% or more of the data from Apples opting in. So we're pretty happy with our opt in rates and we'll continue to monitor them but we're getting customers from Apple and our data and we're able to put that in our database.

Arnaud de Saint Simon

So Kelly, the US market is, of course, very different from the European market. You have the iPad; I mean most of us know the iPad. What I'm interested in is just basically how many iPad, Kindle Fire, Nook and Galaxy is there in the market? This is the Kindle Fire who is arriving in France, I think in April.

James Bilefield

Later this year.

Arnaud de Saint Simon

Later this year, okay.

Kelly Murphy

So I mentioned that there's about 34 million tablet users in the US at the end of 2011, Amazon and Barnes & Noble don't share their sales data publically but analysts have estimate that the Kindle Fire has sold about 5 to 6 million units in Q4.

Arnaud de Saint Simon

Only in one

Kelly Murphy

Yeah well they launched on November 15th and then in terms of the Nook Color, analysts estimate that about 3 million were sold in Q4 around the holiday season. The holiday season was –

Arnaud de Saint Simon

The Nook is like a Fnac in France, were launched which they did a tablet. It's the Barnes and Noble's tablet right?

Kelly Murphy

Yes, it's Barnes and Noble's tablet. The Nook Color has been around for about a year, they recently launched the Nook Tablet, which is a little bit faster, better resolution, HD quality. Both of those tablets, you know were really important to us because they broke a price barrier of \$200. So the Kindle Fire is \$199 in the United States, the Nook Color I think is about \$168 and the tablet is \$199. So that opens up the market to a lot of consumers who are not willing to pay more than \$500 for a tablet. I also think they're important because they are primarily reading devices, which is really great for magazine companies. They have Newsstand set up on their devices, they're really willing

to work with publishers on promotions, special promotions and we just launched a promotion with Amazon Kindle Fire, a sampling promotion. It's a 90 day free trial for subscriptions on the Kindle Fire for any of the Meredith properties. It's a way to get customers sampling digital editions on their tablets.

Arnaud de Saint Simon

Is it easier to do promotion on those tablets than with the Apple one?

Kelly Murphy

Well you know I think that it's really critical to have a good relationship with each of your Newsstand partners and work with them as much as you can to get promotion. We work closely with Barnes and Noble, we work with Apple when we can. I mean Apple loves great products. If you put great products in their Newsstands you're going to get promotions. I think that also the Newsstand, the launch of the Newsstand for Apple was really critical for us as well in terms of discoverability on Apple. So we're no longer competing with the hundreds of thousands of apps on Apple, we have our own news stand, consumers know to buy magazines and newspapers in Newsstand, the discoverability has increased, the promotion for magazines has increased and we've seen increases in sales directly attributed to Newsstand.

James Bilefield

We saw a nearly 300% increase in sales the day we went live, or the week we live on Newsstand in the US.

Arnaud de Saint Simon

Would you throw some numbers to us.

James Bilefield

Percentage I can give you, 268% I think is the number now.

Arnaud de Saint Simon

Okay, what is basically the difference between the relation that we have Apple that we know and Amazon and Nook? I mean in terms of promotion, in terms of negotiation. I heard that it's easier to negotiate with Amazon and the Nook.

Kelly Murphy

You know I think you have to have that conversation, you bring your issues that you have with Apple or if you want the data or if you want to talk about pricing options, you know bring all of those to the table when you have your discussions with each of the partners and let them know what your big concerns are. I mean I think we've been working with them very closely and I think they want to do what's best for them and for their customers and they understand where publishers are at. So I think you just bring your concerns in and discuss them when they launch and when you're ready to do a deal with these big news stands.

Arnaud de Saint Simon

What's the major difference in terms of device for the reader between the iPad, the Kindle Fire and the Nook, in terms of reader experience basically?

Kelly Murphy

Well the iPad is 10 inch; I mean the simple difference is 10 inch versus 7 inch. So you have a smaller device and the other thing I'll say about the Kindle –

Arnaud de Saint Simon

And the Nook is the same size?

Kelly Murphy

It's a 7 inch as well. The Nook and the Kindle Fire both accept pdf replica editions as well as apps. So that's a big difference, you don't need to create an app to go out on –

Arnaud de Saint Simon

It's cheaper for the publishers?

Kelly Murphy

If you want to go out with a pdf replica it is. So that's the difference –

Arnaud de Saint Simon

It's colour?

Kelly Murphy

It's colour, it has video, it has the same interactivity.

Arnaud de Saint Simon

Same surf and reader's experience basically?

Kelly Murphy

Yeah. So our brands, we have consistent user experience across all of our platforms. So for Better Homes and Gardens which is our flagship brand, it's a very highly interactive edition and you will find that same interactivity across all platforms, so across Kindle Fire, across the Nook tablets and across Android tablets. So there's no real difference in terms of interactivity. I think one of the other benefits they bring is they're standard offer in the United States is a 14 day free trial with subscription. So there's an automatic sampling opportunity there for customers to learn about digital editions because I think that customers, when they buy tablets, they're still learning about

digital editions and how to navigate and what do they mean and is there additional content. So it's important to offer some sampling opportunities.

Arnaud de Saint Simon

What is the strategy of most American publishers? Is it more going for 1.0 or 2.0 edition which means like a pdf with a few links? Or is it towards more sophisticated 3.0 with a lot of enhancing with video links? Because here in France some publishers, the little, only go for 3.0 because it's quite costly and it's not ABC, it's not AOGD here. What is the strategy of US publishers?

Kelly Murphy

So I think US publishers probably have a mix of pdf and enhanced. I think it depends on your brand and it depends on the customers and what your customers expect. So for our brands we have four brands, Better Homes and Gardens, Parents, Fitness and Family Fun that are enhanced editions on the iPad and some of our other brands are in a pdf replica. We're learning and over time we will migrate those other brands into an app and we probably won't go out with all of the bells and whistles and all of the interactivity that Better Homes and Gardens has today. But we'll have limited interactivity and we'll learn, so we're constantly taking feedback from our customers to learn what's important to them. Is it portability, is it video, is it additional information, so that we can apply that to our strategy for the rest of the brands. But I think probably in general, I would say that US publishers are moving away from pdf format and they're probably moving towards designing content to be read on the tablet. The level of interactivity varies by publisher, but at a minimum most publishers are moving towards designs for tablets that are ABC compliant. Would you agree?

James Bilefield

Yeah, no, I know I think that's right. So it's a little different in the US, the enhanced editions count towards your audited circulation.

Arnaud de Saint Simon

More than in Europe?

James Bilefield

It's happening in Europe, it's happening in some countries faster than others frankly, even in Britain now which still doesn't officially recognise digital editions as part of the total. We actually released our latest ABC data with our digital editions also included and we were able to show an increase in circulation for our GQ in Britain because 70% of the circulation of that product is now digital after just six months of being available in fully interactive format on the iPad, iPad only.

Arnaud de Saint Simon

Kelly I know you do a lot of research, a lot monitoring. What do people want and what do people don't care about on the iPad?

Kelly Murphy

So we're constantly getting feedback from customers and especially, we've only been on on the iPad now for a year, just with our April issue of last year and we launched on the news stand in October. Kindle Fire was just in the fall and Nook we launched late summer. So it's still early for us so we're constantly gathering feedback, learning what's important to our customers so that we can adjust our strategy and we go and we have a few different ways that we do that. One of which is a private online community tablet users, we have 100 women who own tablets. They're in a private community that we monitor and we give them activities and they let us know what they like and what they don't like which I'll get to that list in a minute. But the other thing we do is in each issue we have an embedded survey, so we get results back from each issue from customers. We also have usability labs where we bring in customers and do one on one focus groups, watching them go through an issue. Our editorial teams sit in the room, our business teams sit in the room and they really learn about the fact that our consumers were not using the table of contents, the drop down table of contents and we were –

Arnaud de Saint Simon

They don't use the table of contents?

Kelly Murphy

No and they were actually not reading the User Guide, flipping right past the User Guide. Then they were missing interactive content because they didn't realise it was there. So some of the things we learned is to keep navigation simple, that our consumers, the Meredith consumers were not really ready for really highly engaged editions where you really had to think about where content might be in the issue. But I think in terms of the things they like, it's to be able to read it everywhere, at any time, so the portability. It's clicking on links in articles and bringing you directly to a website. It's getting additional information right away, it's sharing articles with friends, it's bookmarking, it's the additional content that's in the editions, it's the video, the video though has to be instructional. She wants the interactivity to inspire her and to inform her. So it's not enough just to have interactivity, they want to be inspired by it. There's a cool factor to it but there has to be a utility factor to it as well.

Arnaud de Saint Simon

How do you deal in the US in terms of expenses because the more tablets you have the more technology for you is costly and difficult, so this is only expenses.

Kelly Murphy

Yeah so our print teams or print digital teams actually create our digital editions and while they have some additional help, you know it is challenging. I think going out on the Kindle Fire and the Nook Color, that was an additional size so our teams now have to think about designing a 10 inch, designing a 7 inch, whether they're going to design in portrait orientation or landscape orientation. There is an app for Android, there's an app for Kindle Fire, there's an app for iPad, so there's a lot of different versions so you have to keep that in mind and I think it's critical to have a really efficient workflow throughout the production process. At Meredith we use WoodWing Enterprise Solution to manage our workflow which allows our editorial teams to be working on the

same story at the same time. They don't have to wait for the copy editors to be finished until the designers can pick it up. That's really critical because they have a limited window in terms of getting the digital edition out on sale.

So keep those things in mind in terms of additional sizes because they can be a challenge that I think the whole industry is facing and hopefully the tools will get better over time. I know there's some tools set to come out soon that will help take the 10 inch and size it down to a 7 inch. But you know until some of those tools catch up with us we're doing that manually and there's also a lot of QC process involved.

Arnaud de Saint Simon

Do you think there is a market for event apps which is not only the magazine like Vogue did in France, an app for its 90 years, some others do it for fashion shows. Is there a market for apps produced by magazines but just on one event?

James Bilefield

Absolutely, so I think one model is the digital replica of an entire magazine to count towards your audited circulation or just to provide readers another way to access the content. But absolutely we've done dozens of apps around the world which are for a specific event or a specific

Arnaud de Saint Simon

What is the business model?

James Bilefield

The business model typically is sponsorship so normally they are free to consumer and we will find sponsors, clients, advertisers to support the distribution of that content. An example maybe?

Arnaud de Saint Simon

The most successful one.

James Bilefield

A good example, so the Olympics in London this summer we have Omega as a sponsor, for the smartphone app for iPhone. It is a London City Guide developed by Condé Nast Traveller in London. We offer it free to visitors to London, presented by Omega, a very good production for all concerned.

Arnaud de Saint Simon

So it's a brand extension. Do you have experience of event apps that brands would produce?

Kelly Murphy

I don't have any examples of event apps but in terms of, not on the tablet but on the iPhone we have several different brand extensions and we've had some recent success with a brand extension from Better Homes and Gardens. It's a cookbook app, it's called Must Have Recipes and it's an extension of an iconic cookbook that Better Homes and Gardens produced that has sold over 40 million copies in print. They took this which has been around for years and years and years and they brought it to the iPhone and we just

Arnaud de Saint Simon

For free?

Kelly Murphy

For free, the first

Arnaud de Saint Simon

It's a paying book that you give for free on an app?

Kelly Murphy

No, the first 500 recipes are free and then we have pay chapters. So then you buy chapters. The app is free but we just hit our million down mark, downloads and we just launched in the end of November. So it's taken us about four months to get to a million downloads and that was driven by a lot of promotion from Apple, a lot of promotion from Better Homes and Gardens, the loyalty of our customers and I think the iconic brand and seeing that come to life on digital.

Arnaud de Saint Simon

What is the cost, the average cost of an event or a vertical app; it's between how much per publisher?

James Bilefield

It's very hard to generalise I would say.

Arnaud de Saint Simon

\$10,000? \$20,000?

James Bilefield

What I would say is that the price of sponsorship is always higher than the cost of production.

Arnaud de Saint Simon

This is Condé Nast.

James Bilefield

Well I guess my point is you can do these in a profitable way. There is some discussion in the industry all these apps can never be profitable, it's not true, not true.

Arnaud de Saint Simon

Do you make money out of your recipe app?

Kelly Murphy

Well we had some sponsorship, we had one sponsorship at launch and we have two more coming up and we're also releasing some new chapters. So that's paid content.

Arnaud de Saint Simon

Just one last question, what is the percentage of your circulation that expect out of the tablets in the next years in Meredith?

Kelly Murphy

So you know right now our target for the end of 2015 or the end of our fiscal year, 2015 is about 10% of circulation.

Arnaud de Saint Simon

Quite small.

Kelly Murphy

It is but I think that the tablet markets are changing on a regular basis and again it's just a target and we'll probably be increasing that over time.

James Bilefield

We're already seeing 7-8% on some of our, more the male titles, not the female titles in America and now Britain as well from nothing a year ago. So we think it will go higher than that.

Arnaud de Saint Simon

What will be your expectation at Condé Nast?

James Bilefield

2015?

Arnaud de Saint Simon

Yeah 2015 or the next years.

James Bilefield

My goodness, I still think paper's going to be the majority but

Arnaud de Saint Simon

More than 10%?

James Bilefield

Way more than 10%, it will be more than 10% next year for Wired, for GQ, absolutely.

Arnaud de Saint Simon

You too?

Mathias Müller von Blumencron

We hope that

Arnaud de Saint Simon

Today 33,000 out of a million?

Mathias Müller von Blumencron

Yeah exactly and we hope to be at 5% at the end of the year. I don't make predictions for longer than a year in this industry. I'm long enough in it.

Kelly Murphy

Yeah, I think it's early and we're watching these tablets come out and where our consumers are going and you know that's the target now. But things are changing every week in this market.

Arnaud de Saint Simon

James, Condé Nast is famous around the world you have quite successful fan page, well depending on the country and then... Sometimes more fans than the circulation of the magazine. What is the reason of this success?

James Bilefield

I think we've taken a decision early on to embrace social media as we've embraced tablet and mobile media as well and believe it's an important extension of what we do for our readers in our magazines.

Arnaud de Saint Simon

What works, what are the dos and don'ts or your brands best practices to enhance some audience, to engage some audience on Facebook?

James Bilefield

On Facebook and everything, I think one of the decisions that we took early was to not let our marketing departments to manage our Facebook presence but to get our digital editorial staff to manage that activity.

Arnaud de Saint Simon

Why?

James Bilefield

Because you know authenticity is one of the key elements that we see as being important in social media, particularly on Facebook and if you don't get that authenticity quite right people are very quick to notice it. People are very quick to notice that and to comment on it and to move away and do something else. Your competition is a click away, always on the web, social media as well as any other kind of media. Even worse with social media because not only do they click away, they tell all their friends to click away as well so that's worse. So authenticity is job one and great content, thankfully is one of the best ways to engage that audience and to really embrace the opportunity.

Arnaud de Saint Simon

Yeah, what is the percentage of your traffic that you get out of Facebook, I mean from Facebook to your website?

James Bilefield

So it varies, it varies considerably around the world. In France for example we're particularly strong on Vogue. In Vogue Paris here we just past half a million Facebook fans for Vogue in Paris.

Arnaud de Saint Simon

Vogue Paris has 500,000 fans?

James Bilefield

Vogue Paris has over, over half a million fans on Facebook, has almost a million fans on Twitter. I believe it's still one of the most popular –

Arnaud de Saint Simon

Why?

James Bilefield

Why? I think again it is that great content, I think particularly on Twitter we tweet both in French and English so we attract a global, not just a French audience. Again one of the opportunities of the web in general, social media in particular has the ability to attract a more global audience. It's pretty hard to buy Vogue Paris in New York but it's pretty easy to flick through a Vogue Paris on Facebook or the web. So we attract a pretty global audience and that builds the brand more generally in France and beyond.

Arnaud de Saint Simon

And the audience on Facebook, even if it's smaller, it's more qualitative than Google right?

James Bilefield

More than Google?

Arnaud de Saint Simon

It's more qualitative, it's an audience which is more engaged? The number of pages seen by users.

James Bilefield

Yes, so we prefer it for a couple of reasons. Number one of course is we have a relationship with that user because they have signed up to be a friend of our brand. So we can see some information about those users, what they like and what they don't like. Also when they come through to our websites from Facebook in particular we see that they're generally more loyal and engaged with our content. Which doesn't surprise us because they've already told us that they're interested in our brand to start with and we find that they're a more engaging user which is more valuable to us, frankly, than somebody who just searches for something on Google comes through to our site and maybe is gone the next click.

Arnaud de Saint Simon

Yeah but you have to limit to drive, to keep on the driving through your website right? On Facebook you have to keep people on Facebook though.

James Bilefield

Yes well we do two things. We actually just launched, in Paris, I think one of the first in France, we launched something called a Facebook Social App which is taking some of our website content and actually putting it on to our Facebook site. So similar to the Guardian have done this, the Washington Post have done this.

Arnaud de Saint Simon

So this is a big thing. The Guardian I think has four million users and it's a huge success. Can you explain to the audience what is having an app and what is social reading which seems to me or could be maybe the big thing of Facebook in the next months?

James Bilefield

Absolutely so a new service that Facebook offer to publishers is the ability to publish on Facebook effectively parts of your website. The publisher controls the look and feel; it's an iFrame, for those technically minded. So the publisher controls the look and the publisher can also sell advertising against this content on Facebook. What's interesting about it is -

Arnaud de Saint Simon

For free?

James Bilefield

For free, Facebook don't charge the publisher. When a consumer then clicks on a story it will tell all of their friends, "Hey James just read the story about Nick Clegg." Who is our Deputy Prime Minister and all my friends will see that I've read that story or looked at that story and it comes up in their news feed. Then that drives obviously more viral activity back on to the app and back on to the website.

Arnaud de Saint Simon

So this is a huge success. We've read that the Guardian have raised from 10% of its audience, from 30% or 40% thanks to this app, thanks to its website right?

James Bilefield

Yes, their Facebook audience has grown significantly. What's also interesting is they've attracted a younger demographic. So, you know many newspapers have a slightly ageing audience frankly and they're keen to get new readers to try their content. This has been a particularly good way for the Guardian to attract a new generation of readers of their content who maybe one day will buy other products and services provided by the Guardian.

Arnaud de Saint Simon

Mathias, when will Spiegel have a website on Facebook to drive more traffic?

Mathias Müller von Blumencron

Big debate at the moment. We are seeing the model of the Guardian; we also know the numbers of the Guardian who is deep in red unfortunately. So it could be a success readerwise, but is it a success businesswise, I don't know the numbers of the advertisements they sell and we are in this position where we have a very strong homepage. We have only 10% Google and Facebook traffic, 90% is coming on the page. So, no we are not happy with it, we want to increase it but we, in a

certain way we have an optimisation project since over a year and it doesn't increase. So either we do something entirely wrong or the homepage is indeed very, very strong.

James Bilefield

One of the observations we see from growing Facebook audience and it's driving... Sorry to answer your question before, 20% plus of audience in some of our websites in growing very quickly, is that we're seeing more people coming to our websites. Not to the top page or top pages but going straight to a story which sometimes is good and sometimes is bad depending on where our commercial staff have been successful selling the best advertising.

Mathias Müller von Blumencron

But are you migrating the people from Facebook to your own page?

James Bilefield

Yes, short answer is yes.

Arnaud de Saint Simon

So it's an audience issue but there's no business to make on this page for the time being?

James Bilefield

Well there is, I don't know if the Guardian are doing the best job here but absolutely there's an opportunity for us for example with our Vogue app, it's open to sponsorship.

Arnaud de Saint Simon

Sponsorship, not banners but sponsorship?

James Bilefield

It could be banners but again we don't believe banners is the right, you know the right solution.

Arnaud de Saint Simon

Would Facebook allow you to put a banner on it?

James Bilefield

Yes.

Arnaud de Saint Simon

Yes. Okay. There is a second news event which is the Timeline. I don't if you people have seen since March 30th Facebook has changed its frame with a new page which is called the Timeline.

Most of our websites have to move to the Timeline, can we see up? Yes. What is the difference, what is the interest for publishers to have this new Facebook page?

James Bilefield

For us, for a brand like Vogue Paris it's a way of showcasing 90 years of history and heritage. So if you go right down you'll see our timeline here goes back to not just the last week or last year, it goes back to 1920. So we've taken... And you'll see if you go right down there are some covers we've taken from the 1930s, the 40s, the 50s. There's some beautiful archive covers and content from Vogue from many, many years ago. So for us it's a way for us to showcase the brand and to showcase the history and sophistication of the brand for many, many decades and for us it's a great opportunity.

Arnaud de Saint Simon

It's great for brands, the new Timeline on Facebook?

James Bilefield

I think it's fabulous. If you look, I mean Burberry is always quoted as one of the most social of the luxury brands and they have I think 11 million Facebook friends around the world, the biggest Facebook page in Britain. They have their brand now going back to 1840 when they were founded and again it's a timeline of wonderful Burberry activity products going back all the way for 150 years.

Arnaud de Saint Simon

James we all know that Facebook is wonderful to expose our brands, to maybe drive traffic. How can we make money and business out of or with Facebook, on Facebook?

James Bilefield

Well we mentioned the social app is one opportunity where Facebook lets publishers sell sponsorship. Also of course –

Arnaud de Saint Simon

There is business selling sponsorship on your page?

James Bilefield

There is a business, absolutely, there's a business selling apps on a mobile device, there's a business there. There's also a business of course sending people from Facebook or social media to websites which typically carry advertising. Spiegel being a great example of that and if we're getting 20% of our audiences in some instances from Facebook then you can imagine that's a pretty good business for us. Also we see Facebook as a great place to engage with our audience, understand it better, with new products or tablets being a good example.

Arnaud de Saint Simon

You sell subscriptions?

James Bilefield

Sell subscriptions, yeah.

Arnaud de Saint Simon

Is there a business to sell

James Bilefield

We also sell subscriptions; absolutely we sell subscriptions on Facebook as well. Either, we also started selling single copies of the magazine using Facebook credits.

Arnaud de Saint Simon

Numbers or...

James Bilefield

It's early days, we just launched actually in Italy with Wired, it's a trial we're running in Italy to use Facebook credits to actually purchase and read the magazine within the Facebook environment.

Arnaud de Saint Simon

So you sell, just for the audience you sell subscriptions and copies through Facebook credits right?

James Bilefield

Yes, today it's just a pdf product so it's a flat product. But again when somebody reads a story on that pdf it tells all their friends they just read the story. If their friend clicks on the link it comes back and asks them to purchase the magazine. So it's a way for us to drive, again paid copy sales.

Arnaud de Saint Simon

Do you have numbers of circulation driven by Facebook?

James Bilefield

I don't have exact numbers I'm afraid. We also sell regular subscriptions which click through to our website and frankly we think we're at the early stages of understanding how to do that well. You know obviously through Facebook so here we have half a million friends on Vogue Paris. Yet we haven't really selling subscriptions based on whether they are, frankly, male or female, whether they're in France or outside France, their age, their demographic, what they like, what they don't. So we think we can get much more sophisticated in the way that we sell subscriptions using this Facebook audience

Arnaud de Saint Simon

The data.

James Bilefield

Than we do today.

Arnaud de Saint Simon

So it's about having your team learn the data. Okay. Just one word about Pinterest, so Pinterest, I don't know if the audience heard about Pinterest, it's the fast growing social network around the world, 1,200% growth. There's like 30 million people on Pinterest. So we're gonna show Pinterest here. Can you explain the audience what is Pinterest about?

James Bilefield

The simplest, it's like a digital scrapbook if that makes sense in sense in French?

Arnaud de Saint Simon

No, scrapbook I think you'll have to explain it, to the male audience anyway.

James Bilefield

So it's a way of basically you see content, especially pictures, you like around the web and you basically click them, like cutting them out, or like tearing out a page in a magazine I suppose and then putting that into a book for you to store for later. So that's the concept behind it. There have been a number of social kind of bookmarking sites developed over the years. There's a site called Reddit which is actually owned by Condé Nast Company in the States which has over a billion page impressions a month. Pinterest is the latest and greatest I would say of this type of service. It's very elegantly designed, it's very visual, so it's

Arnaud de Saint Simon

So it's mostly dedicated to fans of fashion, design, travelling?

James Bilefield

No actually interiors is actually the biggest

Arnaud de Saint Simon

Interiors, it has to be related, it's more AD than

James Bilefield

Well at the moment it is. It's mostly female in terms of its usage so far which is why some publishers, particularly in America and worldwide have got interested with female brands and

we're seeing a significant growth within that. It's still nothing like the level of Facebook or Twitter or we also work with services like Tumbler, there's a number of different social platforms. But I think it's interesting and we watch it closely.

Kelly Murphy

Sorry I just wanna add one thing

Arnaud de Saint Simon

Is it in the US too?

Kelly Murphy

Yes and Better Homes and Gardens has about 41,000 followers on Pinterest. I think it's the sixth largest brand of followers on Pinterest and they recently, there's different ways that you can interact with your consumers or your followers on Pinterest. One way is by a contest so we just recently launched a Create Your Dream Home contest. So what you do is you find pictures of what you want your dream home to look like and you pin them on your page and then the Better Homes and Gardens editorial team will select the top winner. There's a cash prize plus you get, you know, mentioned across all sorts of media, of social media for Better Homes and Gardens. But anyway it's just there's a lot of different things going on with Pinterest; I think the contest is interesting. I think we've had about 3,000 entrants to day but we recently launched and we're using Facebook to help us navigate through that.

Arnaud de Saint Simon

I would like to have just a last word about Twitter, 300 million accounts, I think much less users. But what is the interest of Twitter for publishers, is it an audience issue?

Mathias Müller von Blumencron

We like Twitter very much because we think it is a very journalistic medium. So we use it as I mentioned earlier, we use Twitter as a live ticker tool for events. We also use it as a marketing tool for our own stories. We have, I would say three dozens of Twitter feeds which are partly manually, partly automatic and then we encourage all our journalists to be on Twitter themselves. So altogether I think we are close to a million, if you add all the feeds, followers, which is a huge audience and it is a very, I think the audience is still very much more elite than the Facebook audience. The Facebook audience is basically the middle of the society and Twitter is more experts, more journalists, more media interested people. So it's a very interesting medium, we like it very much.

James Bilefield

I think that's right. I mean one of the secrets of our success, I shouldn't really give away in terms of our Vogue Twitter account in France, which has been very successful, is to tweet live from the Colección. So people can't access some of this content themselves but they love to follow it globally, not just in France. So I think there is now behind the scenes activity, I think Elle in the UK just did a live tweet of one of their photo shoots they were doing with a famous model and that

was also very successful for them. So I think this kind of behind the scenes view of the operation of the brand, of the magazine is very attractive and is a way to build audience engagement.

Mathias Müller von Blumencron

But you also have to be a little bit careful because when you twitter the wrong things and you can, as we all know, a shit storm. We had an example in New York when Hurricane Katrina approached the city and we were all thinking Manhattan will be completely without windows within the next 24 hours. So we asked our correspondent in the next apartment to twitter how the storm is just sweeping his apartment and so on. Katrina luckily wasn't that hard for New York, it was a big wind but not a hurricane so he started to tweet about his dog. Then fatally he twittered the sentence, in German but I'll translate it in English, 'Hurricane Katrina in New York so far disappointing'. You can imagine we had a gale then on the net within a couple of minutes and we did a big excuse and it was okay afterwards. But be careful what you are doing because all those mediums, specifically Twitter, because they are so close to you that you think it is a semi-private instrument, so it's much closer to you than web publishing. Web publishing you have to access your CMS and so you have a lot of process. But Twittering is very easy, so you have to be schooling basically your people and tell them "Be careful and think about writing." Which is always a good tip for a journalist.

Arnaud de Saint Simon

Because it's a change of culture for us, we're used to having brands deliver information. With Twitter it's journalists building community at a very high speed of information with the risk of shit storms, as you were saying. But also the risk that they give information that they should give to the magazine first and not to the community. Is that kind of competition, what is your philosophy about this?

James Bilefield

Yes we don't see it as competition, we see it as just another channel to the consumer and I think there's some content which works fabulously.

Arnaud de Saint Simon

How many followers do you have?

James Bilefield

So, yeah.

Arnaud de Saint Simon

So you're not tweeting during the conference, you're not a real tweeter.

James Bilefield

You want me tweeting from up here, what do you want? I've forgotten what I was going to say.

Arnaud de Saint Simon

No, the question was should everybody tweet in the editorial departments or should there be rules?

James Bilefield

Clearly in terms of some of the legal issues and some of the reputation issues you need to just train your staff to make sure that they understand they know what they're doing and mistakes do happen, you should have a plan in place to deal with that when it does. But fundamentally this is just another great route of communication with your consumers and some stories are frankly better on Twitter, can't wait for a monthly magazine. Other things are better on Tumbler or on Pinterest if maybe they're more visual, Twitter doesn't do pictures very well, frankly. It does text very well, 140 characters so you have to be short and quick and then other things are better on the website. So we think increasingly in a kind of 360 degree commissioning of content and we consider what works best on Twitter, Facebook, magazine, web etc.

Arnaud de Saint Simon

We'll take questions from the... I wanna ask you just one personal question James, most of your career has been in true players. You have come in our business just two or three years ago right? What do you think of the way publishers address digital issues, frankly?

James Bilefield

Frankly?

Arnaud de Saint Simon

Sure.

James Bilefield

I see both fear and I see opportunity. So I see on the one hand sometimes publishers can be rather defensive and see digital media as more threat than opportunity. However the publishers that I see embracing new technology, not saying that paper is finished but saying that the future is not digital or magazine. The future is multi-media, there's a place for print, there's a place for web, there's a place for apps, there's a place for social media. Those are the brands and those are the companies which I see succeeding in France and around the world and those that are optimistic and those that are embracing change. Those are the brands that I believe will be successful for long term and commercially they can reach a much, much larger audience through the correct application of digital media and technology and therefore the commercial opportunity and the profitability of those brands enhances, many times over, if they get this right.

Mathias Müller von Blumencron

I would add it's not only from the publishers' point of view but also from the journalistic point of view the digital tools are the most powerful tools we ever had as journalists to address or issues and to come close to our readers. There was never something like that before, so diverse, so

complex and also so intelligent. So it is a very, very powerful development and fear, of course you can always have fear, you can have it crossing a street. But I think you just have to jump in it.

Arnaud de Saint Simon

Okay, is there questions from the room in English or in French, I'll translate. Can you tell us who you are?

Echanges avec la sale:

Question from audience

integrated advertising sales force, selling basically like one brand or media or it like you're selling the social media and you're selling the website and then you're selling the magazine and the tabloids, what's your kind of approach, what's your experience?

Kelly Murphy

Ours is really a brand based and we, our brand sells digital edition, they sell print, they sell online. We also have what we call our corporate sales group who can sell across brands and across different channels. But we're set up by brand which I think is, for us, is the right thing so that we have got our brand ambassadors out there talking about how advertisers can reach our customers across all of our networks. You know, for Parents magazine it's in the magazine, it's on the website, it's in the tablet addition and what works best for the advertiser's objectives.

Arnaud de Saint Simon

James?

James Bilefield

We have various different approaches around the world, everything from fully integrated, so like Meredith in the US, through to completely channel based, the more traditional where we'll have a magazine sales staff, we'll have a digital sales staff separately. I would say the direction of travel for our business globally is through a more integrated sales approach. We still have digital specialists, we still have magazine specialists. But overall we find that advertisers, clients increasingly want to reach that entire audience rather than just by channel. Also for consumers, frankly, they expect to see an extension of advertising and one campaign across media. So like our editorial staff are thinking more on a 360 degree approach, our advertising staff increasingly, a good example, I was recently in Paris, we have a new Vogue website in Paris we launched earlier this year and *Delphine Marion*-who is our Vogue publisher, I think she may be here someone has been quite involved with the selling of that and that's proven to be very successful.

Mathias Müller von Blumencron

Same experience with us.

Arnaud de Saint Simon

Okay, should the digital activities be under the brand also? Or as it is different types of skills should it be driven by specialists?

Mathias Müller von Blumencron

I think you have to, at least in our case, we have a mixture. Of course everybody should sell everything –

Arnaud de Saint Simon

Not selling, I'm talking about the organisation. Should the publisher of the magazine be the one who drives Facebook, Twitter, social networks, tablets, prints, or is it too much –

Mathias Müller von Blumencron

You mean the business side driving journalism?

Arnaud de Saint Simon

Yeah.

Mathias Müller von Blumencron

That's not what Spiegel culture is. In Spiegel culture journalism is driving the business side and it stays like that.

Pascale Wagner

prices so how do you manage to market that to your customers?

Kelly Murphy

Sure, do you wanna know the price that we have and how we promote it? I'm sorry, I'm not sure I understand...

Pascale Wagner

The various prices you have to have on your apps.

Kelly Murphy

Okay, so we have three different pricing tiers, I guess. We have an annual subscription which we price at \$14.99 for our digital editions, that's 12 or 10 issues, however many they publish in a year. We have a monthly subscription option which is \$1.99 a month and it's a recurring subscription, it's on your credit card, it automatically renews and then we sell single issue which is the same price as our print news stand. You know usually \$3.99, \$2.99 in that ballpark so we have three different pricing options. We promote them in the App Store; we promote them through social

media, in book ads, in our magazines, on emails. Every promotion that we're sending out we're driving traffic to websites to kind of talk a little bit more about the pricing options that we have. In terms of pricing options across tablets, we try to keep very consistent pricing so that there is no confusion for customers, why is it one price on the Nook and another price on the iPad and another price on the Kindle. So our strategy is consistent user experience and consistent pricing across all platforms with the exception of some promotion pricing we may be doing.

Arnaud de Saint Simon

Okay is there, maybe a last question over there.

Laurence Ambert de Marie-Claire International

Have some advice to ask you, three of you, how to respect the DNA of magazines on the digital media?

Arnaud de Saint Simon

Who wants to understand...? Answer the question?

James Bilefield

I think it's a great point actually and it's something that we discuss and debate quite a lot. If Spiegel has journalism at its heart, Condé Nast has its editors and its editorial at its heart very much. It's a question we debate quite often is how to reflect the values of a Vogue, of a GQ, of a Glamour in digital form or even we do events now. We have a fashion college we're opening in London; we have restaurants in some countries under those brands. So we are extending those brands into new areas and we debate quite a lot inside Condé Nast how to ensure we are true to the brand and we respect the DNA of the brand as we do that. Probably the most important lesson that we've learned is to involve the editor, magazine editor in chief, in the process. They don't need to be an expert in running a restaurant or running Facebook pages. But they ultimately are the owners, I would say, of the brand DNA and we talk and we work very closely with them to ensure that we're reflecting properly the essence of the brand in everything that we do with that brand.

Mathias Müller von Blumencron

I think as well it's an epic question. Of course doing a magazine, a weekly magazine and then doing an up to the minute news service on the internet is a stretch. But I think we have a similar journalistic approach, so we share the same values, we wanna be investigative, we wanna have as much as possible original reporting on the net. We want to have the highest quality we can achieve on the net which of course is different when you do a daily product than when you do a weekly product. But I think it's a question of values which you transport through your different channels. I know it's easily said, you have to practice it and you have to control it, you need editorial control, you need involvement of the editor in chiefs for all channels. You just can't let uncontrolled, totally uncontrolled to grow or something. But on the other hand you have to give up a certain amount of control because otherwise nothing is growing.

Nicolas Cole de Prisma Media

Hello, Nicolas Cole from Prisma Media. I would like to know how do you manage your customer in sites, do you have a special R and D department? How do you manage research in order to better understand the way that your clients are twittering or using print and online etc etc?

Kelly Murphy

So at Meredith we have a consumer research group that manage that. So they manage that, they manage the different consumer research channels I mentioned before, our private community, our embedded surveys, our usability labs. We've also got passive metrics from Omniture. So they're monitoring that, issuing reports every month after the issue is closed. You wait probably six weeks after the issue's been released and report back to both the editorial teams as well as the business side. So they're kind of charged with doing as much research as we can and sharing that across the company.

Arnaud de Saint Simon

What is interesting with the tablets is that through technology you can learn a lot of things for the print too.

James Bilefield

Absolutely, I mean whether –

Arnaud de Saint Simon

Because it's an online, on-going process.

James Bilefield

One of the things we use Twitter for is, you know, as soon as our subscribers receive the magazine, immediately they're on Twitter or Facebook commenting about what they like and don't like. Some of our magazine editors are actually quite close and involved in that conversation with those readers. They're our most valuable readers in many ways, they're our subscribers, they're loyal to the brand, they pay good money every year for the product and we're able to understand very, in real time, not waiting six weeks necessarily, but immediately, what they like and what they don't like. That's really valuable, real time research with real people. Not maybe representative, maybe they're the noisiest of a small group. But certainly it is a signal as to what is working and what is not within our magazines and it actually influences the way that we think about the next issue.

Arnaud de Saint Simon

Do you think we should engage our journalists to sign their features with a Twitter account so we would enhance the conversation?

Mathias Müller von Blumencron

I mean we do that on Spiegel online. On print it's a little difficult. But underneath every online story you'll find also you can follow the author on Twitter.

Arnaud de Saint Simon

What about the print?

Mathias Müller von Blumencron

The print is, it's interesting. I think some other publications face the same issues. We have separate presences also on Facebook because we address the people differently. For example in Germany you have... and Z. So of course the print reader who is a little older and more distinguished, he gets a Z.

Arnaud de Saint Simon

We have that in France this as well.

Mathias Müller von Blumencron

The presence of Spiegel online on Facebook of course is a U yeah, because it's younger, it's more direct. The thing is now we have of course many more online fans than print fans which creates a little, kind of a discussion in the magazine. But if you don't give your content out for free, if you don't share, if you have no possibility to share your stories, it's difficult to get more fans because the fans not only want to get information from you, they don't want to have a conversation with you, they also want to have something to share. The best thing what we can share are our thoughts, our stories, our surprises which we have daily on the website. So I think for a while we have to live with that.

Arnaud de Saint Simon

Okay. Thank you all.