

MEDIA/PUBLISHING

What would an Apple subscription content service mean for media?

December 14, 2018



Apple is reportedly integrating Texture into its News app. Image credit: Apple

By SARAH JONES

Reflective of the growth in the on-demand economy, technology giant Apple is reportedly launching a premium service that would function as an alternative to traditional subscription models.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

Earlier this year, Apple purchased Texture, an app that lets subscribers read single articles or cover-to-cover magazines from more than 200 titles for a flat monthly fee. A report from *Bloomberg* says that the company is relaunching Texture as part of its Apple News app, potentially putting pressure on publications that are already challenged for subscriptions and advertising revenue.

"This move has mixed consequences for traditional media publishers," said John Anderson, president/CEO of *International Strategic Marketing, Inc.*, Broomfield, CO. "On the one hand, it has the potential to seriously decrease the number of direct subscribers to their publications.

"On the other hand, the licensing fee provided by Apple and the almost zero cost to deliver the digital version of their publication compensates for this lack of subscription revenue," he said. "The biggest impact is a potentially great increase in the overall number of readers of the publication."

Mr. Anderson is not affiliated with Apple, but agreed to comment as an industry expert. *Apple* was reached for comment.

On-demand media

Apple acquired Next Issue Media-owned Texture in March. Originally launched in 2010, the app includes titles such as *Vogue*, *Architectural Digest*, *Town & Country*, *Travel + Leisure* and *Veranda*, which consumers can pay \$9.99 to access.

"We're excited Texture will join Apple, along with an impressive catalog of magazines from many of the world's leading publishers," said Eddy Cue, senior vice president of Internet software and services, in a statement at the time of the purchase. "We are committed to quality journalism from trusted sources and allowing magazines to keep producing beautifully designed and engaging stories for users."

Next Issue Media LLC was a joint venture between publishers including Cond Nast, Hearst Magazines, Meredith Corporation and Time Inc., now a part of Meredith.



Texture's application. Image credit: Apple

Per a 2016 report in the *New York Post*, Texture has hundreds of thousands of users. In 2015 the company said it paid publishers \$15 million in revenue from subscriptions.

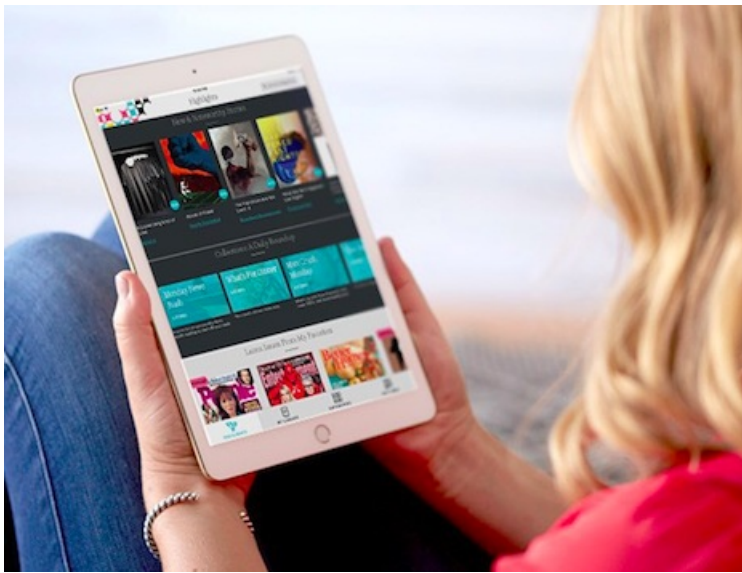
While Texture today is a standalone app that consumers need to choose to download, Apple's reported move would make it part of an app that comes pre-installed on iPhones and iPads.

Bloomberg's sources also said that the layout of the premium Apple News option would display articles more similarly to an online news format. This is different from Texture's design, which recreates print magazine pages on readers' screens.

In addition to magazine media, Apple is reportedly courting newspapers such as the *Wall Street Journal* and *The New York Times*. The relaunch could come as soon as next spring.

This expected move from Apple comes as print media is struggling with declining ad sales.

PwC projects that while overall ad spending is going to increase at a compound annual growth rate of 4.4 percent through 2022, magazine and newspaper advertising will fall during the same time period. Valued at \$91.9 billion in 2017, magazine ads will decline to \$88.1 billion in the next four years.



Texture application. Image credit: Texture

Texture has said that its subscriptions do not cannibalize print magazines, as consumers signing up for its service often retain their subscriptions in print.

"With a decline in subscribers for many publications and a resulting decline in advertising revenue, the real reason to embrace this move is the overall increase in the rate base and reach of the publication for advertisers," Mr. Anderson said. "Those publications that grow their digital base not only have an opportunity to increase advertisers and rates but can make the impact of advertising both more interactive by adding links, slide shows and videos to ads but also more measurable.

"The metrics that are available from the digital editions can provide much better proof of performance to current and new advertisers," he said.

Print persuasion

In the age of digital advertising, print placements may seem like a thing of the past, but for luxury they can still play a large role.

A new report from MNI took a look at travel brands and how they advertise for shoppers today. One of the most notable case studies from the report saw publisher Meredith making strong use of print ads to drive traffic for a Hawaiian luxury travel brand ([see story](#)).

According to a survey conducted by British Vogue and YouGov, print magazines are 44 percent more trusted than weekend supplements, and are nearly two times as trusted as social media. The Web sites affiliated with monthly magazines are also 50 percent more trusted than lifestyle sites and social media.

Since readers trust what they read in their favorite titles, 75 percent of female respondents say they are more focused when reading in print than on another form of media. The relaxed sense of focus has been a key strength unique to print as media consumption has evolved ([see story](#)).

Despite the impact that print can have for brands, a number of titles have shuttered in recent years as the business faces challenges.

"The magazine business was once massive - both from a subscription base and advertising base," said Vincent Krsulich senior vice president of [Martini Media](#), New York. "And, for the most part, the industry attracted a higher-end, well-educated consumer. Apple perhaps sees great value in that audience and wants to help reimagine the model.

"The traditional magazine business is really struggling," he said. "If Apple collaborates with the publishers, then there may be a way for the publisher to benefit. The reality is that each side has something to offer: Apple has the data and publishers have the content."