

{ LEAN BACK 2.0 }



The
Economist

EVERYTHING OLD IS NEW AGAIN.



I have gradually become used to dividing my reading into two zones: the work, laptop, info zone; and the chill, relaxing, leisurely read of the tablet.

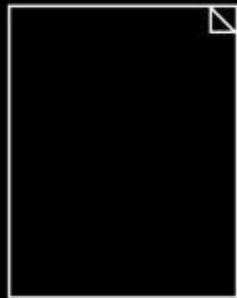
The laptop replicates the old newspaper experience; the tablet replicates the book. Everything old is new again.

[ANDREW SULLIVAN, THE SUNDAY TIMES]



LEAN-BACK 2.0:

**THE FIRST AGE:
LEAN-BACK PRINT**



**RITUAL PLEASURE
OF READING**

**THE SECOND AGE:
LEAN-FORWARD WEB**



**SNACKING AND RESEARCH,
COMMUNITY, SHARING**

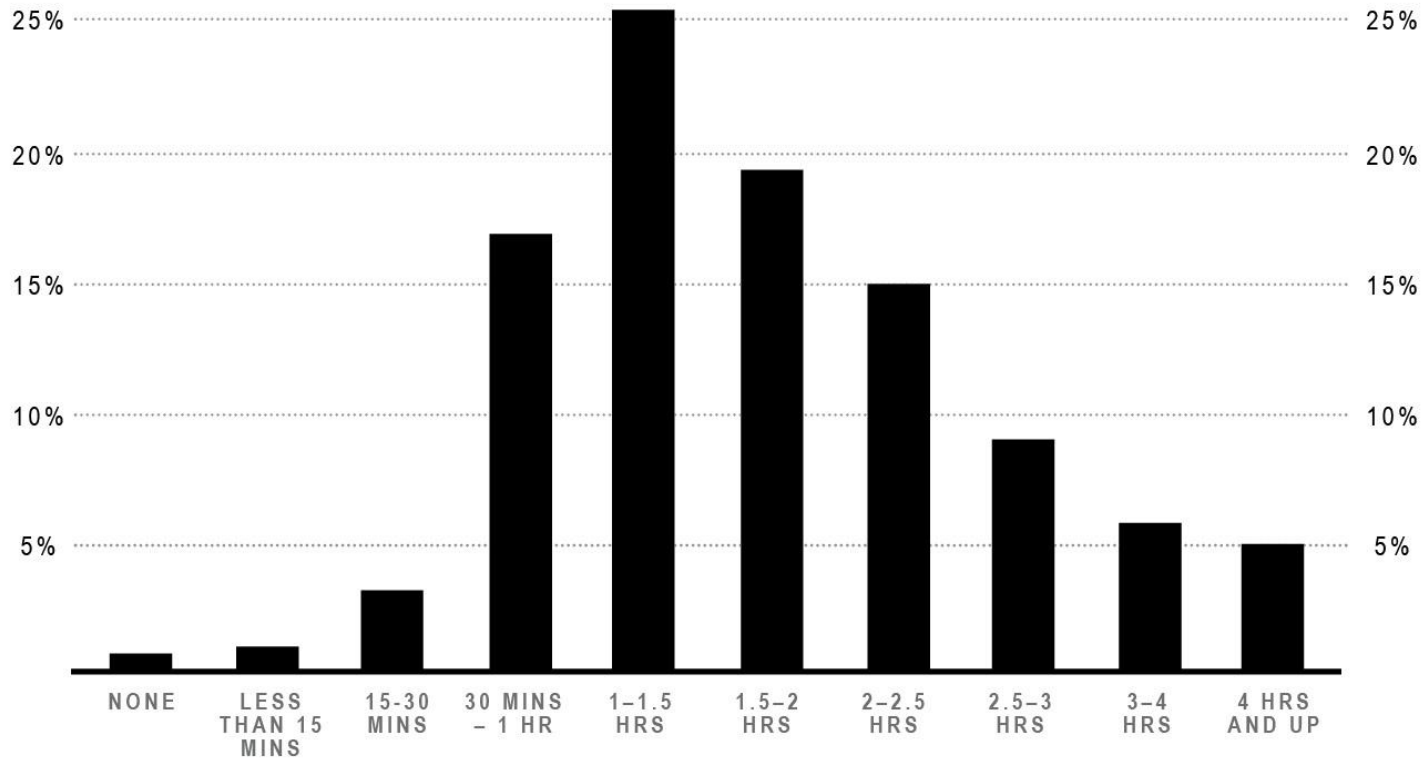
**THE THIRD AGE:
LEAN-BACK DIGITAL**



**LEAN-BACK,
ONLY BETTER**

LEAN BACK 2.0

Q. HOW MUCH TIME IN TOTAL DO YOU THINK YOU WILL SPEND READING THE ECONOMIST IPAD APP THIS WEEK?



[SOURCE: THE ECONOMIST UK IPAD SURVEY, JULY 2011]

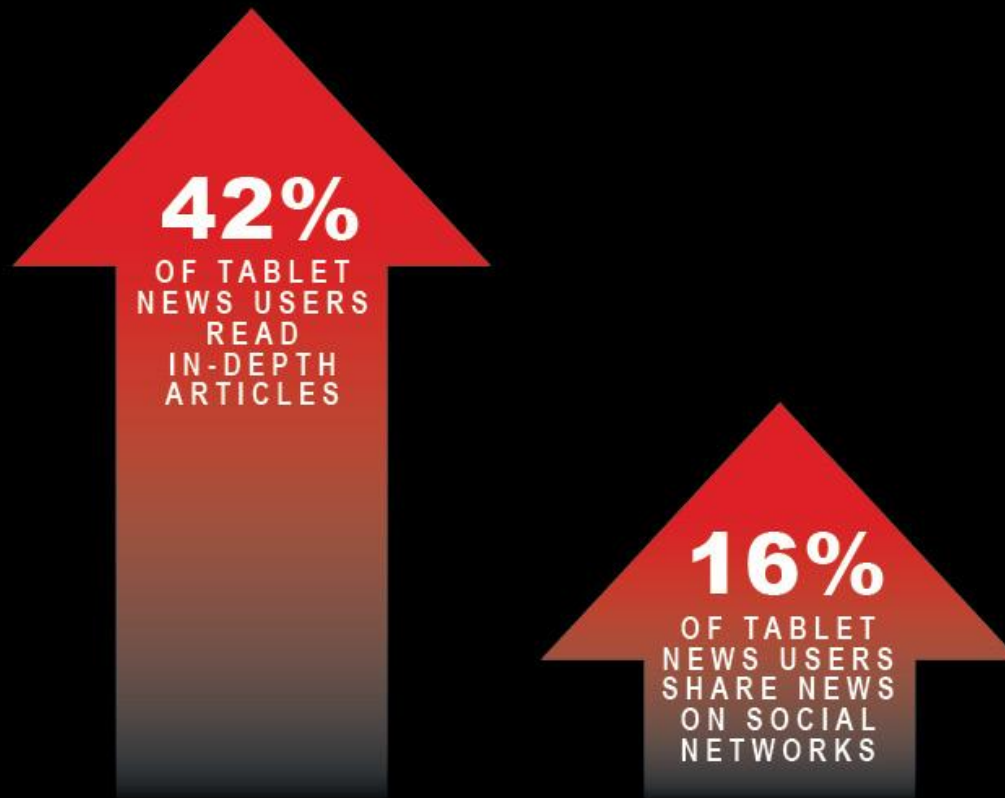
IMMERSED IN THE CONTENT:

**42% of tablet news readers
regularly read in-depth news articles.
Another 40% sometimes do this.**

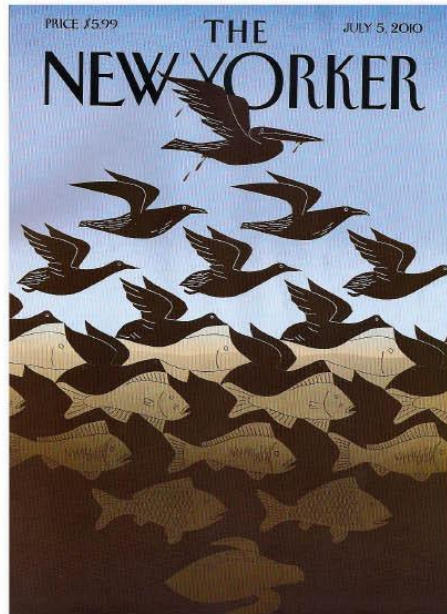


READING, NOT SHARING:

Tablet news users read in-depth articles but share news less. Participatory news is a part of the mix but even among the young (19-25) **fewer than 1 in 5** share news on the tablet regularly.



THE REBIRTH OF READING MEANS THE REBIRTH OF WRITING.



VS



“That was really important to us: to create an app all about reading” said Pamela Maffei McCarthy, the [*New Yorker's*] deputy editor. “There are some bells and whistles but we’re very careful about that, we think about whether or not they add value and if the don’t, out the window they go.”

—*New York Times*

Commenting on the success of the *New Yorker* app compared to *Wired's*, Jon Mitchell said: “By contrast *Wired*, which was Condé Nast’s early entry into the native iPad market saw an initial burst of enthusiasm but its sales declined markedly after that.”

—readwriteweb.com

“Huffington’s content will emphasize the rich — and richly rewarding — interactions that come from **uninterrupted time** spent in the company of creative minds...

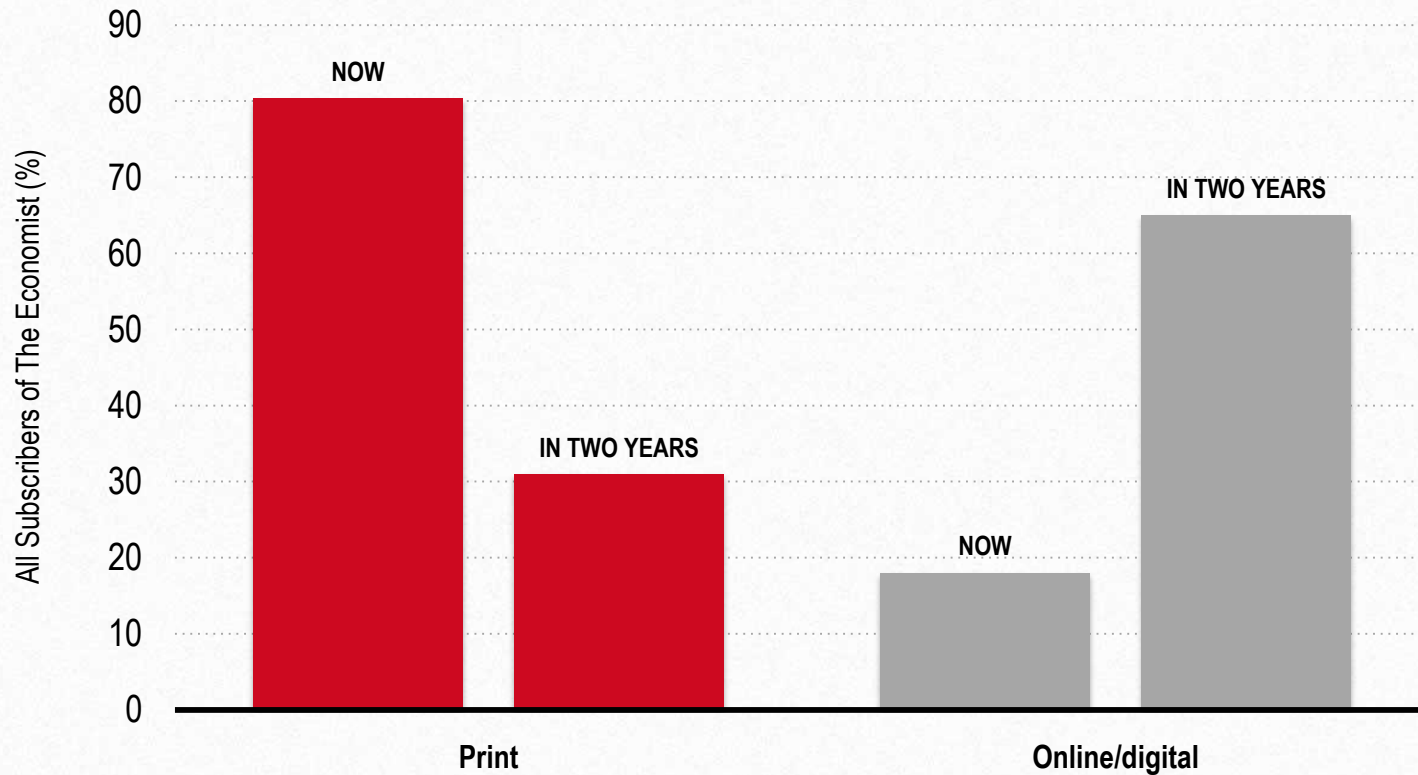


Because what we must not forget is that, even with all the high-tech tools at our disposal, the timeless aspect of reading is a way to connect not only with the past, and with others, but with ourselves. We are, of course, living in a golden age of engagement. And as we continue to redefine the tablet experience, I think it’s fair to say that **we will soon be living in a golden age of reading**, as well.”

Arianna Huffington blogging at economistgroup.com/leanback

THE DIFFERENCE 2 YEARS WILL MAKE:

Current Preference (for accessing *The Economist*)
vs Expected Preference in 2 Years



AUDIENCE: THE MASS INTELLIGENT

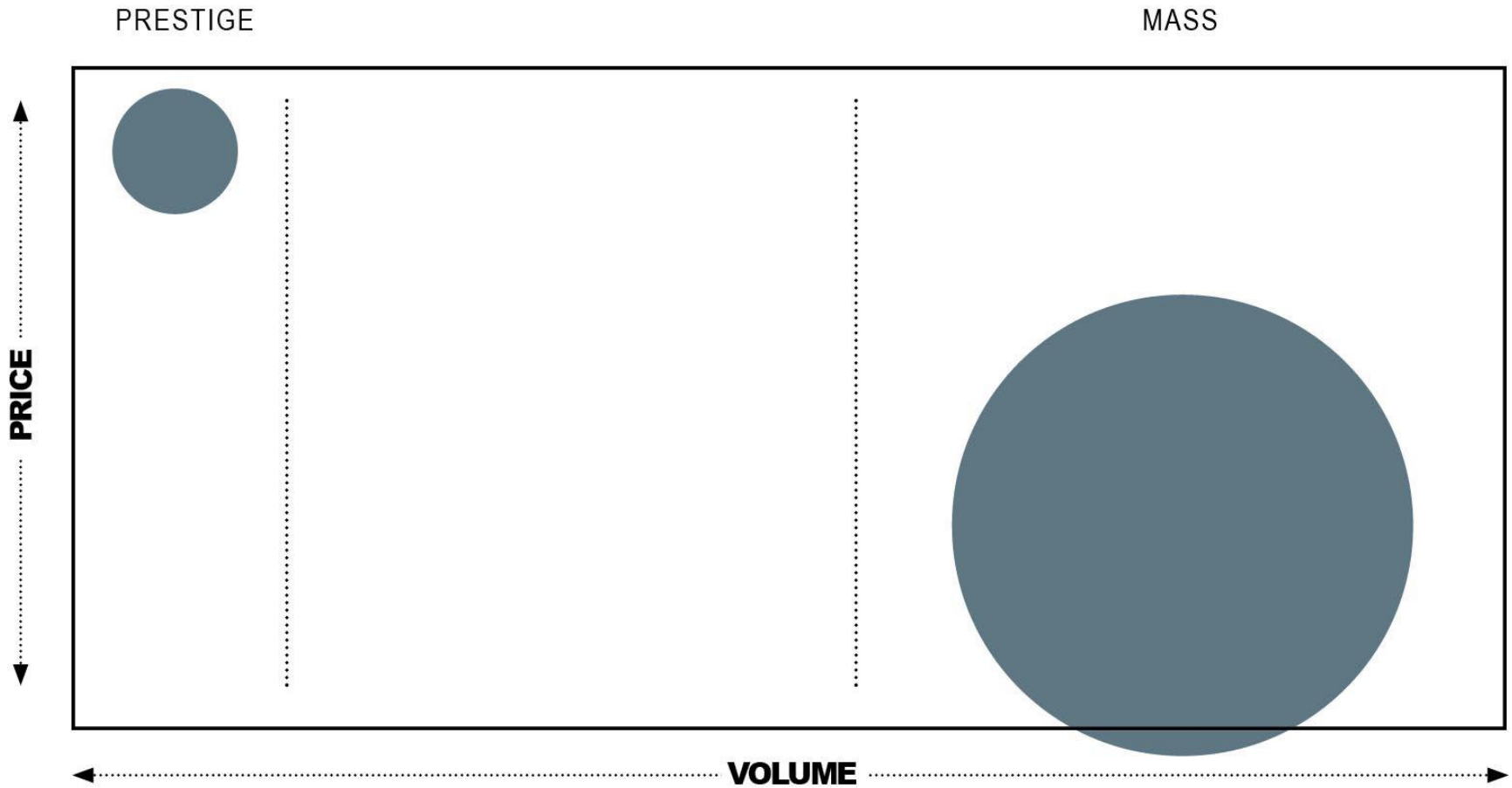
“ THE ECONOMIC PRODUCT OF THE UNITED STATES
HAS BECOME PREDOMINANTLY CONCEPTUAL. ”

[ALAN GREENSPAN]



AUDIENCE: THE MASS INTELLIGENT

AN ANALOGY WITH LUXURY: TRADITIONAL MARKET SEGMENTATION IS OUT OF DATE



[SOURCE: LEDBURY RESEARCH]

AUDIENCE: THE MASS INTELLIGENT

AN ANALOGY WITH LUXURY: TODAY'S MARKET

ULTRA-LUXURY

PRESTIGE

MASSTIGE

MASS

DISCOUNT

PRICE



£10,000

HENK



£1,500

LOUIS VUITTON



£400

TUMI



£100

SAMSONITE



£40

ANTLER

VOLUME

AUDIENCE: THE MASS INTELLIGENT

A TRADITIONAL VIEW...

ELITE MEDIA



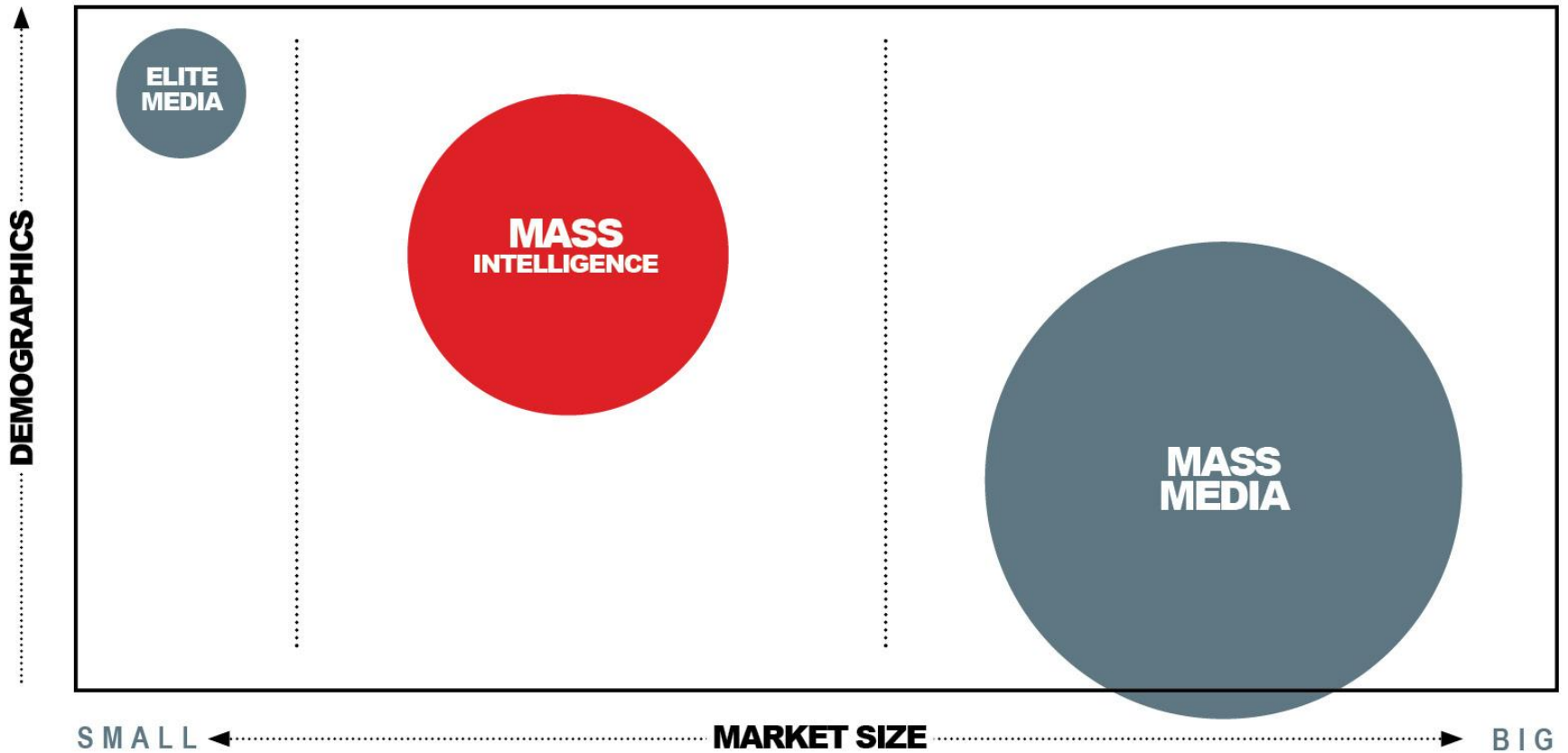
VS

MASS MEDIA



...BUT IT'S NOT REALLY LIKE THAT ANY MORE.

AUDIENCE: THE MASS INTELLIGENT

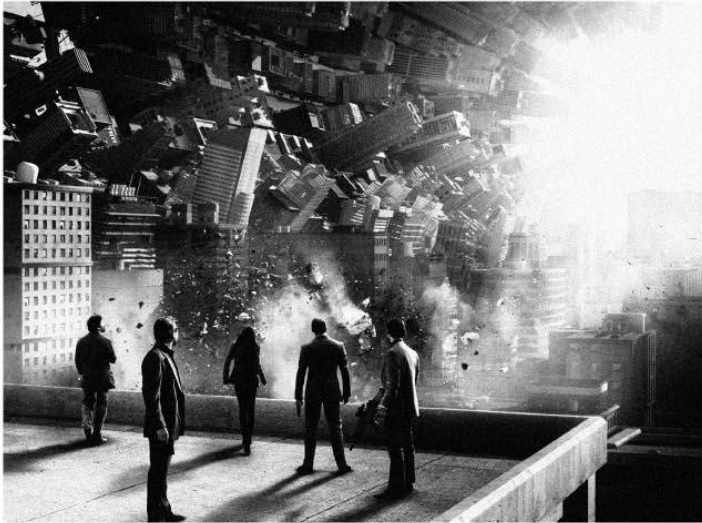


[SOURCE: LEDBURY RESEARCH]

AUDIENCE: THE MASS INTELLIGENT

Pay TV has shown that value is created and extracted through investment in quality content. Data shows that more people want to be challenged by what they read, watch and listen to than ever before.

It is a mass phenomenon that we call **mass intelligence**.



© Warner Bros, 2011

“Nolan cashed in his hard-earned artistic and financial freedom with “Inception”, the \$160m auteur vehicle that proves really expensive movies don’t have to be stupid to be successful.

It’s a film that imagines that the multiplex masses aren’t so dumb after all.”

MARK KERMODE, FILM CRITIC



26.8 m people
now listen
to NPR

8.5 m visitors
to the Louvre



AUDIENCE: THE MASS INTELLIGENT

A TRULY MASS PHENOMENON:

'Well Don, my *Sun*': A night at the opera for 2,200 *Sun* readers made waves around the world in an amazing moment in British culture.

The opening night of Mozart's "Don Giovanni" at London's Royal Opera House was packed to the rafters exclusively by *Sun* readers.

[SOURCE: THESUN.CO.UK, SEPTEMBER 2008]



AUDIENCE:
THE MASS INTELLIGENT

THE KING'S SPEECH

Worldwide box-office receipts:
\$441,211,548

[SOURCE: BOXOFFICEMOJO.COM]

AUDIENCE: THE MASS INTELLIGENT

CHANGING PATTERNS OF CONSUMPTION:

NESCAFÉ

TRADING UP



easyJet

SELECTIVE
EXTRAVAGANCE



FOUR SEASONS
Hotels and Resorts

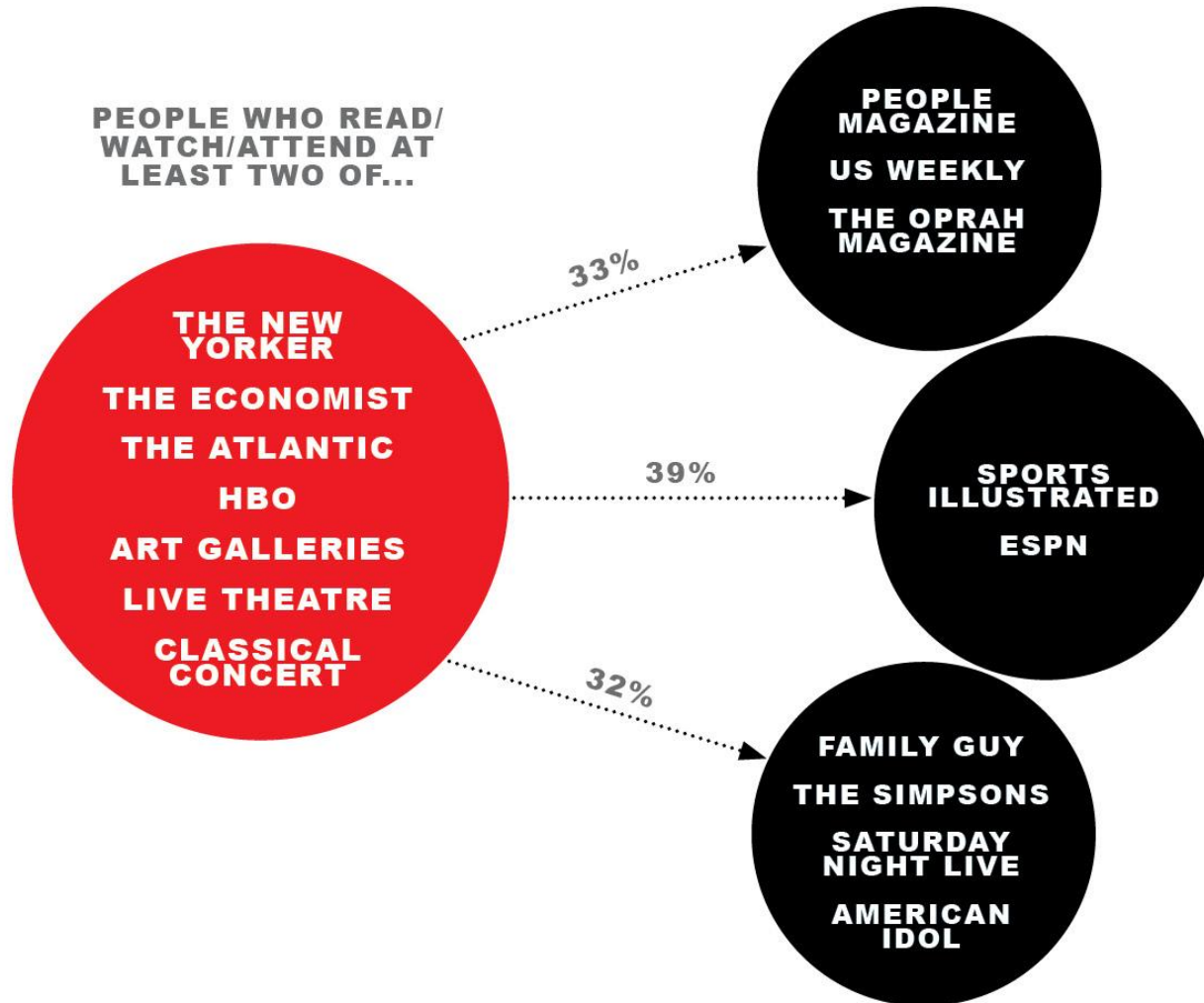
TOPSHOP

MIX & MATCH

PRADA

AUDIENCE: THE MASS INTELLIGENT

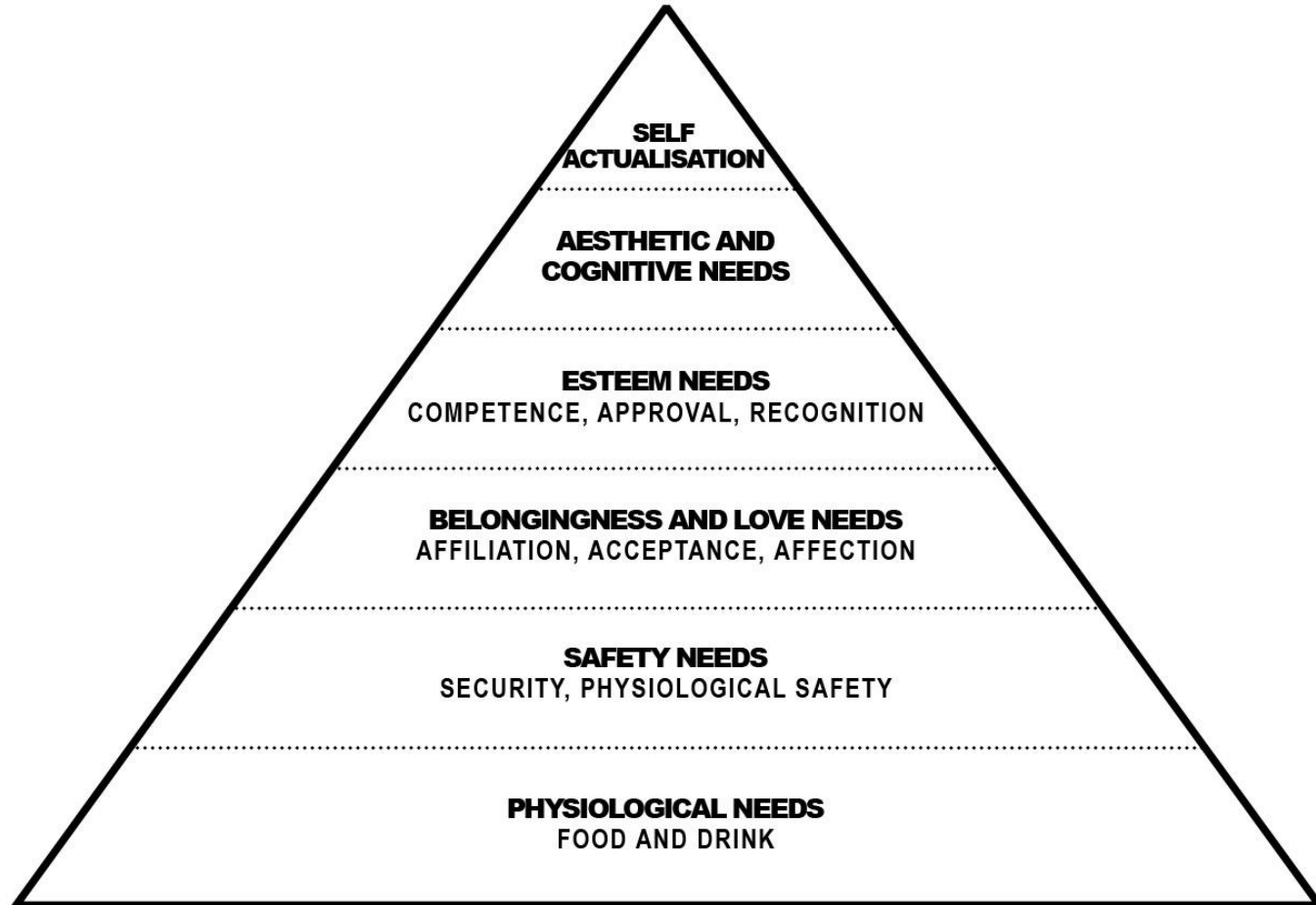
CHANGING PATTERNS OF CONSUMPTION:



[SOURCE: MRI, FALL 2007]

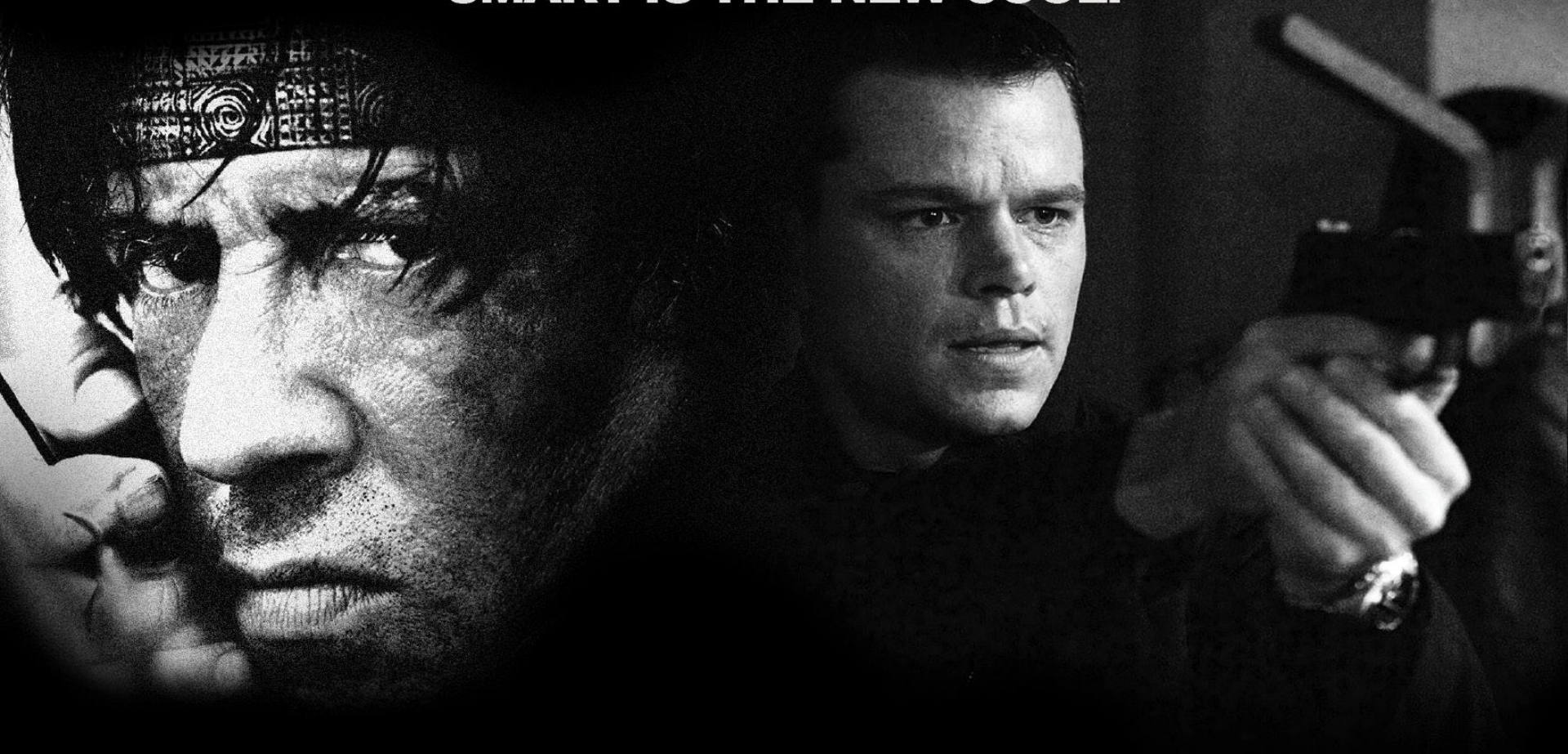
AUDIENCE: THE MASS INTELLIGENT

A DEEP HUMAN NEED? MASLOW'S HIERARCHY:



AUDIENCE:
THE MASS INTELLIGENT

SMART IS THE NEW COOL.

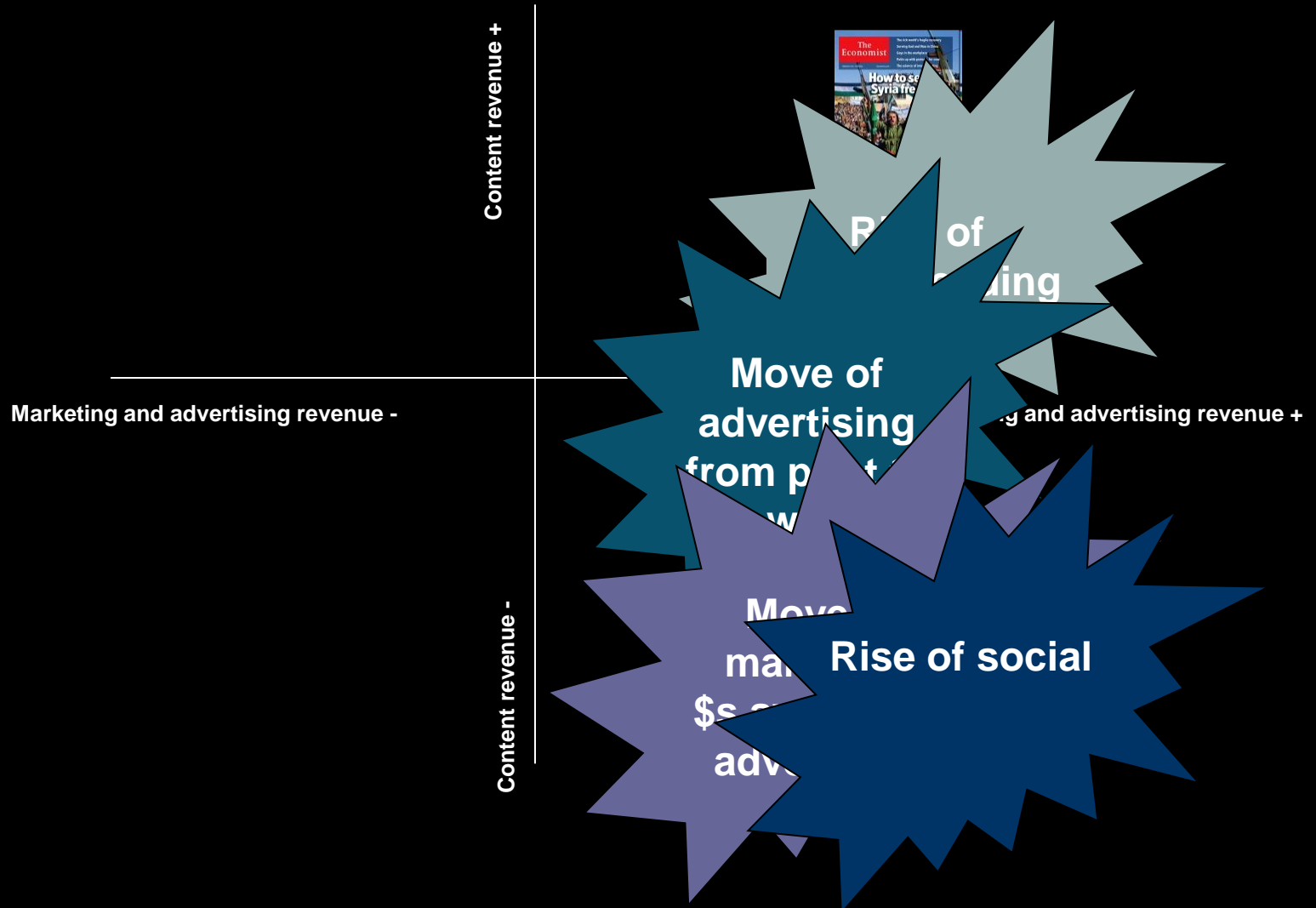


1982▶ 2002

THE WAY FORWARD



How publishers made money in publishing



A new world needs a new model

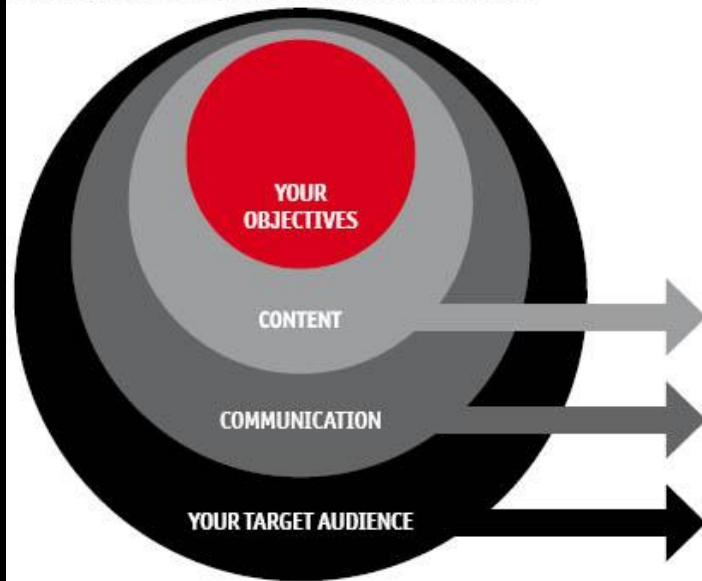
THE SOLUTION

Creating intellectual dialogue, together.

The Economist Intelligence Unit is the research and advisory arm of The Economist Group.

We work with you to develop unique marketing programmes that help you engage with your audience. Whether you are looking to reposition your brand, create media interest or generate leads - we create bespoke solutions to meet your objectives and budgets.

HERE ARE THE LAYERS TO WHAT WE OFFER:



CREATE THE CONNECTION

Generate compelling new insights on the topics that really matter.

DEEPEEN ENGAGEMENT

Showcase insights and ignite conversations across multiple channels.

SHAPE THINKING

Build relationships with influential opinion leaders by satisfying their minds.

Lean back



Marketing and advertising revenue +

tvc

ideas People

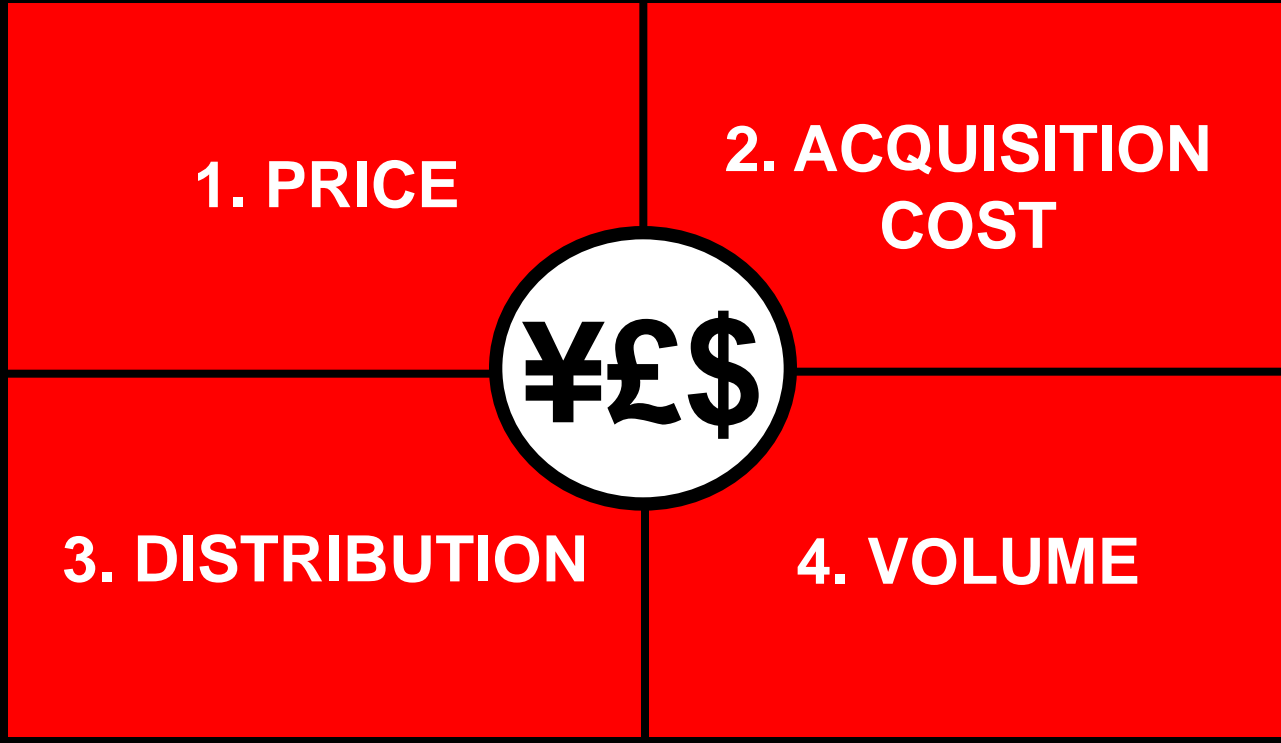
Curious, opinionated, influential audience :: at scale.

SHAPING HOW YOUR AUDIENCE THINKS

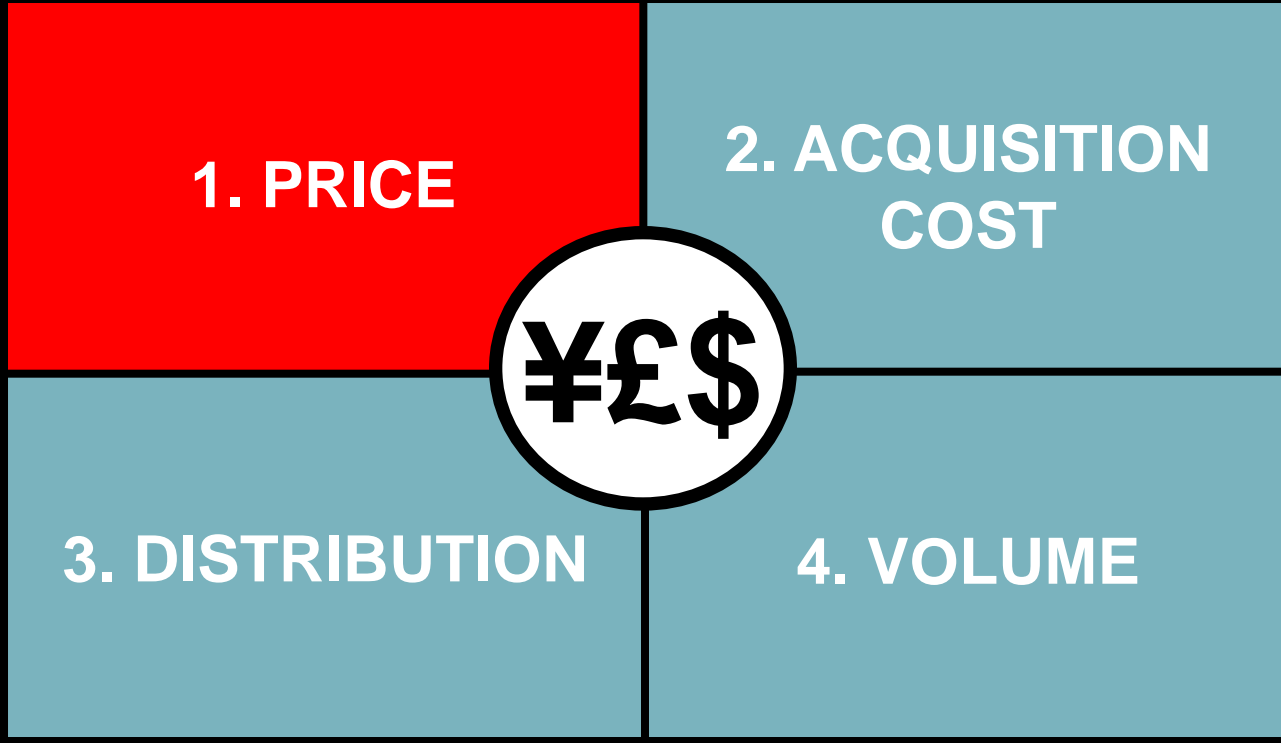


Circulation – the drivers of profit

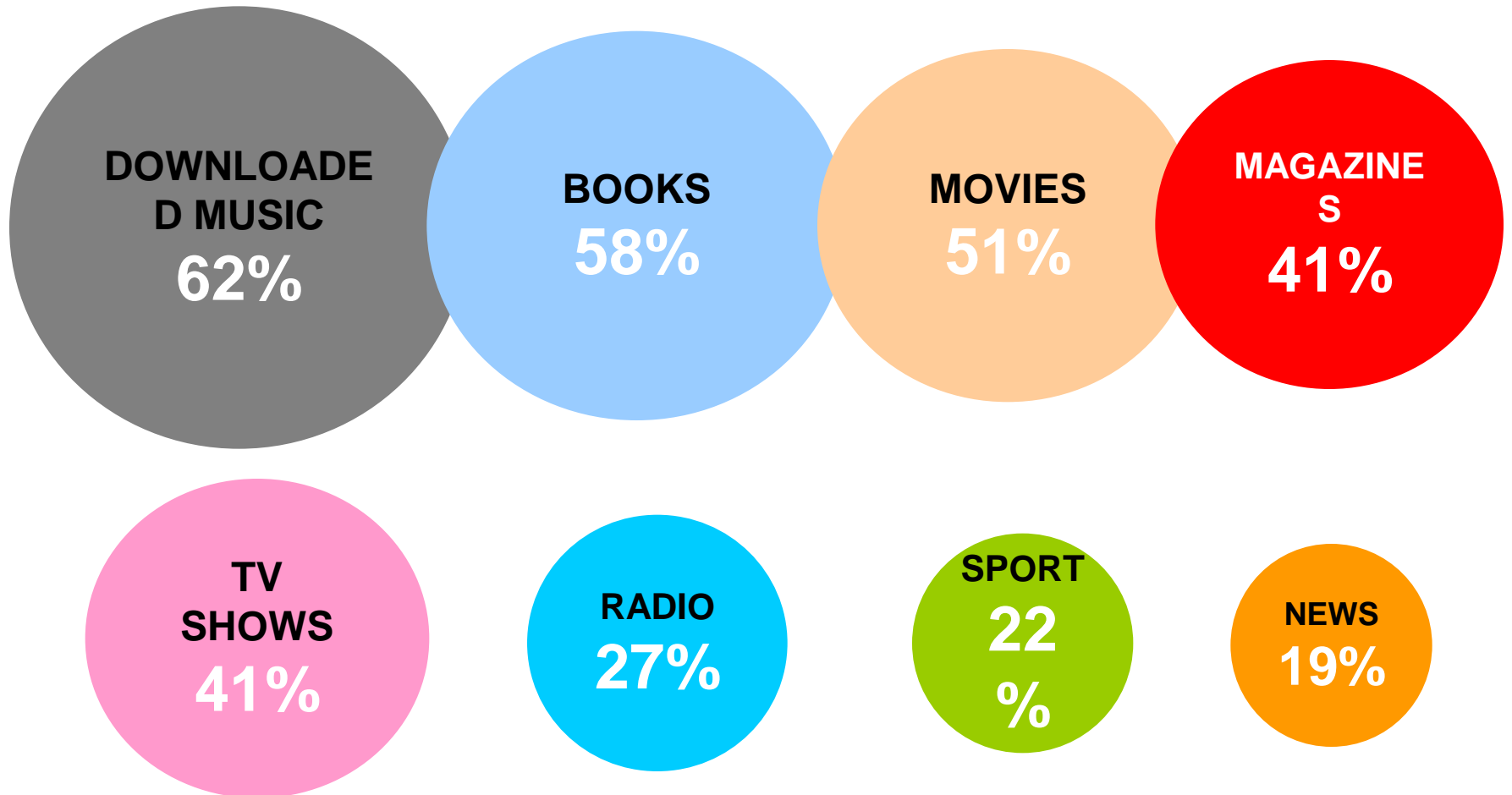
4 factors will increase circulation profit



4 factors will increase circulation profit



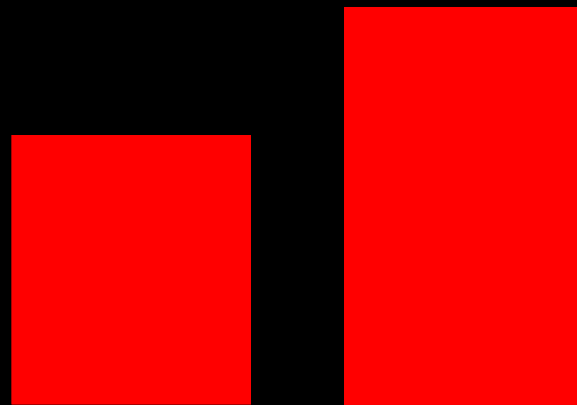
Media content ever paid for on a tablet*



* Neilson, March 16th, Q4 2011 Media study

Managing print to digital migration with pricing

Till recently ...



Digital-only

**Print
(+Digital)**

Managing print to digital migration with pricing

Now ...

*Digital-
only
raised to
match
Print
(+Digital)*

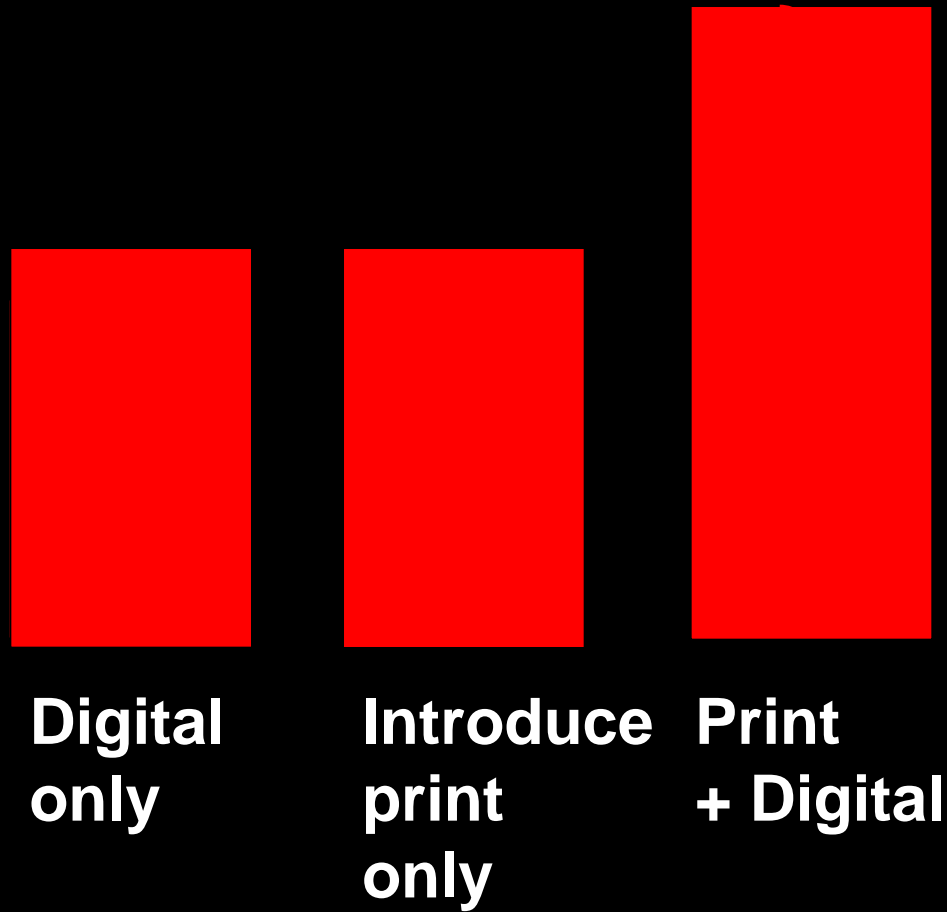


Digital-only

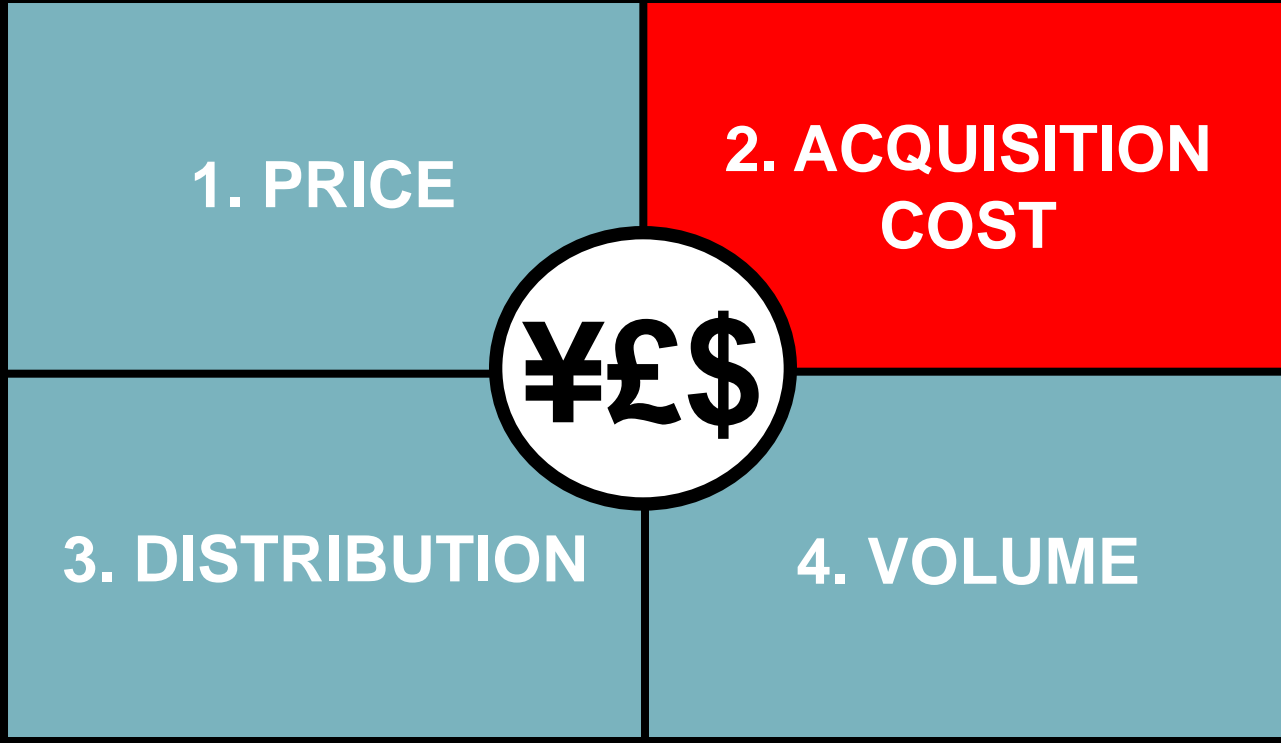
**Print
(+Digital)**

Managing print to digital migration with pricing

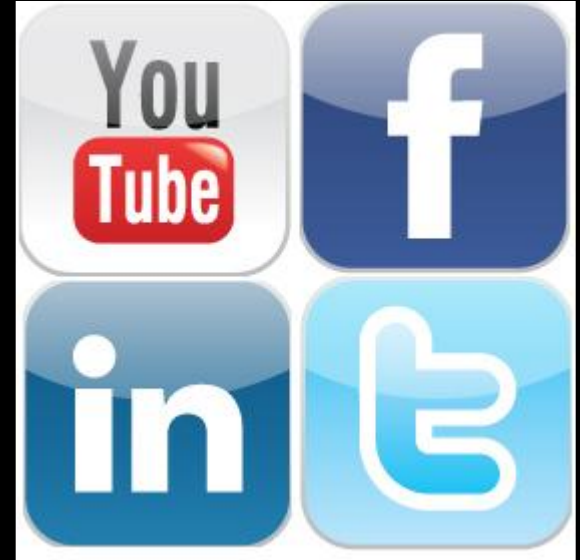
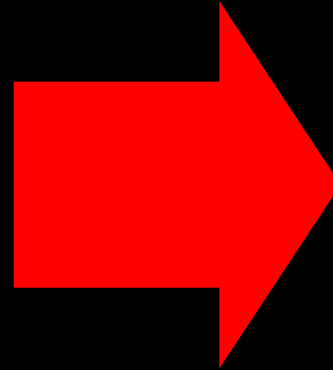
Soonish ...



4 factors will increase circulation profit

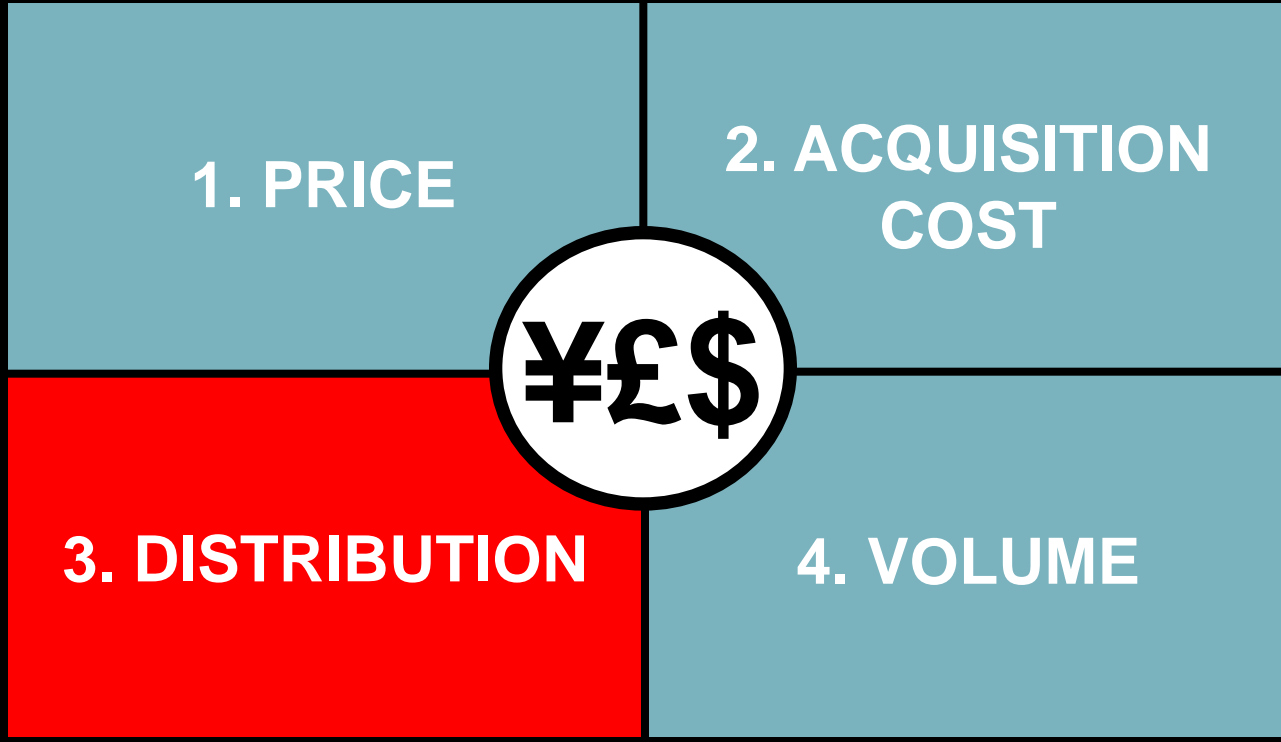


Lean-forward supports our marketing



By commercialising our social and digital audiences we grow a cost-effective new acquisition source...

4 factors will increase circulation profit



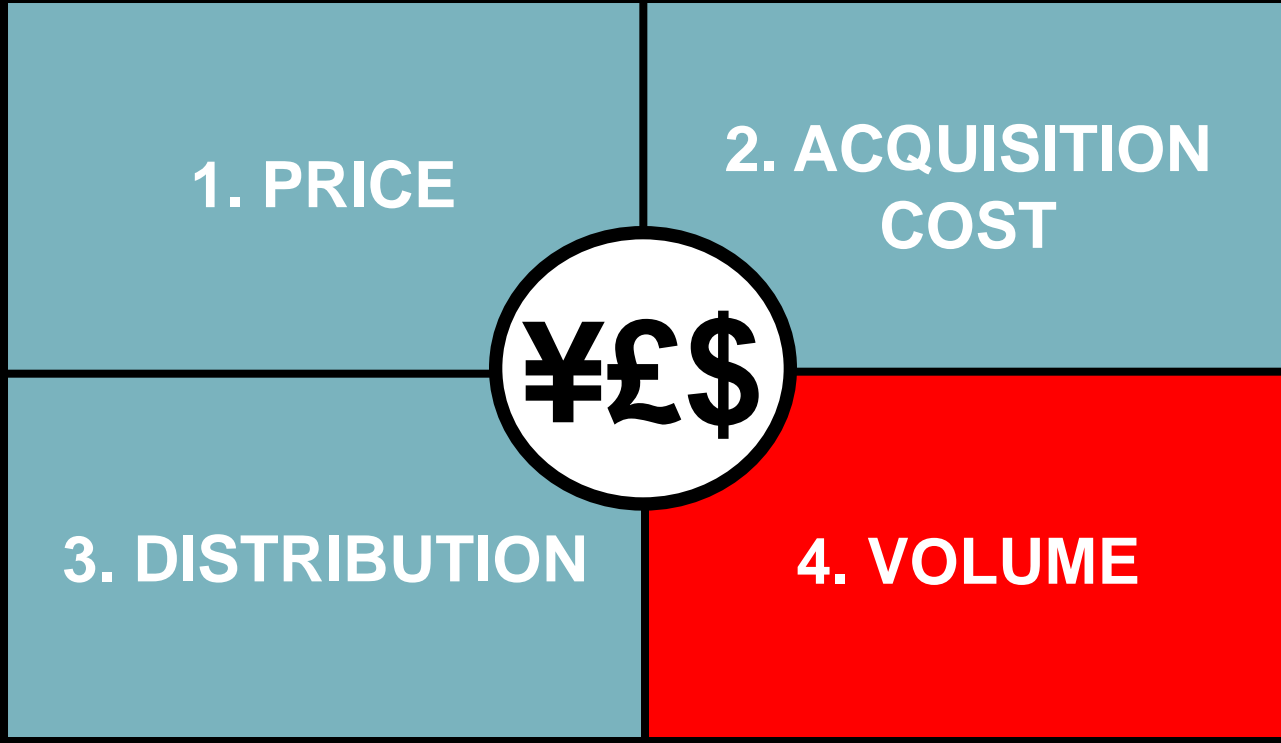
The drivers of distribution

Trust

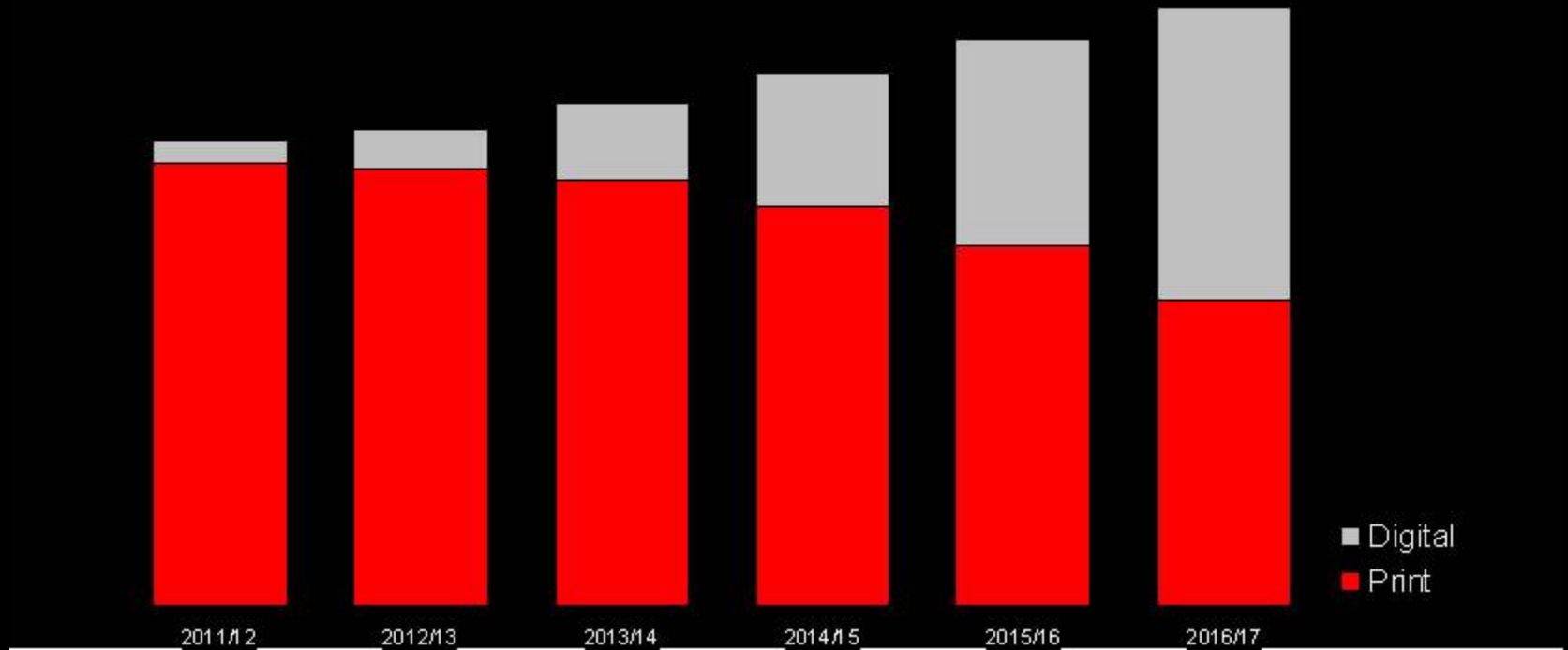
Value

Convenience

4 factors will increase circulation profit



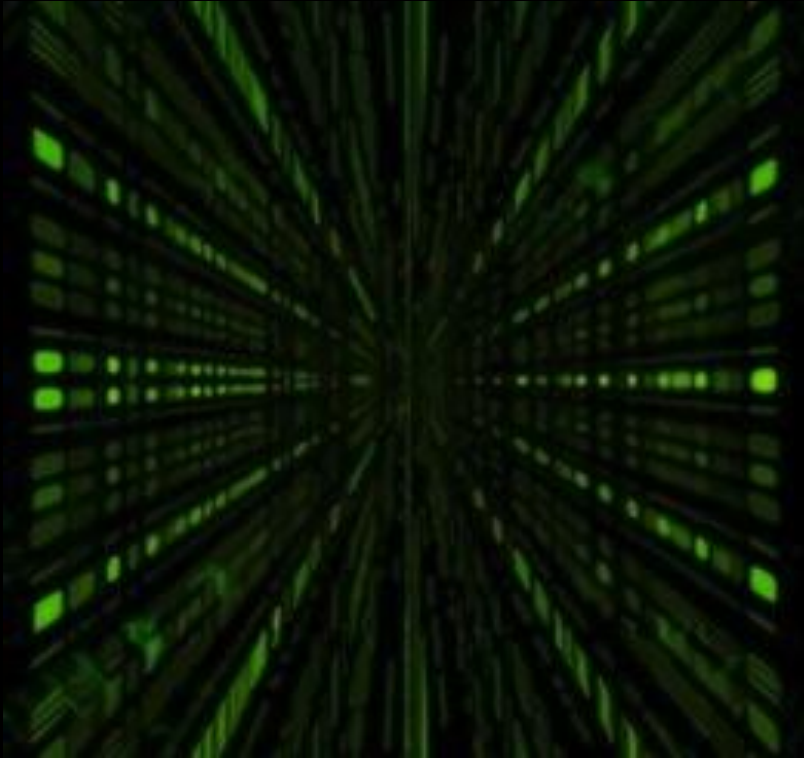
Our circulation will grow ...



... but with an increasing proportion of digital-only readers

Advertising and marketing-services: the drivers of profit

Challenges



1. Print dollars can become digital cents
2. Tablet advertising is unlikely to match print advertising revenues
3. Advertising's share of total marketing spend looks set to decline

Lean-forward, community strategy for Economist.com + Ideas People Channel



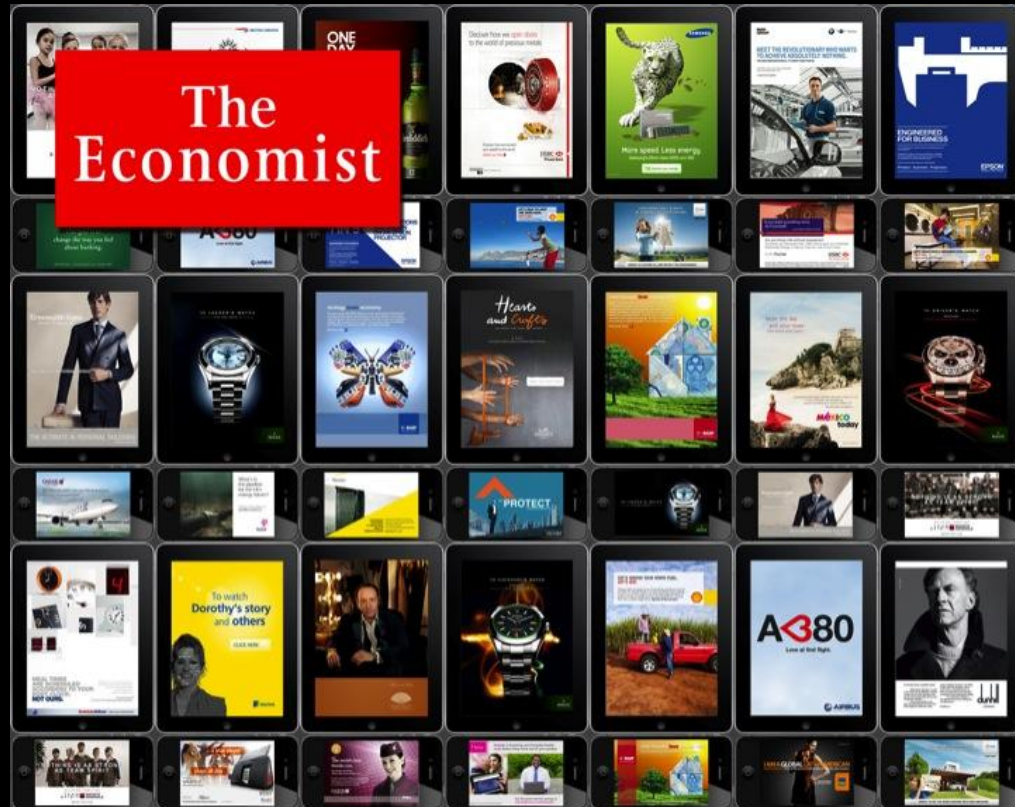
Community-generated content is the most efficient way to drive growth of Economist.com

The engagement inherent in lean-forward community participation is sustainable protection against CPM erosion

Ideas People Channel provides scale beyond our own online platforms

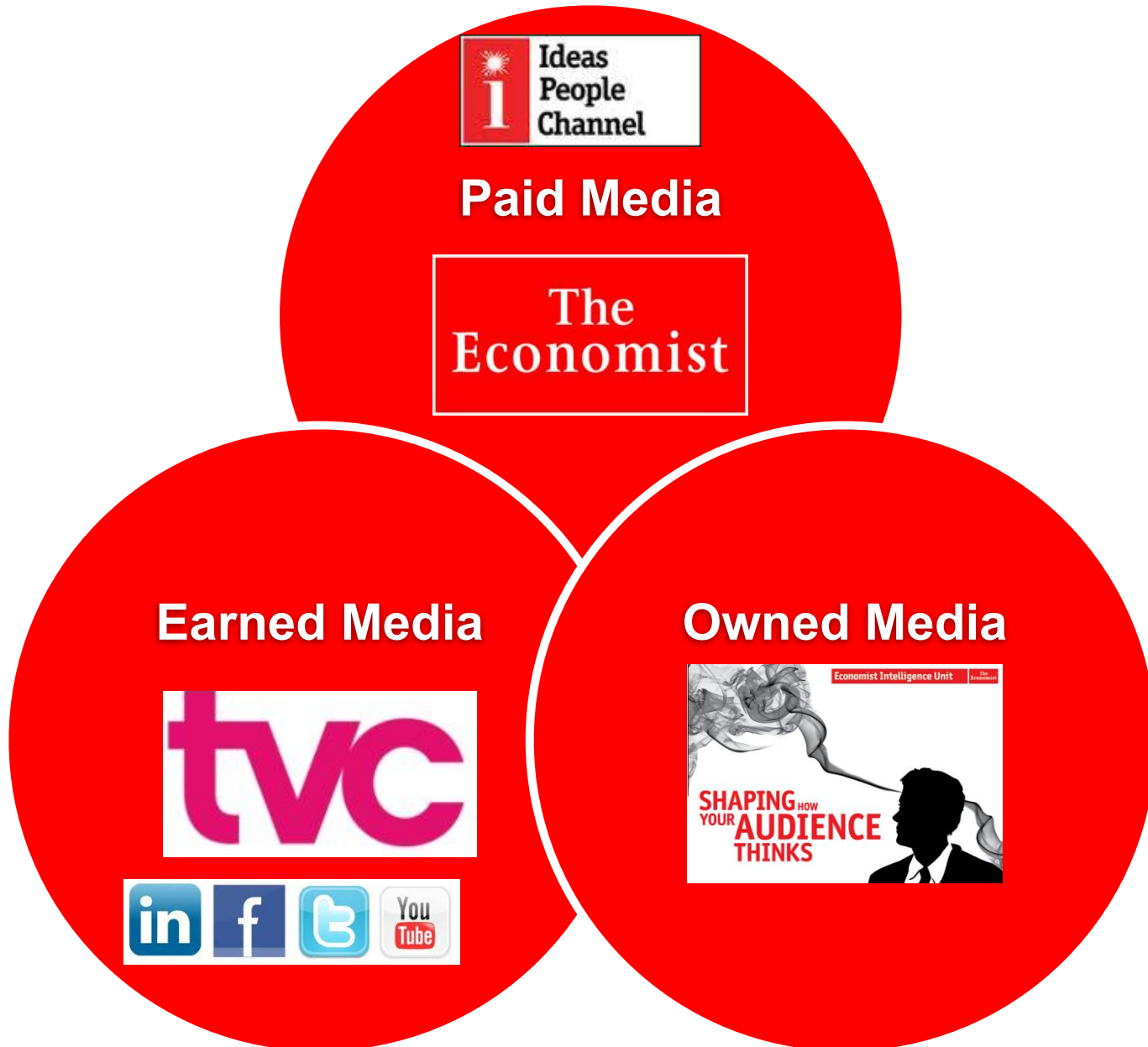


Tablet advertising opportunity is best of both worlds

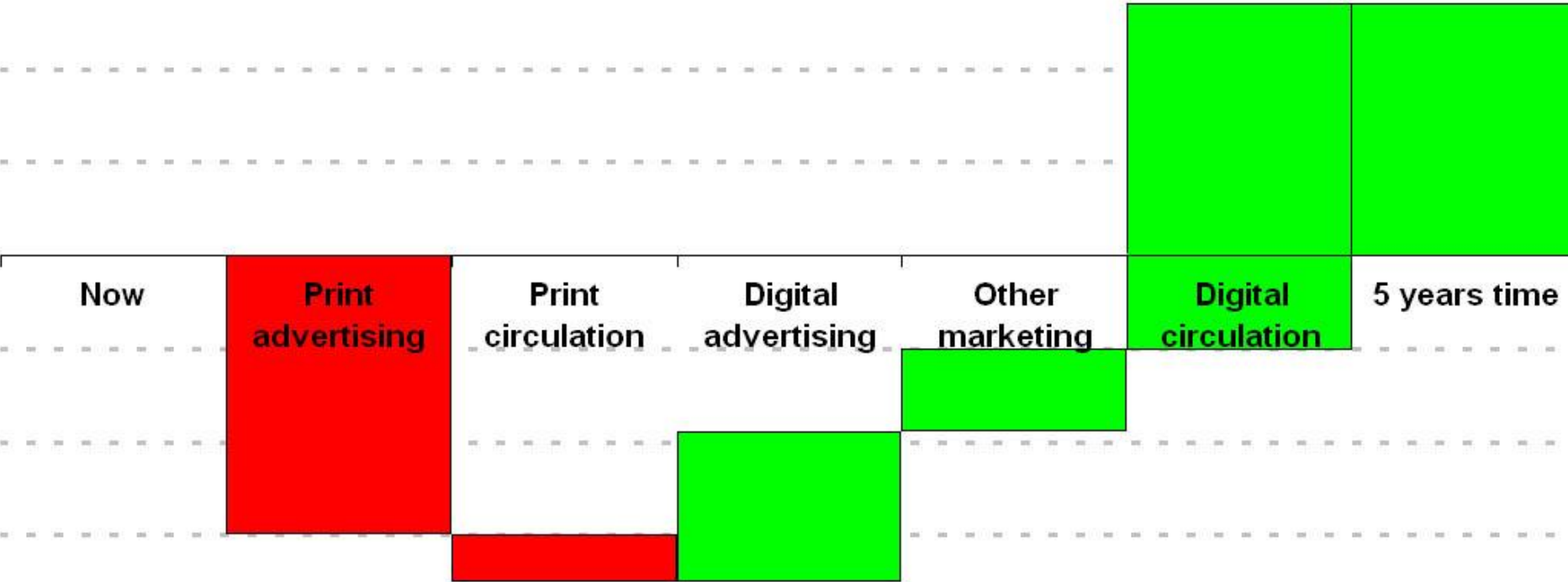


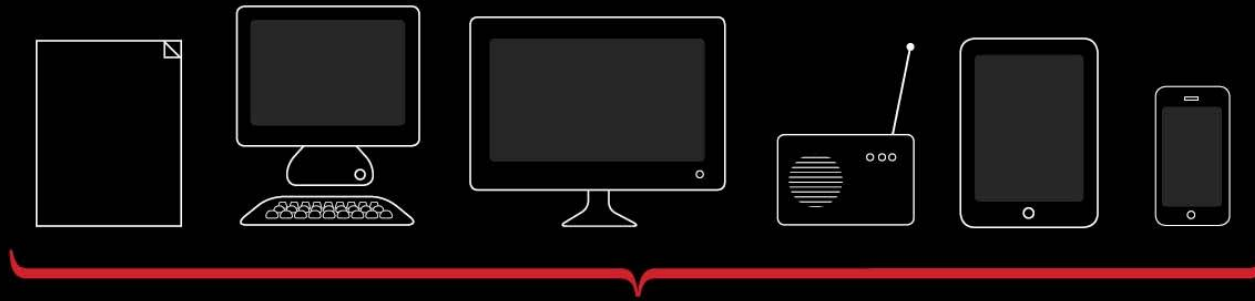
For our clients tablet advertising combines the brand impact of print advertising with the engagement and interactivity of online advertising

Combining paid, earned and owned ...



Relative profit bridge from most profitable point





CONCLUSION

LEAN BACK 2.0 IS NOT THE END:

Tablets were not the first radical change to hit the media industry –
They won't be the last.

Since the 1980s there have been successive waves of technological disruption.

Most companies have adapted, some have died, and many more businesses
have taken their place as channels have proliferated.

SINCE 1843, *THE ECONOMIST* HAS BENEFITED FROM VARIOUS TRENDS:

▶ GLOBALISATION ◀

▶ SPREAD OF THE ENGLISH LANGUAGE ◀

▶ MASS INTELLIGENCE ◀

And with luck lean back 2.0 is the latest ...

**You can continue to follow the themes of this presentation at
www.economistgroup.com/leanback or follow @LeanBack2_0 on Twitter**

{ LEAN BACK 2.0 }

ANDREW RASHBASS, CHIEF EXECUTIVE
THE ECONOMIST GROUP
JANUARY 2012

The
Economist