THE 2013 MAGAZINE MANUFACTURING AND PRODUCTION TECHNOLOGY SURVEY

SATISFACTION LEVELS FOR DIGITAL AND MOBILE CONTENT PRODUCTION AND DELIVERY SYSTEMS IS CREEPING BACK UP FROM WHAT USED TO BE LESS-THAN ENTHUSIASTIC LEVELS. AND, IN THE LAST YEAR, INVESTMENT IN NEW TECHNOLOGY HAS JUMPED UP.
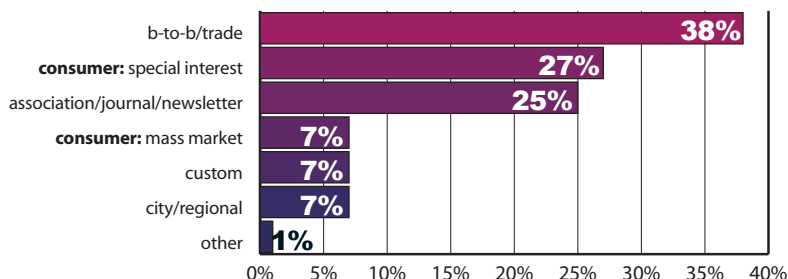
BY BILL MICKEY

After a four-year decline, new technology investment has suddenly jumped up significantly, according to Folio:'s 2013 manufacturing and production technology survey. This drastic spike brings new tech investment above 2008 spending levels. All of this is coming at a time when respondents are indicating slightly higher satisfaction levels with the technology used to produce print and digital content.

The more positive outlook and loosening of spending constraints on new technology are emerging as the mobile publishing market is exploding, necessitating increased investment as reader engagement is sourced more and more from this platform. While print is still the dominant platform for revenue, not to mention readers, publishers are making significant investments in increasing numbers to overhaul their digital platforms to accommodate and facilitate mobile use.

RESPONDENT CHARACTERISTICS

About 38 percent of respondents indicated that they publish b-to-b publications. Almost as many, 34 percent, indicated they publish consumer titles, although 7 percent of that total specifically represents mass-market publications. A quarter of respondents publish association titles. Respondents were allowed to make multiple selections, so the total percent is greater than 100. Nevertheless, these numbers indicates that the investment increase we're seeing is not isolated with the larger publishers who may have a sizable war chest set aside for intensive R&D.

FIGURE 1:
RESPONDENT MAGAZINE TYPES

Magazine Type	Percent
b-to-b/trade	38%
consumer: special interest	27%
association/journal/newsletter	25%
consumer: mass market	7%
custom	7%
city/regional	7%
other	1%

Combined revenue is a healthy mix for this survey. Twenty percent say their companies bring in $10 million or more. A similar number, 23 percent, are on the smaller end of the market, reporting under $1 million in revenue. A slight majority, 35 percent, represent the middle tier, at $1 million to $9.9 million in revenue.

Again, the mix of revenues represented here points to a shared investment experience across the various sizes of respondent companies.

PRINT STILL DOMINATES

Print, by far, is still the primary delivery platform for paid content, with a mean of 92 percent of respondents identifying themselves as consumer publishers indicating this method. In the b-to-b market, a mean of 80 percent of respondents selected this platform.

From there, paid content delivery drops off significantly. Only 8 percent of consumer publisher respondents say they offer paid Web content, while b-to-b publishers report slightly more than double the amount of paid content offerings.

The same can be said with the tablet and mobile. Only 4 percent of consumer respondents offer paid content on the tablet platform, while 7 percent of b-to-b publishers do so. Smartphones are even less—only 2 percent of b-to-b and consumer publishers indicate this is a paid content platform.

Those numbers match up with broader industry trends, where trade content often has an easier case to make when charging for content on the digital and tablet platforms. Its utility lends value.

Respondent job types, as they typically have over the years, break down largely between art/design and production. Although this year, we saw a significant increase in respondents who also do e-media and web development work.
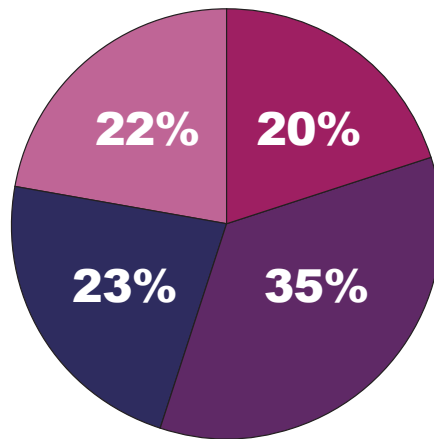

FIGURE 2:
RESPONDENT COMBINED REVENUE

- $10 million or more
- $1-$9.9 million
- Under $1 million
- No answer

FIGURE 3:
PUBLICATION DELIVERY FORMATS
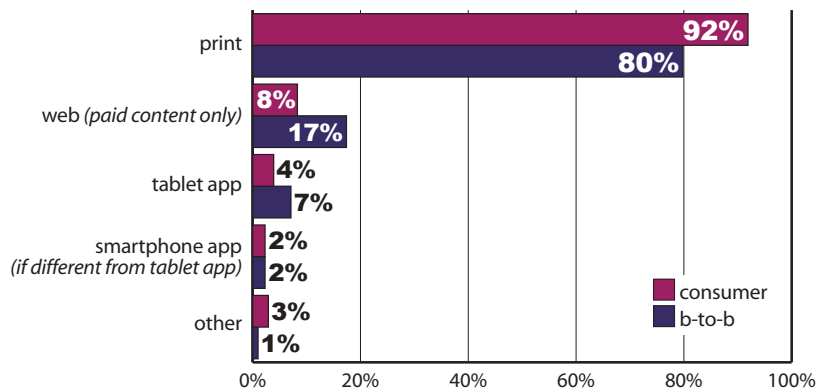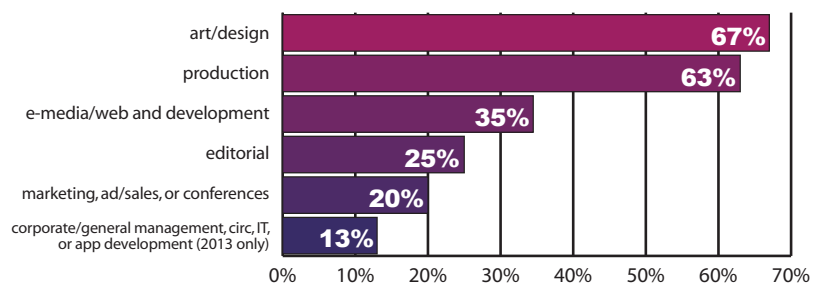**(MEAN, BY TYPE)**

consumer
b-to-b

FIGURE 4:
RESPONDENTS' WORK RESPONSIBILITIES

Companies, at least within our respondent pool, predominantly keep production and design work in-house. Eighty-seven percent of respondents say they use in-house resources, while 91 percent of b-to-b respondents say the same. Outsourcing, which includes agency, design/production firms, printer services and so on, is,

by far, only utilized by a minority of respondents—13 percent of consumer publishers and 9 percent of b-to-b publishers.
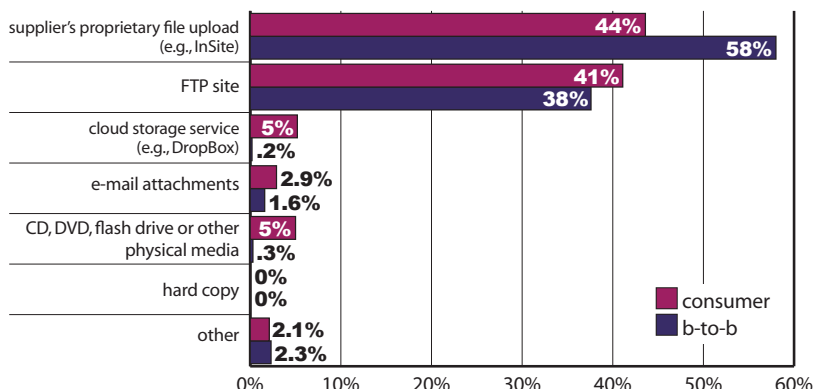
Of those in-house resources used, most are applied to the design and production of print products. In very similar numbers to last year's survey, consumer and b-to-b respondents say that 70 percent and 67 percent of resources are applied to print, respectively. Although 25 percent of resources are dedicated to producing both print and tablet design and layout, a slightly higher number than last year, and identical between b-to-b and consumer publishers.
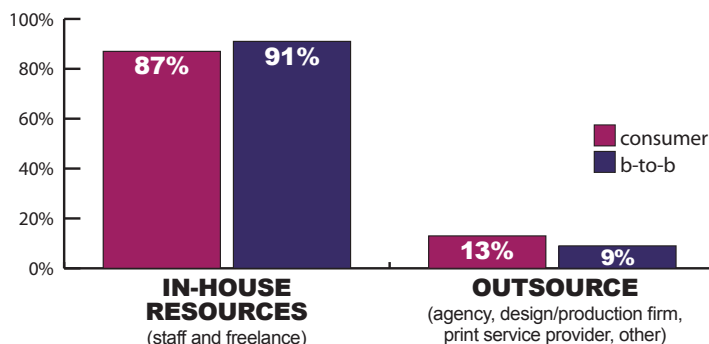
SMARTPHONES NOT HIGH ON THE LIST

Once again, smartphone production resources are very small with only 3 percent of resources dedicated to smartphone content on the consumer side and only slightly higher with b-to-b, at 5 percent.

How final files end up at the printer are largely divided between a supplier's proprietary uploading system and an FTP site. Fifty-eight percent of b-to-b publishers indicate the use of a proprietary platform, such as InSite, while 38 percent utilize an FTP site. Consumer publishers are slightly more evenly split, with 44 percent using a proprietary system and 41 percent uploading via FTP. From there, numbers drop significantly, with about 5 percent of consumer publishers delivering files through a cloud service and 3 percent still using email attachments. Five percent of consumer publishers also still utilize physical media of some kind, whether DVD, CD or a flash drive. B-to-b publishers on the other hand have almost uniformly moved to the proprietary or FTP methods, with barely reportable numbers indicating these other avenues.
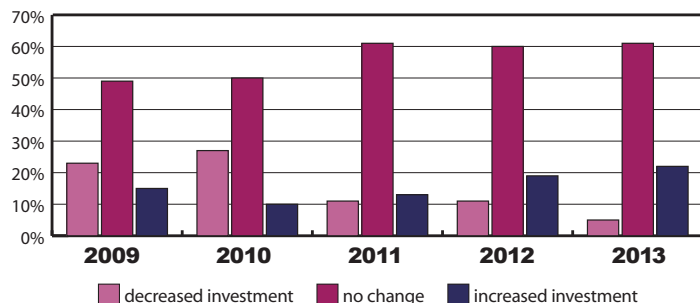
SPECIFIC PRODUCTION TECHNOLOGIES

This year, the numbers broke down quite differently between b-to-b and consumer publishers on the types of production technologies they used to produce their content. Last year, b-to-b publishers exceeded consumer publishers in every category but JDF files. The JDF percentages mirror last year, but the rest of the metrics have since flip-flopped, with consumer publishers indicating a greater degree of use of the variety of technologies. Both categories are heavily into virtual proofing—86 percent consumer and 81 percent b-to-b—which makes sense given

FIGURE 5:
FINAL LAYOUT DELIVERY METHODS

	consumer	b-to-b
supplier's proprietary file upload (e.g., InSite)	44%	58%
FTP site	41%	38%
cloud storage service (e.g., DropBox)	5%	.2%
e-mail attachments	2.9%	1.6%
CD, DVD, flash drive or other physical media	5%	.3%
hard copy	0%	0%
other	2.1%	2.3%

FIGURE 6:
RESOURCES: IN-HOUSE VS. OUTSOURCE

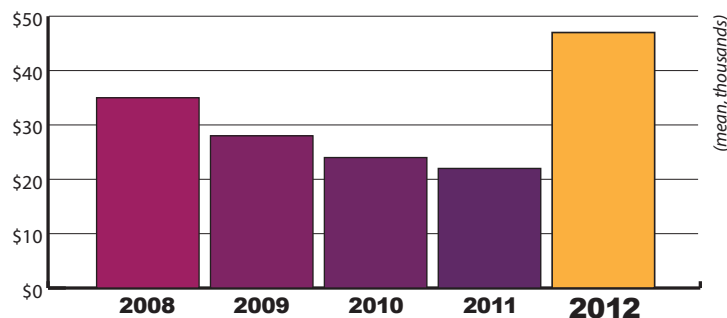|	consumer	b-to-b
IN-HOUSE RESOURCES (staff and freelance)	87%	91%
OUTSOURCE (agency, design/production firm, print service provider, other)	13%	9%

FIGURE 7:
PROPORTION OF IN-HOUSE RESOURCES USED

- design, layout, and production for print only
- design, layout, and production for tablet or smartphone apps only
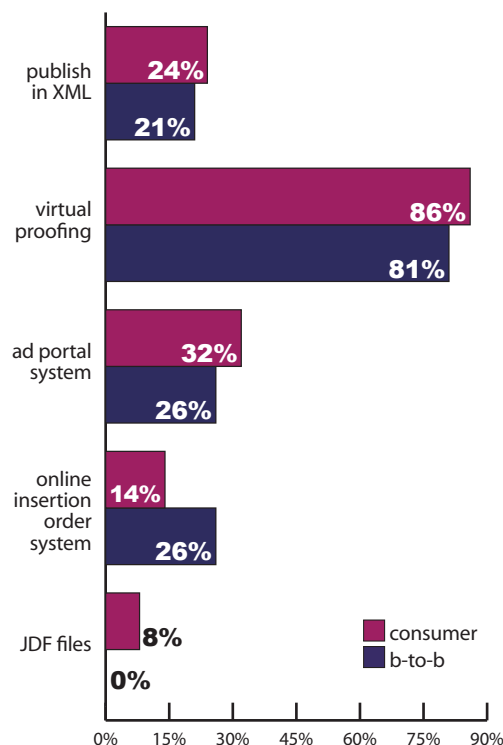- design, layout, and production for both print and apps
- other

CONSUMER — 70%, 25%, 3%, 2%

B-TO-B — 67%, 25%, 5%, 3%

FIGURE 8:
PRODUCTION INVESTMENT
(PERSONNEL & TECHNOLOGY)

Legend: decreased investment · no change · increased investment

FIGURE 9:
NEW PRODUCTION TECHNOLOGY INVESTMENT

(mean, thousands)

FIGURE 10:
CURRENT USE OF TECHNOLOGY
(BY TYPE)

Technology	consumer	b-to-b
publish in XML	24%	21%
virtual proofing	86%	81%
ad portal system	32%	26%
online insertion order system	14%	26%
JDF files	8%	0%

the large percentages using a proprietary file uploading service or FTP system.

Last year, virtual proofing showed the largest discrepancy between b-to-b and consumer publishers, with a 10 percent difference, but that gap has since closed.

XML ON THE RISE

Publishing in XML has grown since last year, with 24 percent and 21 percent of consumer and b-to-b publishers using the technology, respectively. Last year, there was a clear gap with more b-to-b respondents using the technology than consumer, with both at sub-20 percent levels.

This is a metric where we'll likely see continued growth. Larger publishers are already overhauling their content production systems to enable more efficient cross-platform publishing, a key strategy now that mobile and tablet publishing are a major focus in the content mix.

Going forward, any growth in the XML publishing category will continue to be centered on the larger publisher market. Indeed, in this year's survey, 46 percent of the publishers who publish in XML are also in the $10

million and up revenue category. Conversely, 82 percent of publishers who don't use XML are in the $1 million to $9 million revenue category.

Ad portal systems are used by about one-third of consumer publishers and a quarter of b-to-b. This number has held fairly steady over the years. The same can be said of online insertion order systems, but the usage gap between b-to-b and consumer publishers has widened, even since last year. Twenty-six percent of b-to-b publishers use online insertion order systems while only 14 percent of consumer publishers do the same. And like XML, this technology is largely in the realm of the larger market publishers.

PRODUCTION TECHNOLOGY INVESTMENT

The investment picture changed this year. We asked our survey recipients to indicate how much their technology investment changed in full-year 2012 compared to the previous year. While the majority of respondents across both b-to-b and consumer markets have indicated "no change" in their investment patterns in both production personnel and technology the percentages of those

who are investing has been increasing since 2010—and the b-to-b and consumer publishers that are increasing their spending are doing so at similar levels. This year, 26 percent of b-to-b publishers said they increased spending and 24 percent of consumer publishers said the same. Another trend in this area is the smaller number of respondents who say they're decreasing investments.

Of the publishers who do plan to increase their investment in production personnel and tech, about 20 percent of consumer publishers plan to increase spending by 10 to 29 percent, while 17 percent of b-to-b publishers will spend in that same range.

NEW TECH SPENDING SHOOTS UP

The most striking difference in this year's report is the jump in new technology spending in 2012. We're not talking huge numbers here, but after four years of new technology spending declines, the reported investment in this year's survey suddenly spiked. After bottoming out at about a mean value of $22,000 in 2011, full-year 2012 spending more than doubled to a mean of $47,000.

Given these numbers, publishers may have abandoned a wait-and-see approach to adopting updated production technology.

SATISFACTION LEVELS

A new line of questioning began last year around satisfaction levels associated with various technology groups, which was continued in this year's survey. It appears that respondents are gradually warming up to new technology—this comfort level is perhaps what's behind the decision to invest more money.

Understandably, print tech satisfaction levels are very high. Publishers are clearly well entrenched in producing their central product platform. Virtual proofing, website production, content management platforms and mobile app layout production technology round out the top five categories by respondent satisfaction levels.

FIGURE 11:
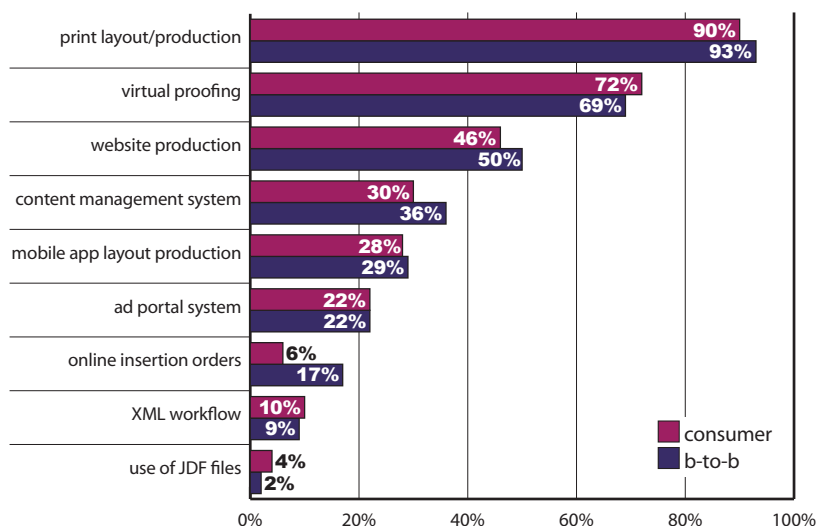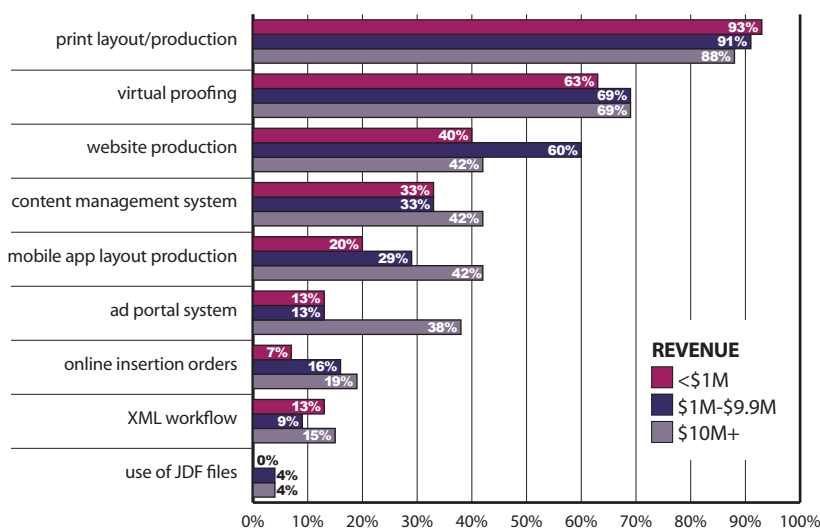## VERY/SOMEWHAT SATISFIED WITH TECHNOLOGY (BY TYPE)

Category	consumer	b-to-b
print layout/production	90%	93%
virtual proofing	72%	69%
website production	46%	50%
content management system	30%	36%
mobile app layout production	28%	29%
ad portal system	22%	22%
online insertion orders	6%	17%
XML workflow	10%	9%
use of JDF files	4%	2%

FIGURE 12:
VERY/SOMEWHAT SATISFIED WITH TECHNOLOGY (BY REVENUE)

Category	<$1M	$1M-$9.9M	$10M+
print layout/production	93%	91%	88%
virtual proofing	63%	69%	69%
website production	40%	60%	42%
content management system	33%	33%	42%
mobile app layout production	20%	29%	42%
ad portal system	13%	13%	38%
online insertion orders	7%	16%	19%
XML workflow	13%	9%	15%
use of JDF files	0%	4%	4%

Again, there is some correlation here between usage and satisfaction. JDF files are at the bottom of the list, for example.

B-TO-B HAPPIER WITH TECH

B-to-b publishers are largely more satisfied with production technology than their consumer counterparts. Not by large margins, but trade publishers tend to like the

FIGURE 13:
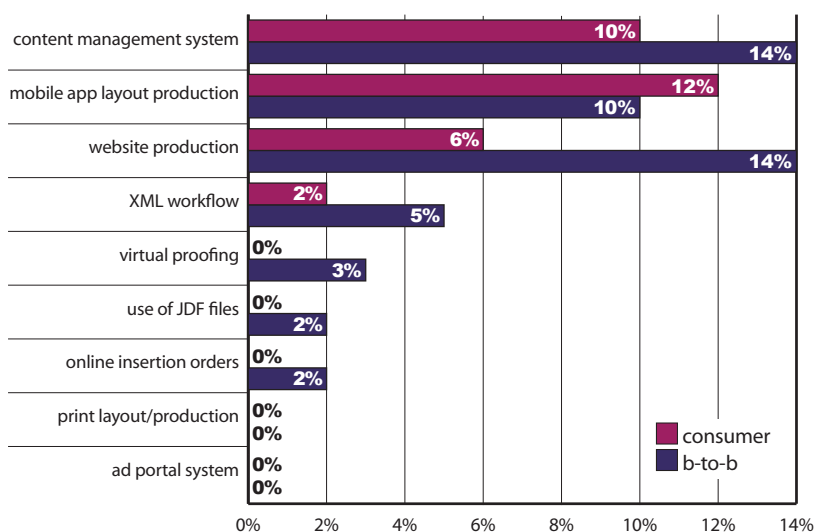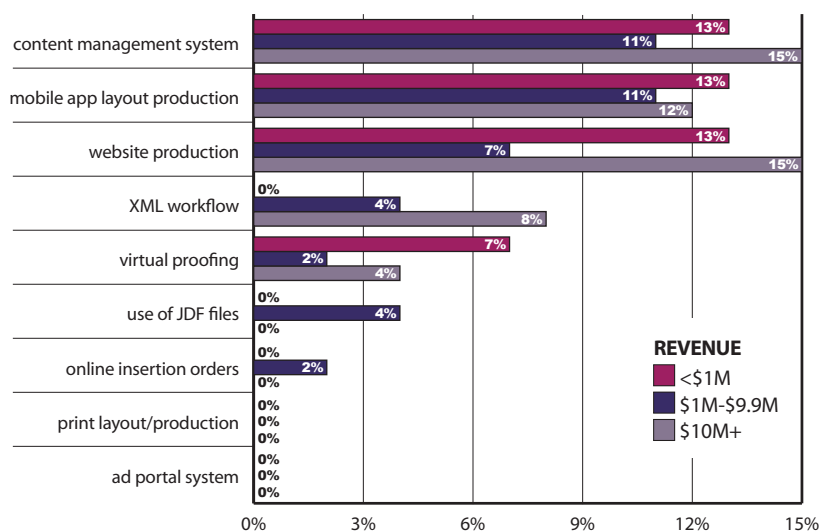## VERY/SOMEWHAT DISSATISFIED WITH TECHNOLOGY (BY TYPE)

	consumer	b-to-b
content management system	10%	14%
mobile app layout production	12%	10%
website production	6%	14%
XML workflow	2%	5%
virtual proofing	0%	3%
use of JDF files	0%	2%
online insertion orders	0%	2%
print layout/production	0%	0%
ad portal system	0%	0%

FIGURE 14:
VERY/SOMEWHAT DISSATISFIED WITH TECHNOLOGY (BY REVENUE)

REVENUE

	<$1M	$1M-$9.9M	$10M+
content management system	13%	11%	15%
mobile app layout production	13%	11%	12%
website production	13%	7%	15%
XML workflow	0%	4%	8%
virtual proofing	7%	2%	4%
use of JDF files	0%	4%	0%
online insertion orders	0%	2%	0%
print layout/production	0%	0%	0%
ad portal system	0%	0%	0%

For example, the production investment numbers indicated in figure 9 largely show more investment is coming from the consumer side of the business. It's not by much, but the consumer respondents said they invested a mean of $48,500, compared to $46,900 in the b-to-b category.

Broken down by revenue, larger market publishers tend to be more satisfied across the various technology groups, perhaps due to their ability to invest.

In the "dissatisfied" category, respondents tended to group their concerns around the CMS, web and mobile technologies. While the levels of dissatisfaction decreased slightly from last year, by single digits, the technology groupings are the same.

METHODOLOGY

The survey sample of 1,000 was selected in systematic fashion by Access Intelligence and Readex Research from Folio: recipients who indicated on Folio:'s subscriber form they are within one of the following functions at their company:
- art / creative / design management
- Web / electronic-media management
- production / manufacturing / distribution management

The sample of the survey represented 1,635 recipients at the time of sample selection. Data was collected via mail survey from May 29 through July 10, 2013. The survey was closed for tabulation with 153 usable responses—a 15 percent response rate. To ensure representation of the audience interest, results have been filtered to include only the 132 respondents whose organizations publish magazines.

The margin for error for percentages based on 132 usable responses is +/- 8.2 percentage points at the 95 percent confidence level. The margin for error for percentages based on smaller sample sizes will be larger.

progress they've made so far with their tech—except in the virtual proofing category where b-to-b publishers are slightly less satisfied, but this correlates with usage. More consumer publishers use virtual proofing, according to figure 10.

And looking back at actual investment, it's not as if satisfaction is a direct correlation to investment levels.