Online Publishers Association

A Portrait of Today's Tablet User Wave II

June 2012

Conducted in partnership with

Frank N. Magid Associates, Inc.

www.online-publishers.org

Frank N. Magid Associates, Inc.

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- **Who We Are:** Frank N. Magid Associates, Inc. is a leading research-based consulting firm with expertise in media, communications and entertainment.
- **Fifty Years and Counting:** Since our first engagement with a local television station 50 years ago, we have been at the forefront of innovation in the media, entertainment and communications industries.
- **Coverage of Multiple Media Platforms:** We boast robust practices across all media platforms including print, broadcast and cable television, the Web, gaming and wireless.
- **Exceptionally Qualified Team:** Our team possesses PhDs and Master's degrees in statistics, marketing, media, engineering, journalism, anthropology, sociology, strategic communications and business, including analysts with advanced capabilities in qualitative and quantitative research methodologies.
- **Experienced Strategic Consultants:** Our strategic consultants include past operators in the print, television, Web, gaming and mobile industries.
- **Global Coverage:** Our team of 150 professionals operates out of offices in Minneapolis, Mumbai, New York, Los Angeles, San Francisco, Chicago, Atlanta, Dallas and Cedar Rapids. Magid's global network of partners extends across 44 countries to support our portfolio of international clients.

Background: Methodology

- OPA collaborated with Frank N. Magid Associates, Inc. for data analysis and insight. The *Magid Media Futures* study evaluates attitudes and behaviors of media and entertainment consumers.
- Data comes from a nationally representative online survey of 2,540 internet users between the ages of 8 and 64. The sample is matched to the U.S. Census with regard to age and gender[1].
- Data was collected from March 19 through March 26, 2012.
- A high-quality, third-party online research panel and data collection firm was used for recruitment and data collection.
- U.S. internet population estimates are derived from U.S. Census Bureau and eMarketer data[2].

Notes:
(1) Margin of error on the entire sample was ±1.94%;
(2) Audience size references the portion of U.S. Internet population reflected in the sample (ages 8-64) as 236.2 million people in 2011, 243.2 million in 2012 and 249.7 million in 2013. (Source: U.S. Census Bureau, eMarketer).

Background: Study Objectives

- To gain insight into the **key dynamics** of the tablet user:
  - Who are tablet users?
  - How are they using tablets?
  - How has tablet usage changed over the past year?
- To understand trends around tablet **advertising**, **content buying** and **e-commerce**:
  - How do tablet users feel about tablet advertising?
  - What types of content are they paying for?
  - Are they purchasing products using their tablets, and how much are they spending?

Summary Findings: Six Key Takeaways

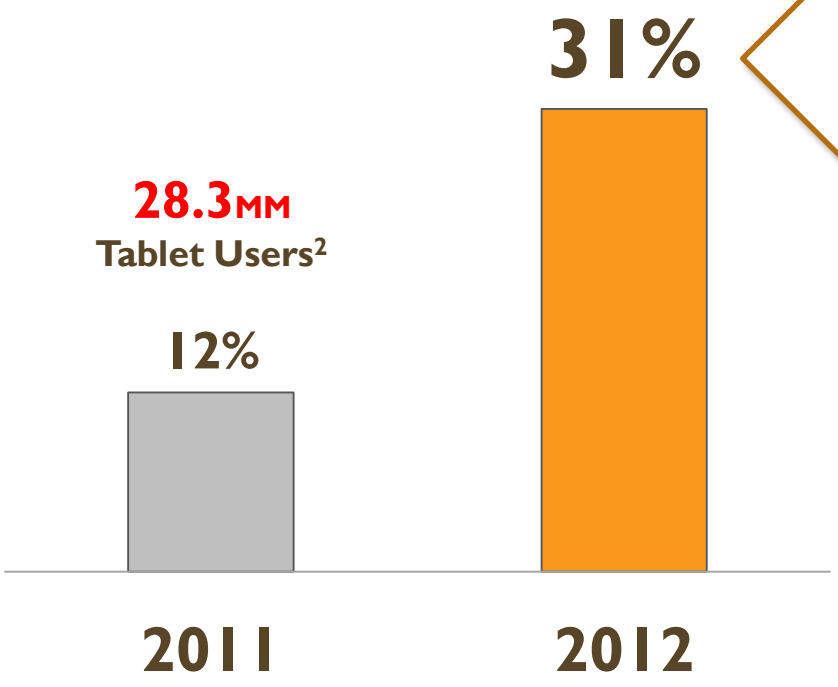
1. **Tablet usage** is exploding.
2. Tablets have become **embedded in people's lives**.
3. **Content consumption** continues to **dominate tablet usage**.
4. Tablet users have an **appetite for paid content**.
5. After seeing tablet ads, tablet users are **driven to actions**.
6. Tablet **content purchasers** and **cross-platform tablet users** are **more positive about tablet ads** and are **more likely to purchase** products from their tablets.

The Tablet Audience

- How Many Consumers Are Using Tablets?
- Which Tablets Are They Using?
- Who Are Tablet Users?
- Who Intends to Buy Tablets?

Tablet Adoption Has Exploded to 31%, Up From 12% in 2011, Representing 74MM Users

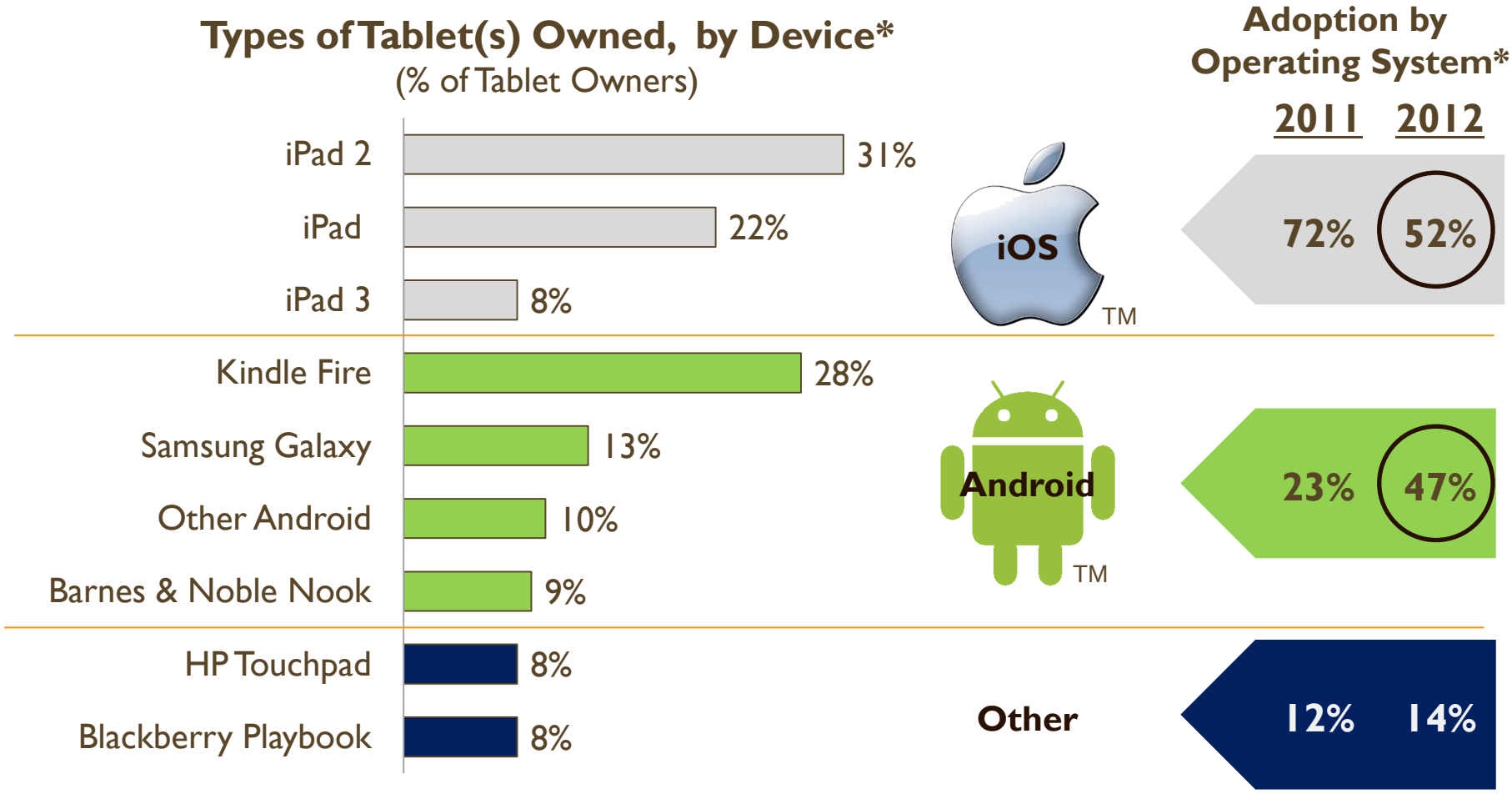
Tablet Owners/Regular Users[1]
(% of Respondents)



74.1MM Tablet Users[2]

[1]: 94% of 758 "tablet users" sampled indicate that they "own" their tablets; however, the bulk of this survey will focus more on the broader "tablet user" base.
[2]: Based on estimated U.S. Internet population data (ages 8-64) from the U.S. Census Bureau and eMarketer.
Base: Total sample, N=2,482. SCR.I and SCR.J: Which of the following do you own or use regularly? Select all that apply.

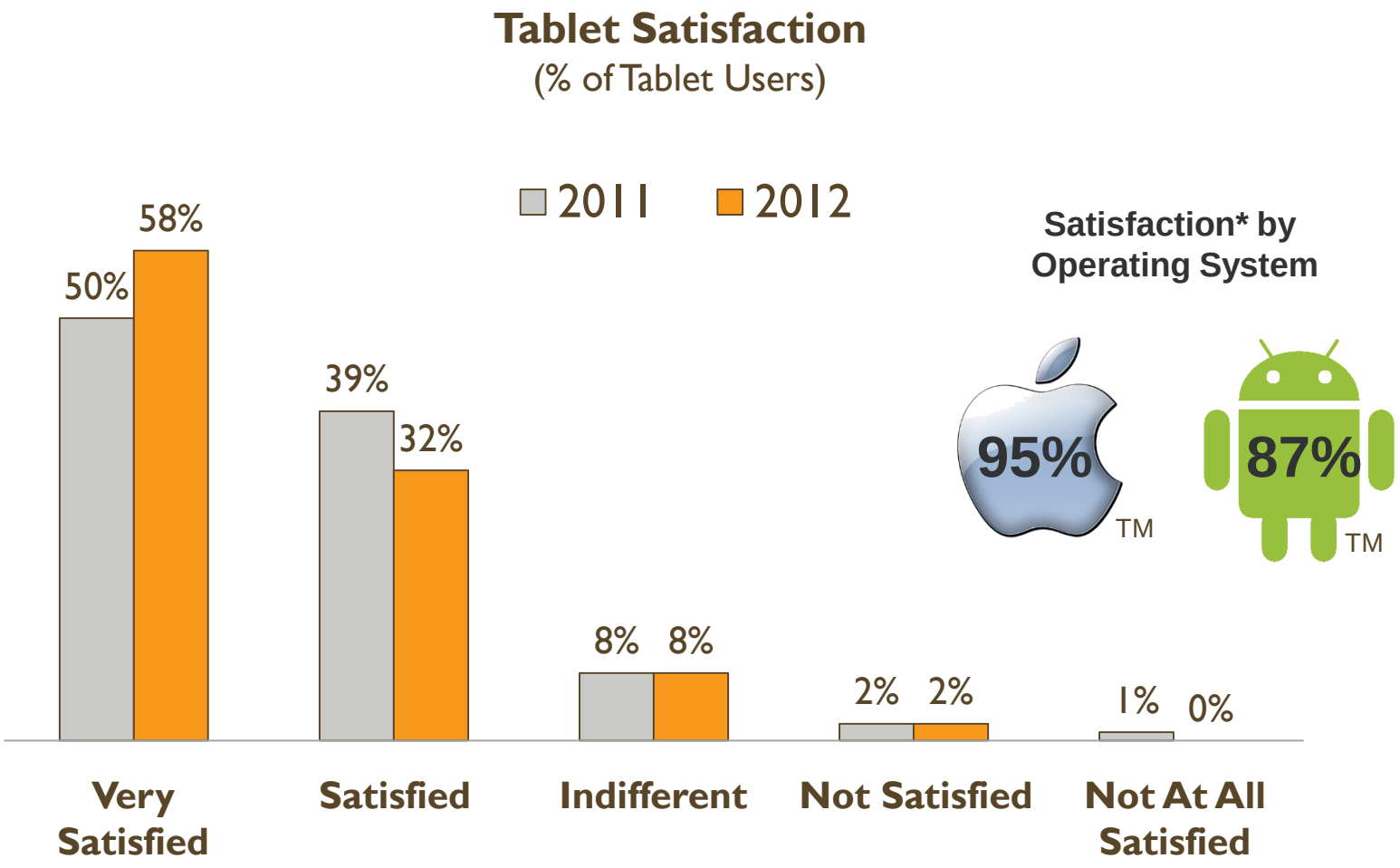
Android Platform Penetration Reaches iOS Level on Strength of Kindle Fire



* Note: Percentages do not add up to 100% because some tablet users own/use more than one type of tablet. Values are de-duplicated for adoption by operating system.

Base: Wireless tablet owners/users, N=758. Q.6: Which of the following brands of wireless tablets do you currently own in your household?

Overall, Tablet Satisfaction Has Increased Based on More "Very Satisfied" Users



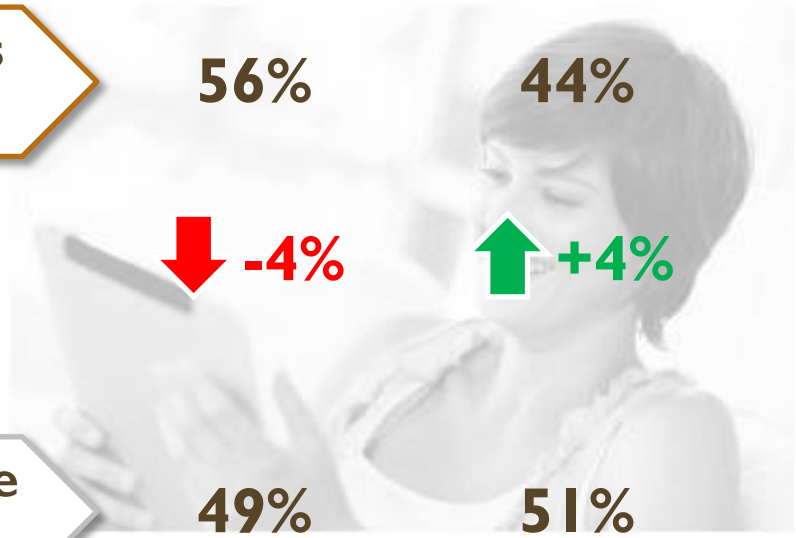
* Satisfaction indicates either "very satisfied" or "satisfied"

Base: Tablet owners/users, N=710. Q.7.B: How satisfied are you with your wireless tablet?

Tablet User Base is Trending Older and to a More Balanced Male/Female Split

2012 VS. 2011

Male ↓ | Female ↑ | Age Breakout ↑



Tablet Users N=758

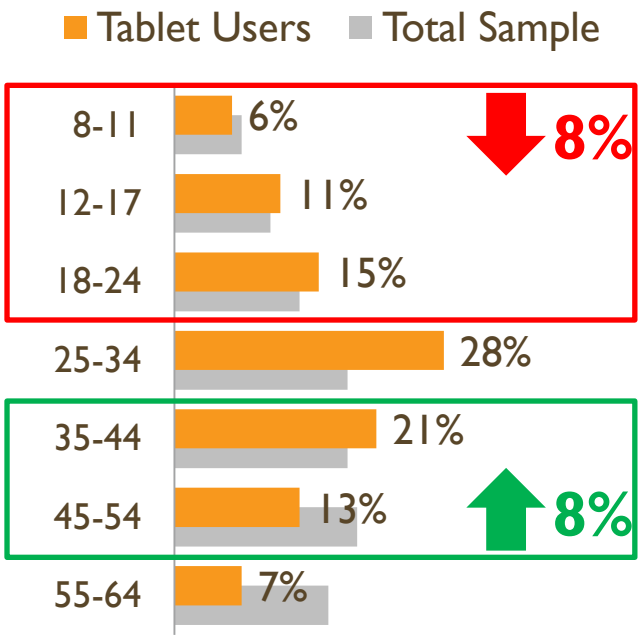
56% | 44%

YOY Change vs. 2011

-4% | +4%

Total Sample N=2,540

49% | 51%

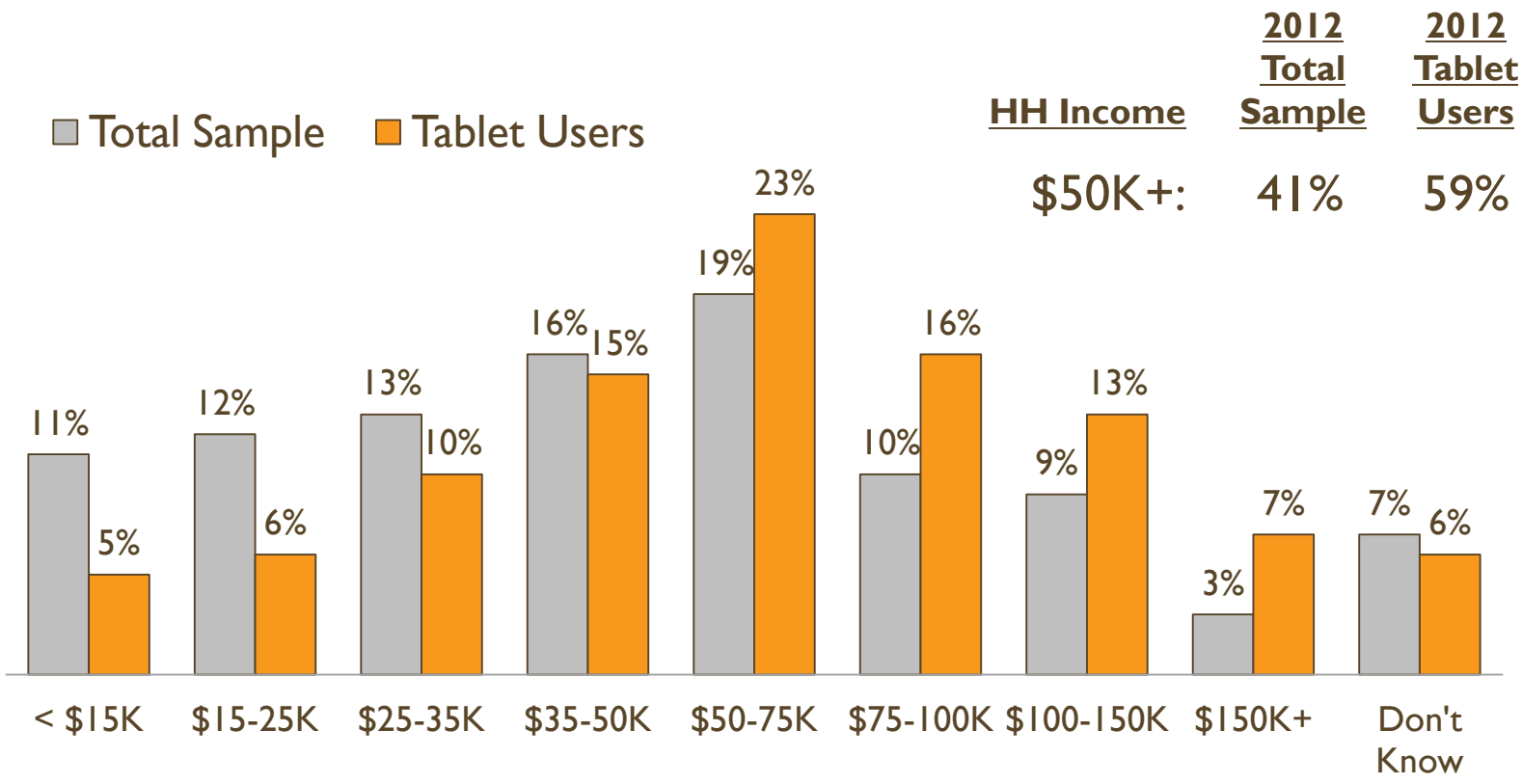


Base: Total sample, N=2,482; Tablet owners/users, N=758.
SCR.B: What is your gender?; SCR.C: How old are you?

Tablet Users Are Coming Increasingly From Higher Income Households

Household Income for Total Sample vs. Tablet Users

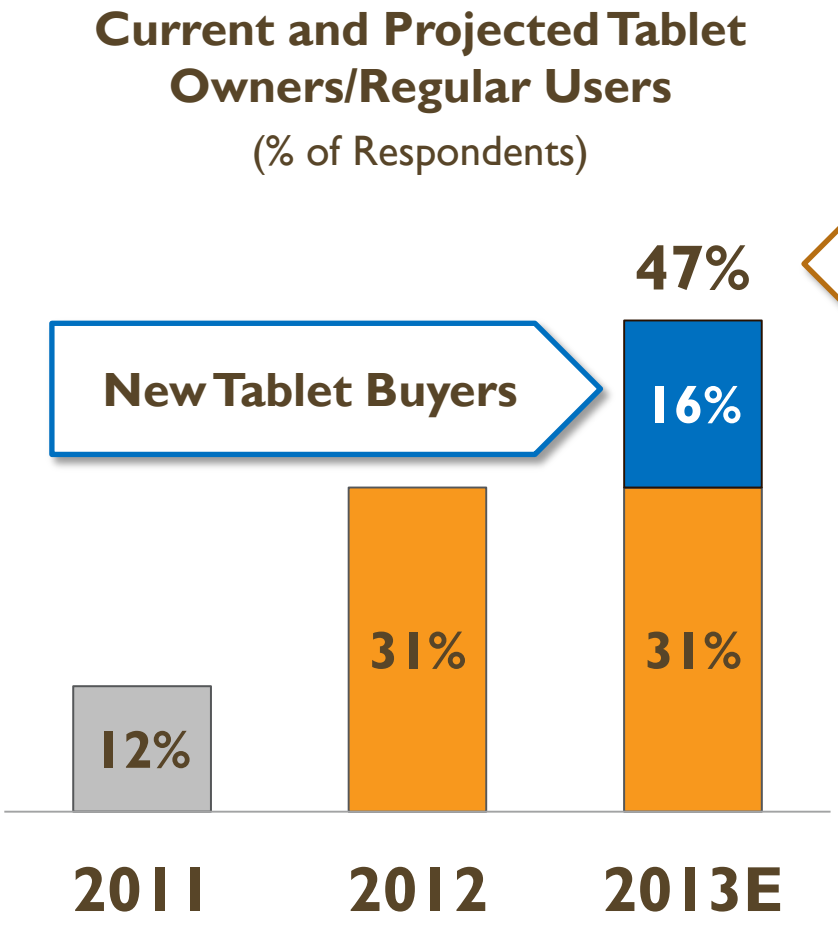
(% of Respondents, % of Tablet Users)



HH Income	2012 Total Sample	2012 Tablet Users
$50K+:	41%	59%

Base: Total sample, N=2,540; tablet users, N=758. CLASS.E: What is your approximate annual household income before taxes? This includes the combined salary of all household members who work, income from pension, Social Security, etc.

Tablet Penetration is Expected to Reach 47% by 2013; 16% are New Tablet Buyers



2013 Projected Tablet Penetration:

47%

(117.4MM users*)

* Source: U.S. Census Bureau and eMarketer.
Base: Total sample, N=2,540. SCR.K: Even if already owned, which of the following devices will you purchase within the next 12 months? Select all that apply.

New Tablet Buyers Skew Even More Female and Older

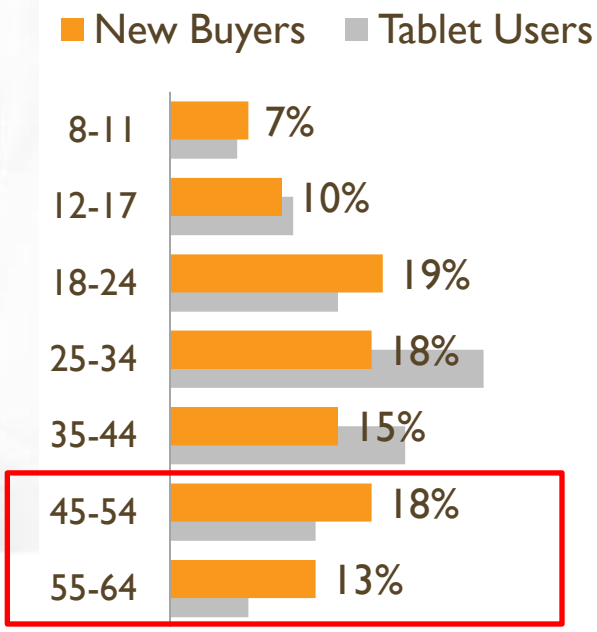
2012 AHEAD

Male

Female

Age Breakout

	Male	Female
New Buyers N=401	48%	52%
Tablet Users N=758	56%	44%



Base: Respondents who plan to purchase a wireless tablet in the next 12 months but do not currently own one, N=401.
SCR.K: Even if already owned, which of the following devices will you purchase within the next 12 months? Select all that apply.

The Tablet Audience: Who Are Tablet Users?

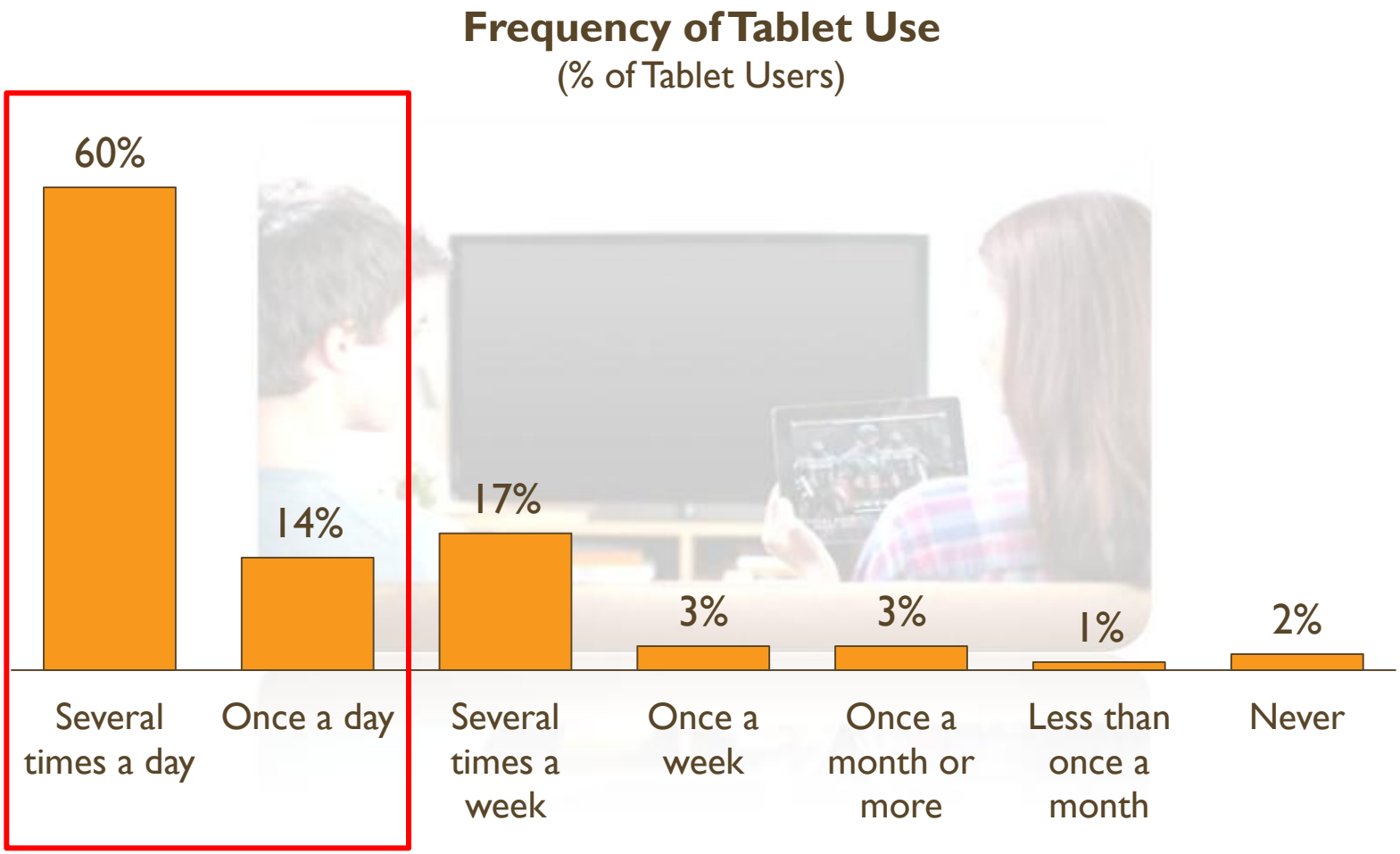
- An estimated **31% of the U.S. Internet population, ages 8-64, uses a tablet** (estimated 74.1 million consumers*), up from 12% (28.3 million consumers*) in 2011.
- **Android device penetration has grown**, and is now nearly **even with iOS device penetration**.
- **Tablet satisfaction has increased** with **58% of tablet users very satisfied** with their tablet, up from 50% in 2011.
- Tablet adoption is **trending older, more balanced between males and females and more affluent**—the majority of tablet users come from **households earning $50K or more**.
- **Tablet penetration is expected to reach 47%** by early **2013** (estimated 117.4 million consumers*).

*Note: Based on estimated U.S. Internet population data (ages 8-64) from the U.S. Census Bureau and eMarketer.

Primary Activities

- How and When Are Tablets Used?
- What Content Are They Accessing?
- How Are Tablet Users Accessing Content?
- How Are Tablet Users Multitasking with Other Devices?

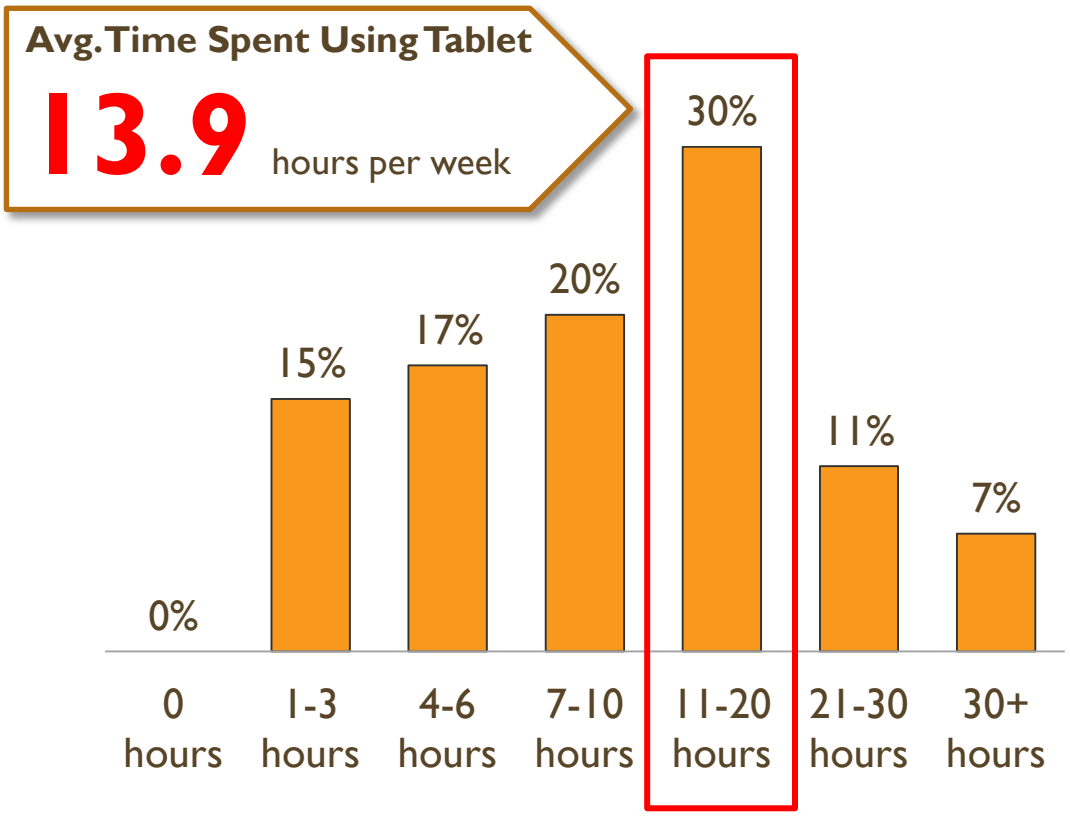
Tablets Have Become Embedded in People's Lives; 74% Use Their Tablet Daily



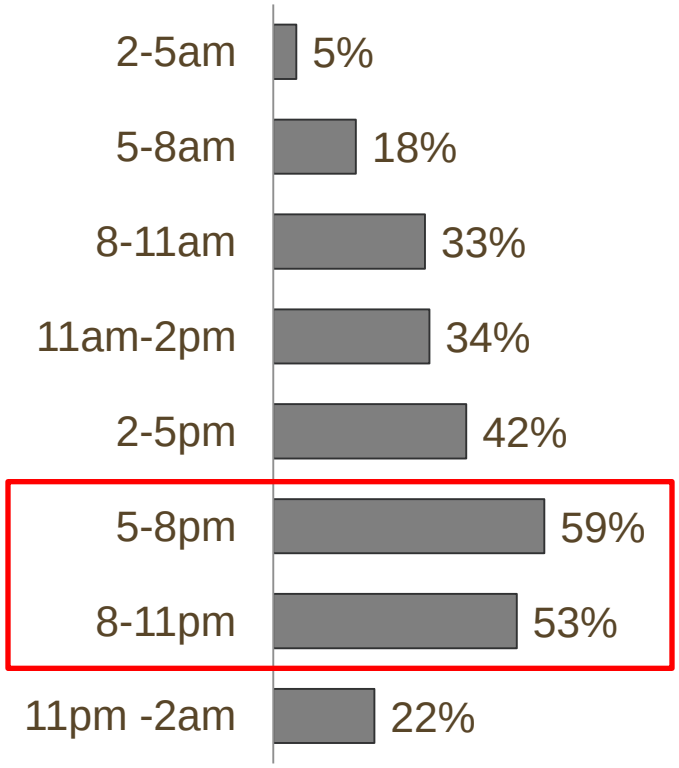
Base: Tablet owners/users, N=724. Q.6.1: About how often would you say you use your wireless tablet?

Time Spent With Tablet is High, Averaging 14 Hours Per Week; Evening Dominates

Weekly Tablet Usage, by Time Spent
(% of Tablet Users)

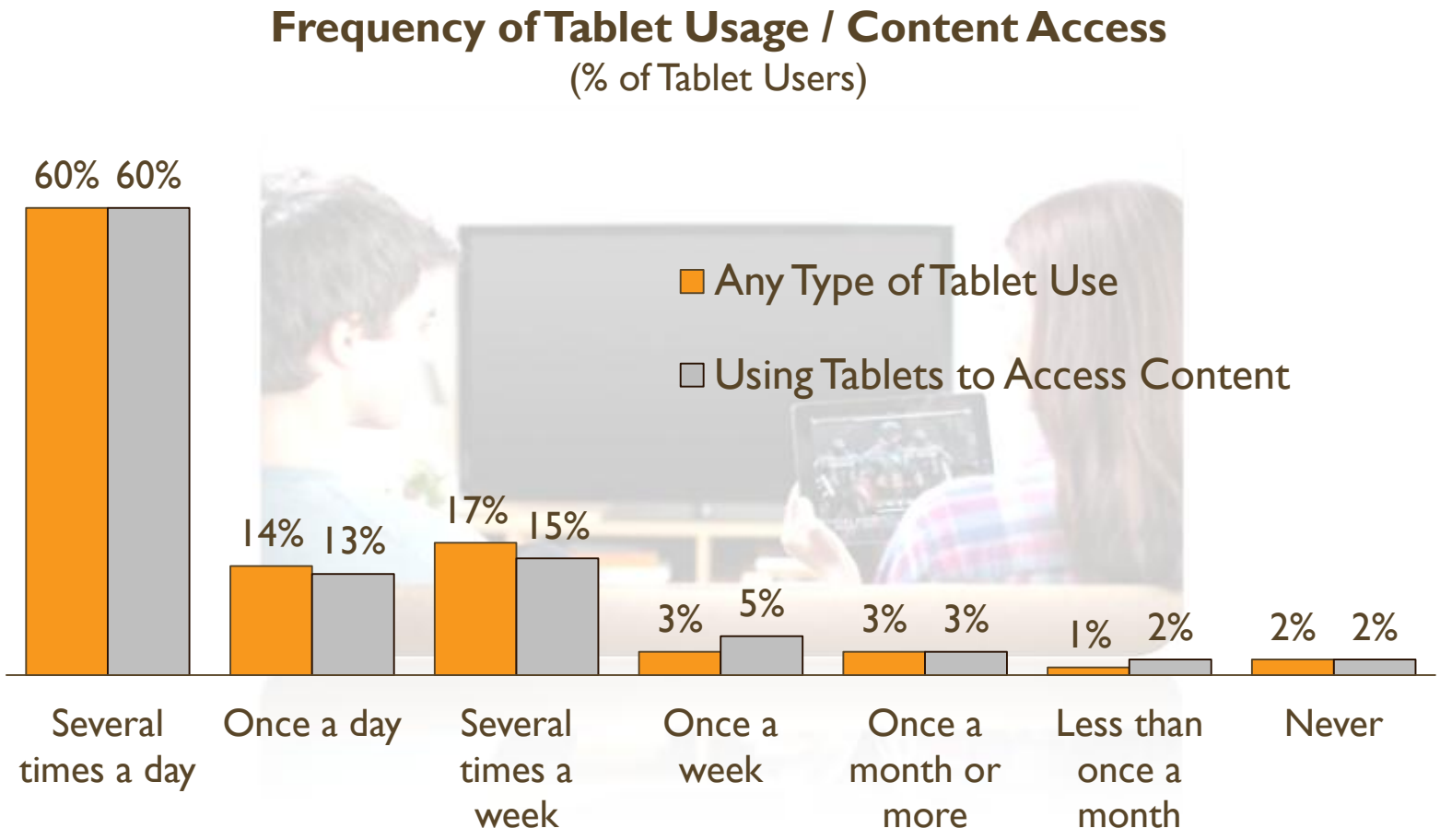


Tablet Usage, by Time of Day
(% of Tablet Users)



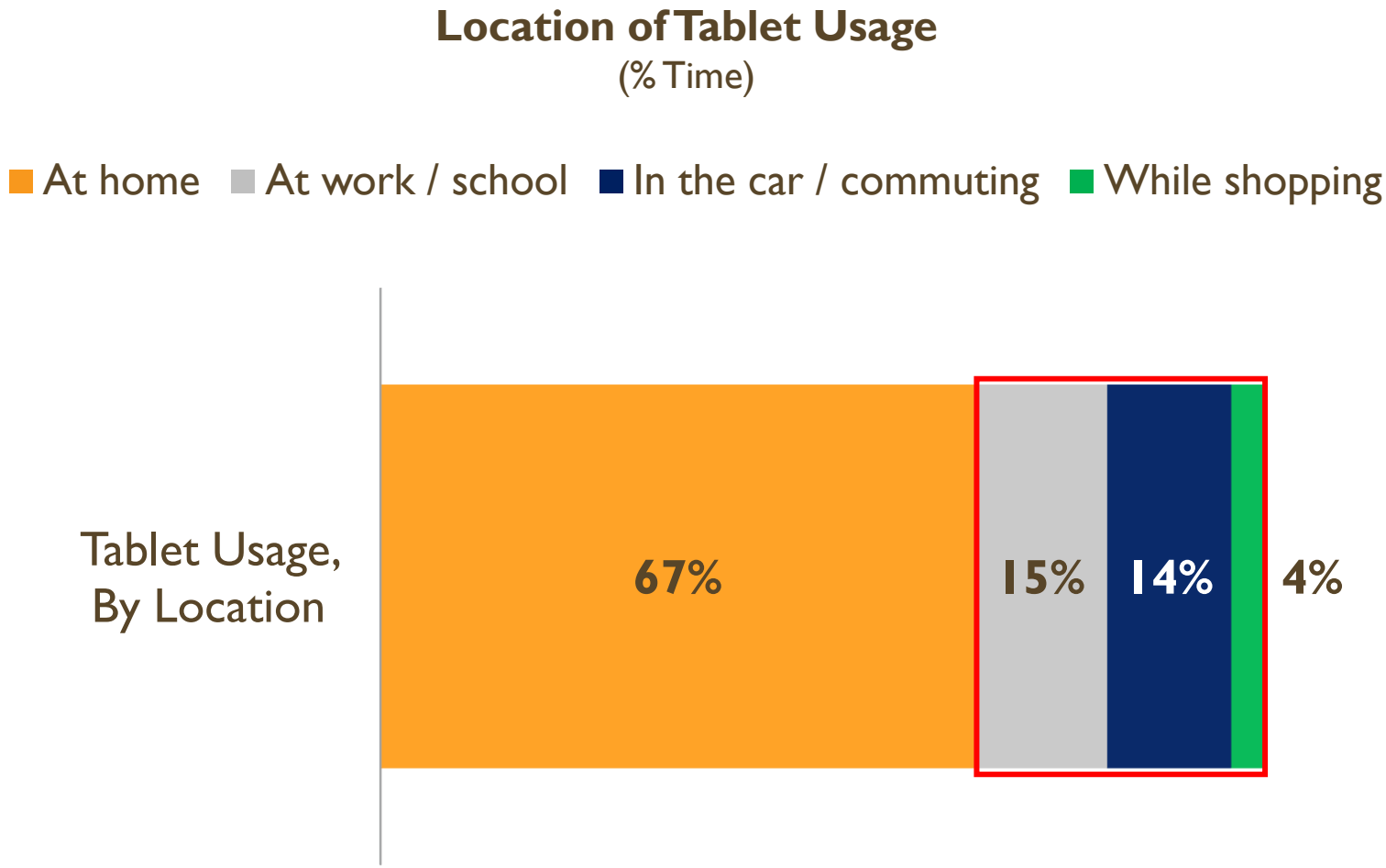
Base: Tablet owners/users whose usage is weekly, N=621. Q.6.2: About how much time approximately do you spend using your wireless tablet in a typical week? Tablet owners/users, N=710. Q.7.A: During which time periods do you typically use your wireless tablet? Select all that apply.

Nearly Three-Quarters of Tablet Users Access Content Daily; Content is Driving Frequency



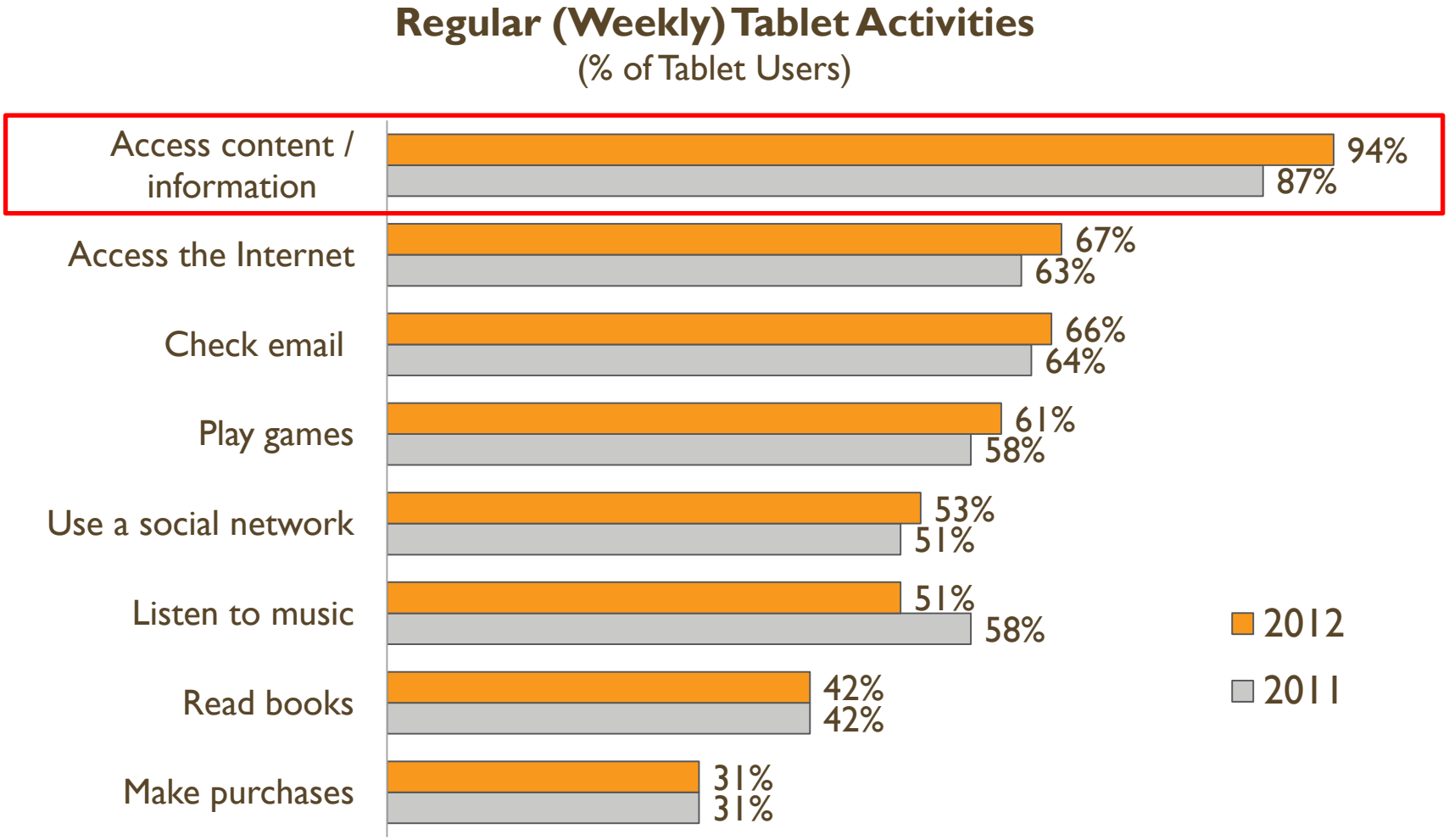
Base: Tablet owners/users, N=724. Q.6.1: About how often would you say you use your wireless tablet?
Base: Tablet owners/users, N=724. Q.6.1.1: About how often do you access content on your tablet?

A Third of Tablet Usage Is Coming From Out of The Home



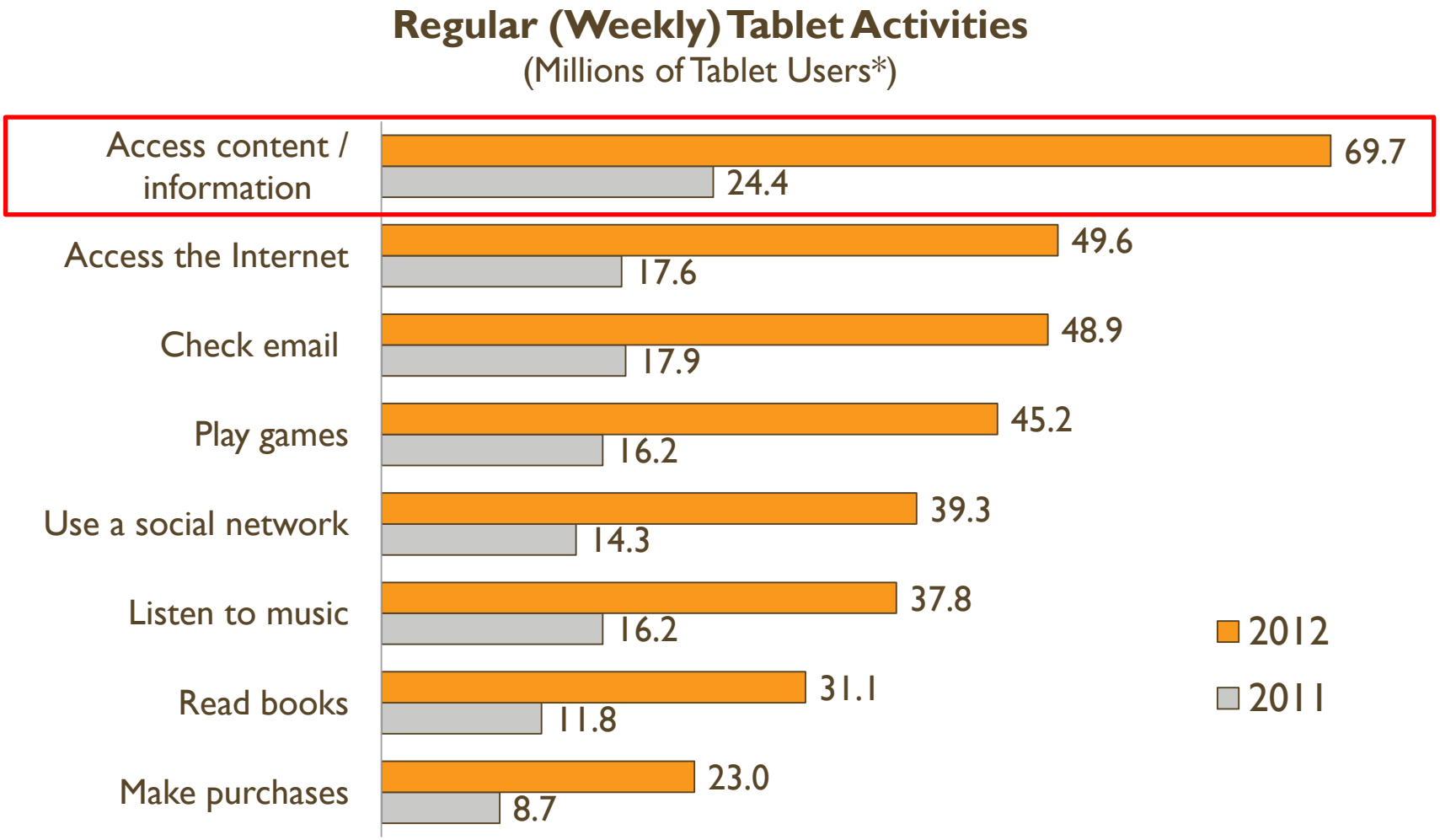
Magid Mobile Landscape Study
Base: Wireless tablet users N=1592
Q13A-E_1. In a typical month, what percentage of time do you spend using your wireless tablet in the following locations?

Accessing Content / Information Remains the Dominant Tablet Activity And Is Increasing



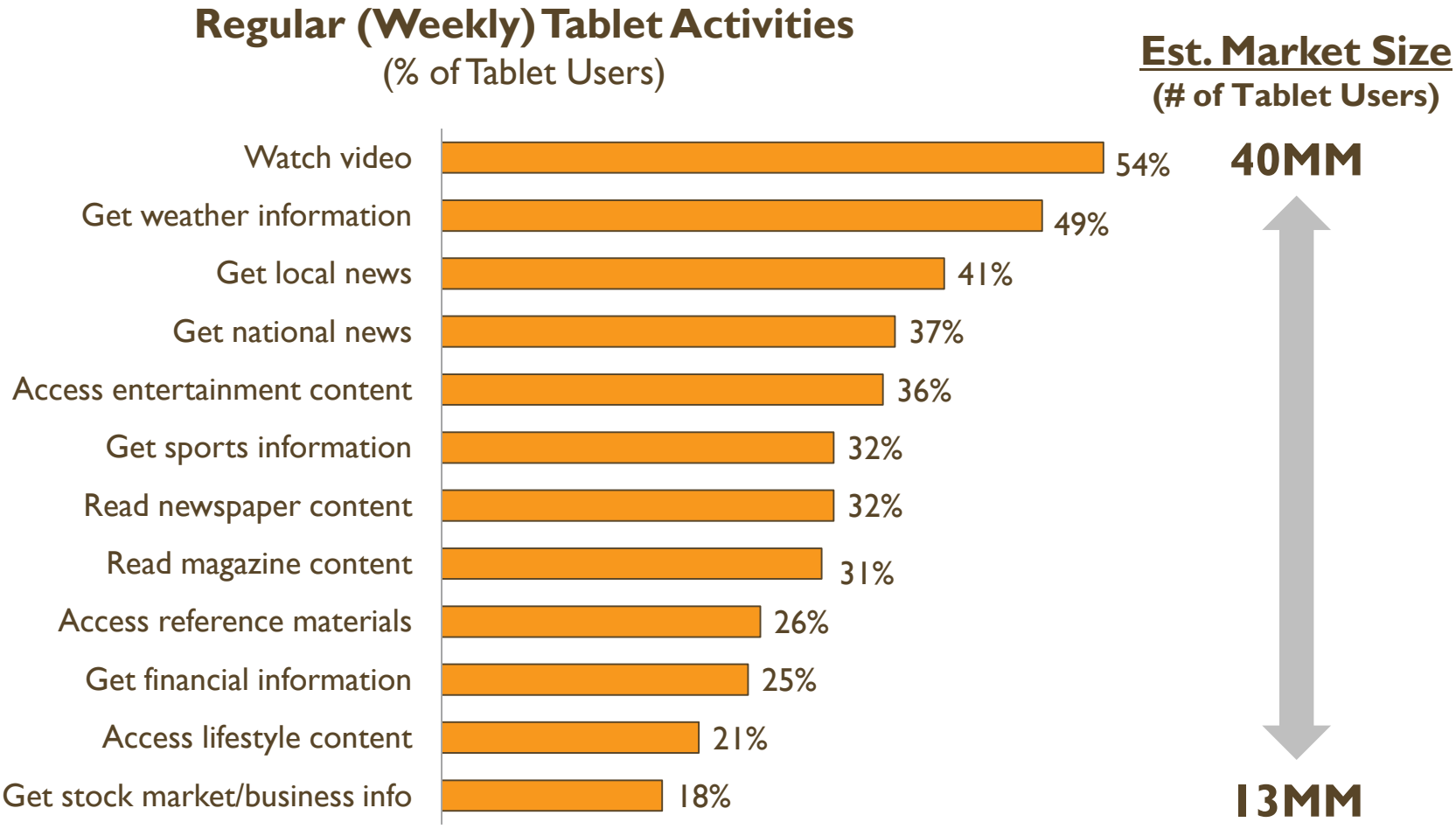
*Source: U.S. Census Bureau and eMarketer.
Base: Wireless tablet owners/users, N=710. Q.7.8: Which of the following things do you do regularly (at least once per week) on your wireless tablet?

Increasing Tablet Penetration Has Created a Much Larger Market for Content



*Source: U.S. Census Bureau and eMarketer.
Base: Wireless tablet owners/users, N=710. Q.7.8: Which of the following things do you do regularly (at least once per week) on your wireless tablet?

Tablet Users Are Accessing a Variety of Content; Top Are Video, Weather & News

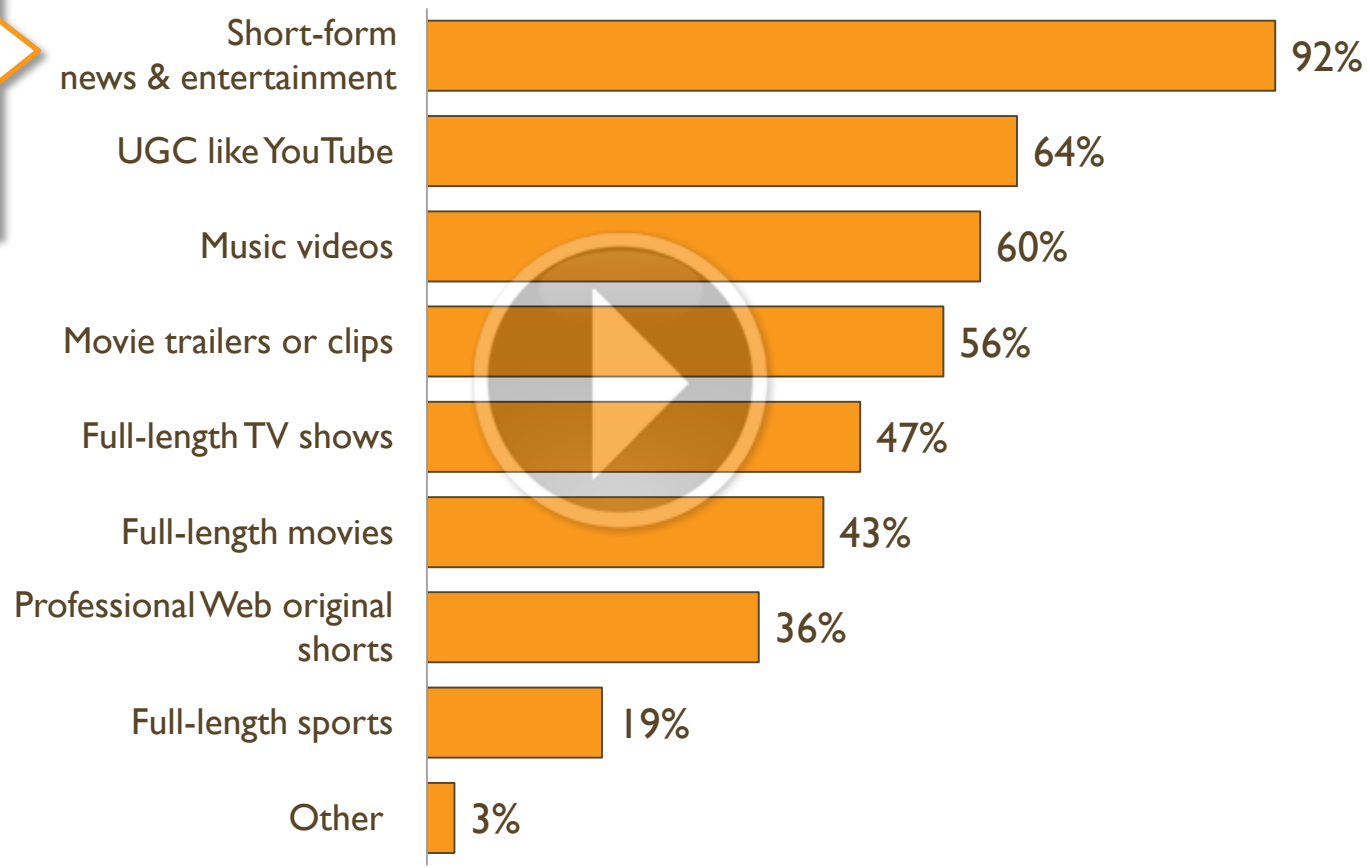


*Source: U.S. Census Bureau and eMarketer.
Base: Wireless tablet owners/users, N=710. Q.7.8: Which of the following things do you do regularly (at least once per week) on your wireless tablet?

Short-Form News & Entertainment Videos Are The Most Popular Type of Tablet Videos

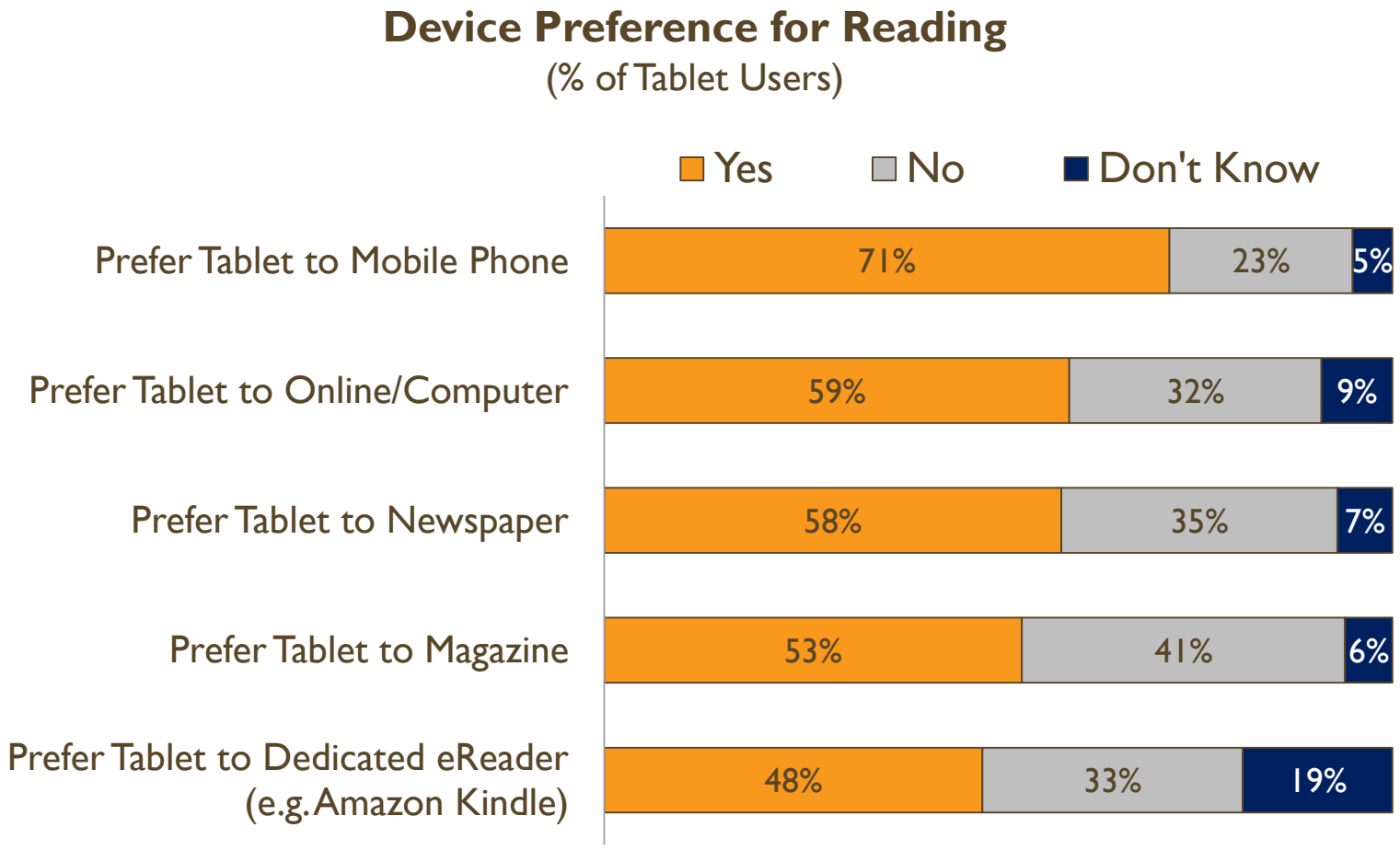
Includes:
- News clips
- Sports clips
- TV show clips
- Weather forecasts

Video Regularly Watched on Tablets
(% of Tablet Users)



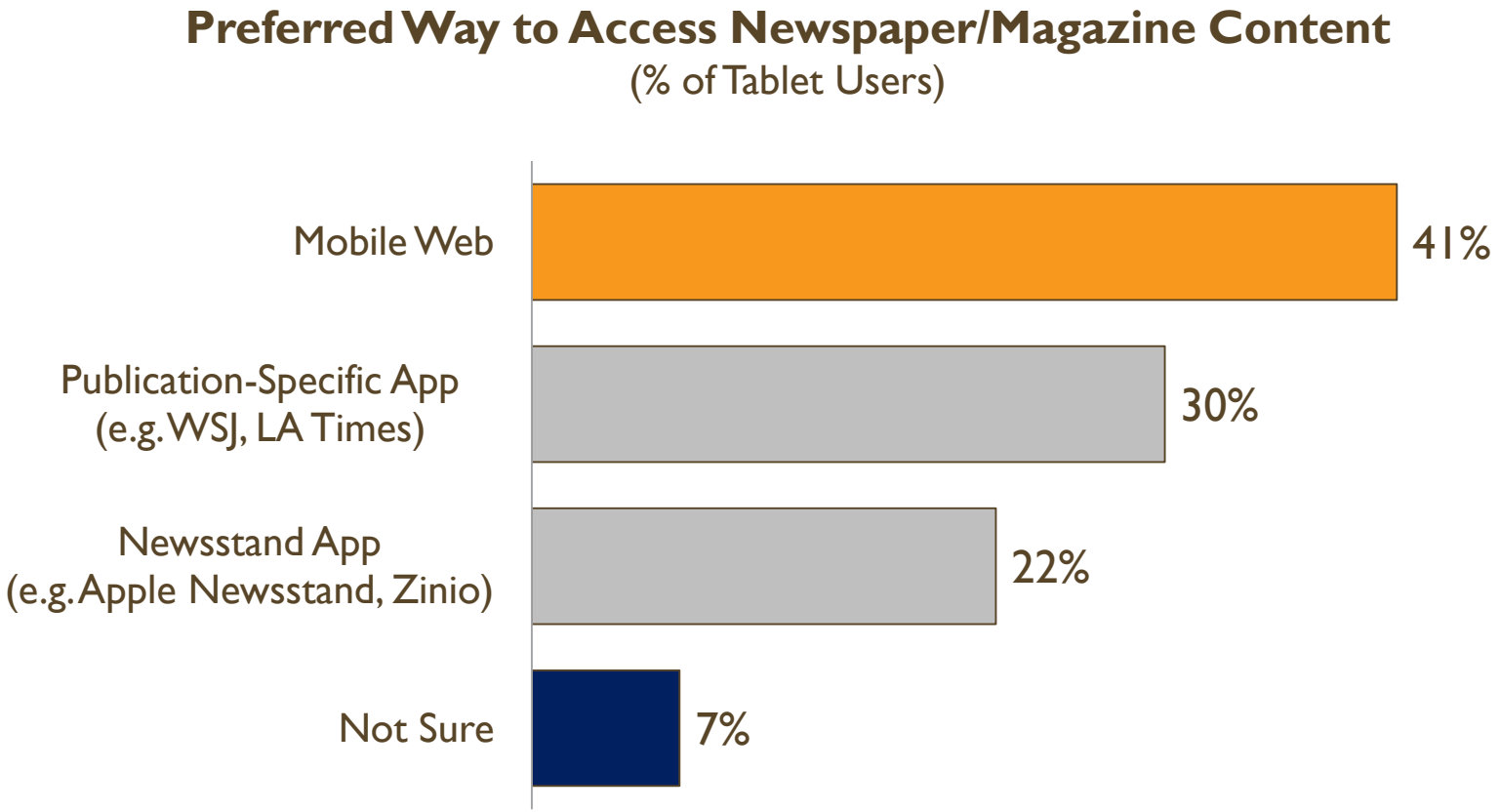
Base: Respondents who watch video on their wireless tablets, N=384.
Which of the following types of video do you watch regularly on your wireless tablet? Select all that apply.

Tablet Owners Prefer Reading on Tablets vs. Mobile Phones and Other Media



Base: Wireless Tablet Owners/Users who have downloaded apps, N=330.
Q.7.3: Do you prefer reading on a wireless tablet to (choice)?

Users Prefer Mobile Web for Newspaper/ Magazine Content; Apps Also Popular

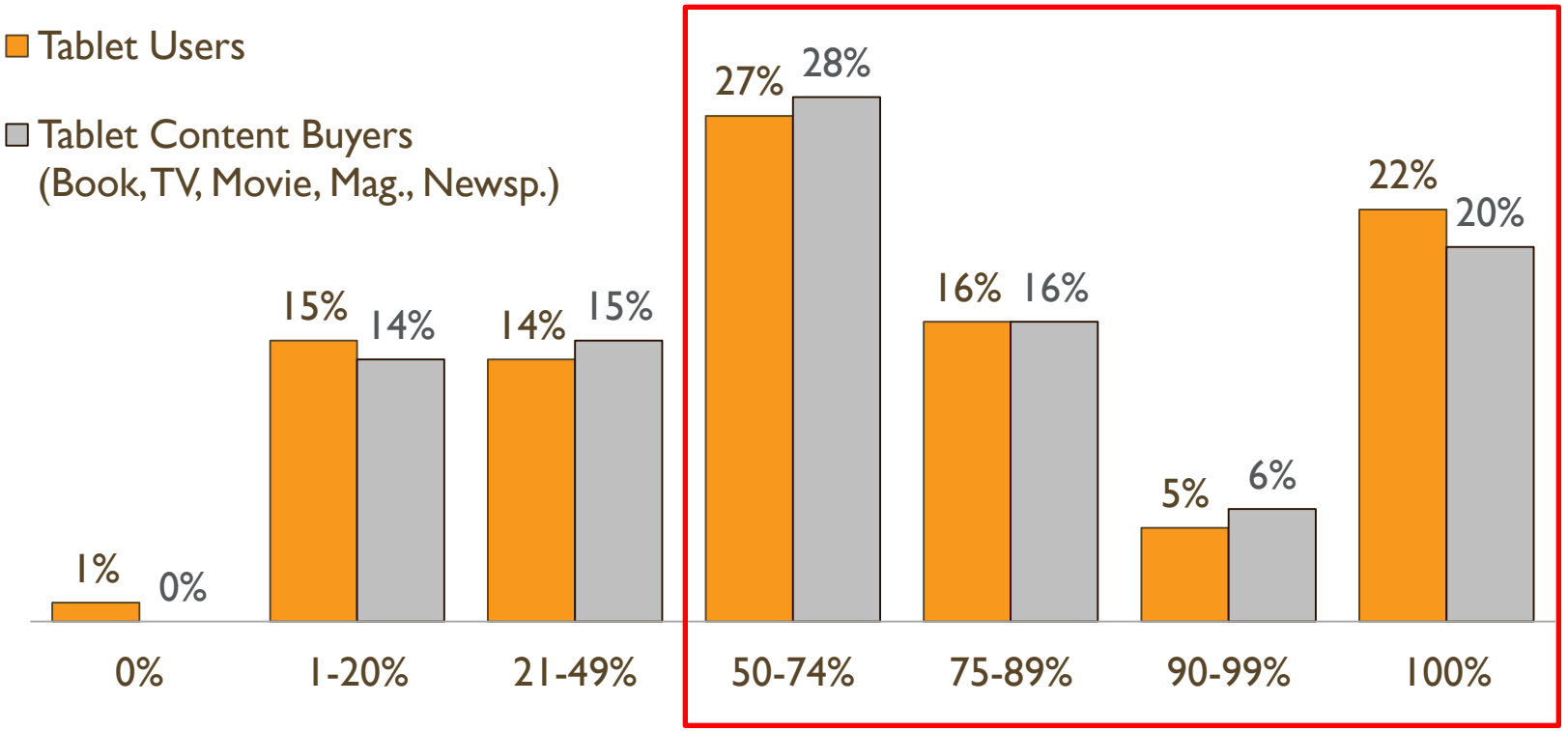


Base: Wireless tablet owners/users who have purchased a digital newspaper (subscription) or magazine (issue or subscription) on their tablet, N=256. Q7.12.1A: How would you most prefer to access newspaper or magazine content on your wireless tablet? Please choose only one.

70% of Tablet Users Regularly Use Over Half of The Apps They Have Downloaded

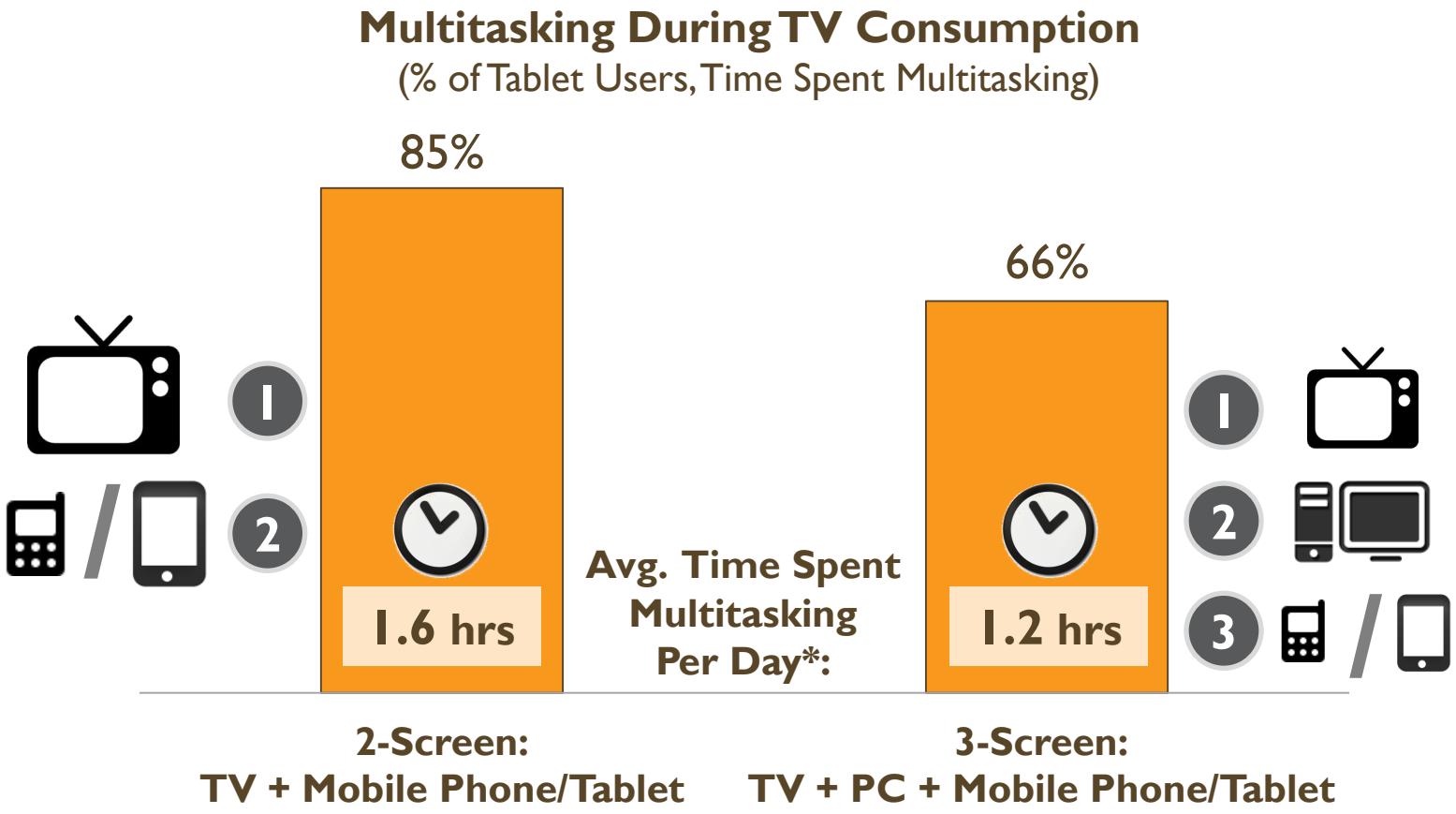
Percent of Apps Ever Downloaded That Are Used Regularly

(% of Tablet Users)



Base: Wireless tablet owners/users who have downloaded apps in the past 12 months N=526, Tablet owners/users who bought any content, N=434. Q.7.1B: What percent of the total amount of apps that you have ever downloaded on your wireless tablet do you keep and use on a weekly basis?

Tablet Users Show Strong Cross-Platform Tendencies; 85% on 2 Screen, 66% on 3 Screen

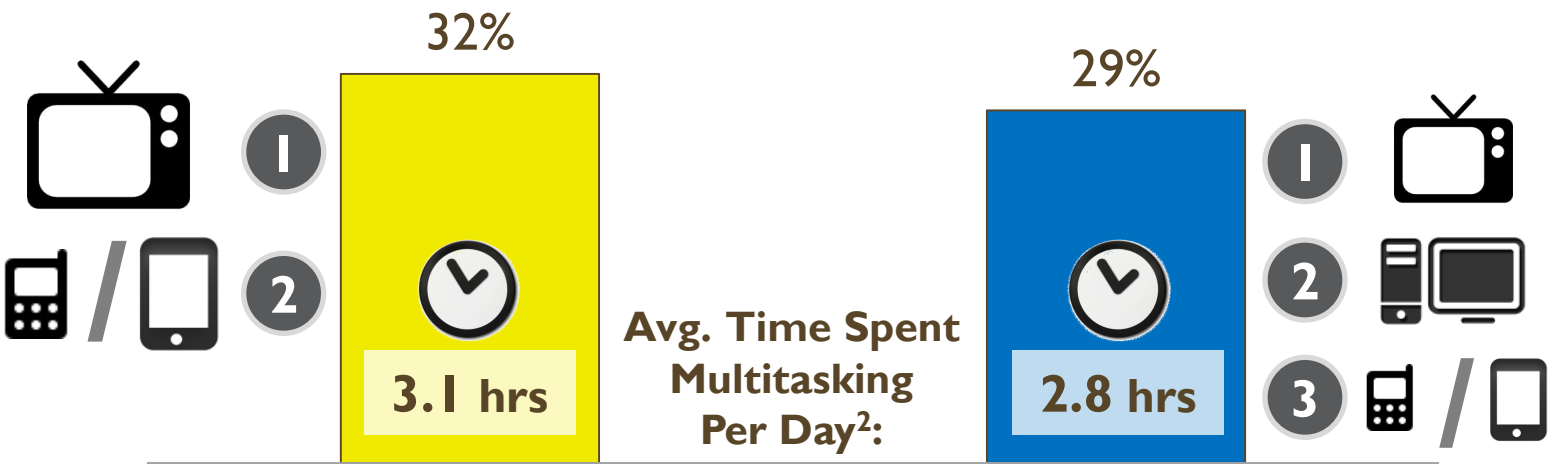


* Note: Time spent is calculated by combining percent of time spent multitasking with time spent watching TV, which equals 4.9 hours per day (Q.9)
Base: Wireless tablet owners/users, N=758. Indicates percent of tablet users who responded to any of the following questions:
What percent of the time that you're watching TV on a TV set… Q.55: … are you also online on your computer at the same time? Q.56: …are you using your mobile phone or tablet at the same time? Q.57: …are you online on your computer and using your mobile phone and/or tablet all at the same time?

Heavy[1] Two- and Three-Screen Multitaskers Are Cross-Platform Approx. 3 Hours Per Day

Multitasking During TV Consumption, Heavy[1] Multitaskers

(% of Tablet Users, Time Spent Multitasking)



[1]: "Heavy" users are defined as those who use two or three screens simultaneously for a greater percentage of time than the mean value.
[2]: Time spent is calculated by combining percent of time spent multitasking with time spent watching TV, which equals 4.9 hours per day (Q.9)
Base: Wireless tablet owners/users, N=758. Indicates percent of tablet users who responded to any of the following questions:
What percent of the time that you're watching TV on a TV set… Q.55: … are you also online on your computer at the same time? Q.56: …are you using your mobile phone or tablet at the same time? Q.57: …are you online on your computer and using your mobile phone and/or tablet all at the same time?

Primary Activities: How Are They Using Tablets?

- **Tablets have become embedded in people's lives** with the majority of tablet users on their tablets **several times a day**, averaging **14 hours per week**.
- **Accessing content and information** remains the **dominant tablet activity** and is also driving high frequency in tablet usage.
- **Shelf life for tablet apps is high** with **70%** of tablet users **keeping and regularly using at least 50% of the tablet apps** that they have ever downloaded.
- Tablet users have strong cross-platform tendencies; **85% identify themselves as two-screen multitaskers** (TV + mobile phone/tablet) and **66% identify themselves as three-screen multitaskers** (TV + PC + mobile phone/tablet).

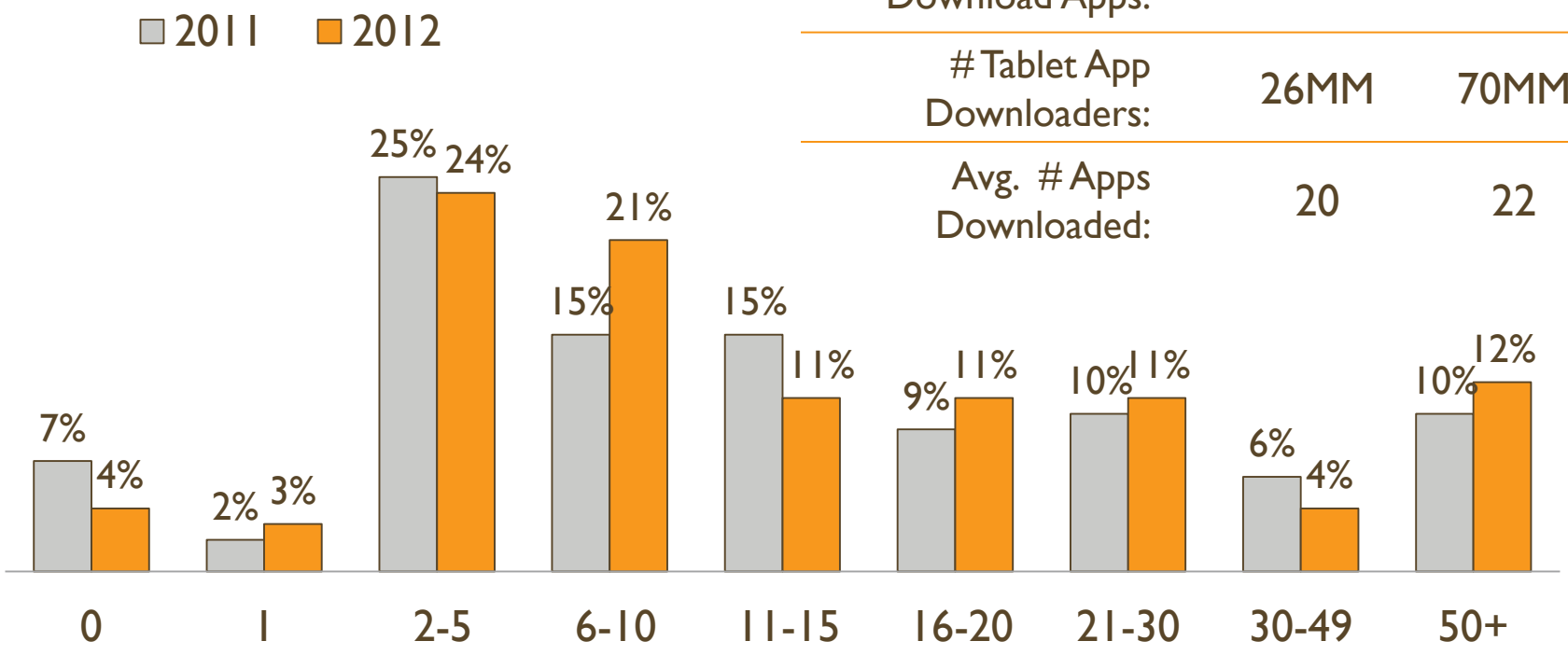
Monetization

- What Types of Apps and Content are Tablet Users Buying?
- How Do They Purchase Content?
- How Much Do They Spend?
- How Do They Feel About Tablet Advertising?

Appetite For Apps Remains Strong; Tablet Users Downloaded an Average of 22 Apps

Number of Tablet Apps Downloaded in Last 12 Months

(% of Tablet Users)

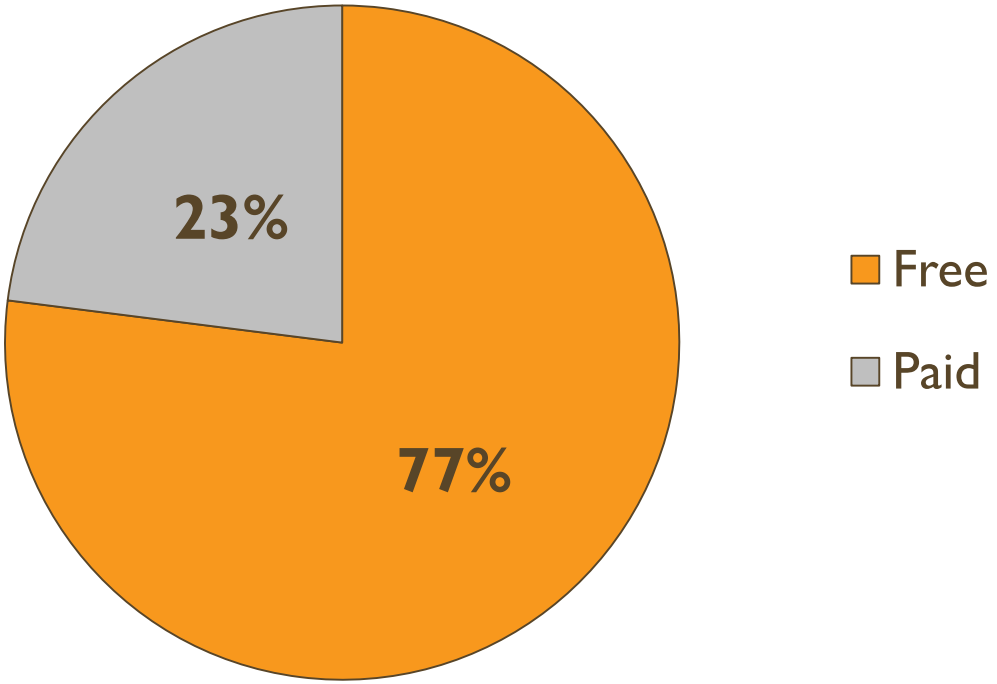


	2011	2012
% Tablet Users Who Download Apps:	93%	96%
# Tablet App Downloaders:	26MM	70MM
Avg. # Apps Downloaded:	20	22

Base: Wireless tablet owners/users, N=710. Q.7.1AA: About how many apps for your wireless tablet have you downloaded in the last 12 months?
Note: in 2011, question was worded 'ever downloaded'.

Paid Apps Account for 23% of All Tablet Apps Downloaded in Past 12 Months

Paid vs. Free Tablet Apps
(% of Tablet Users)



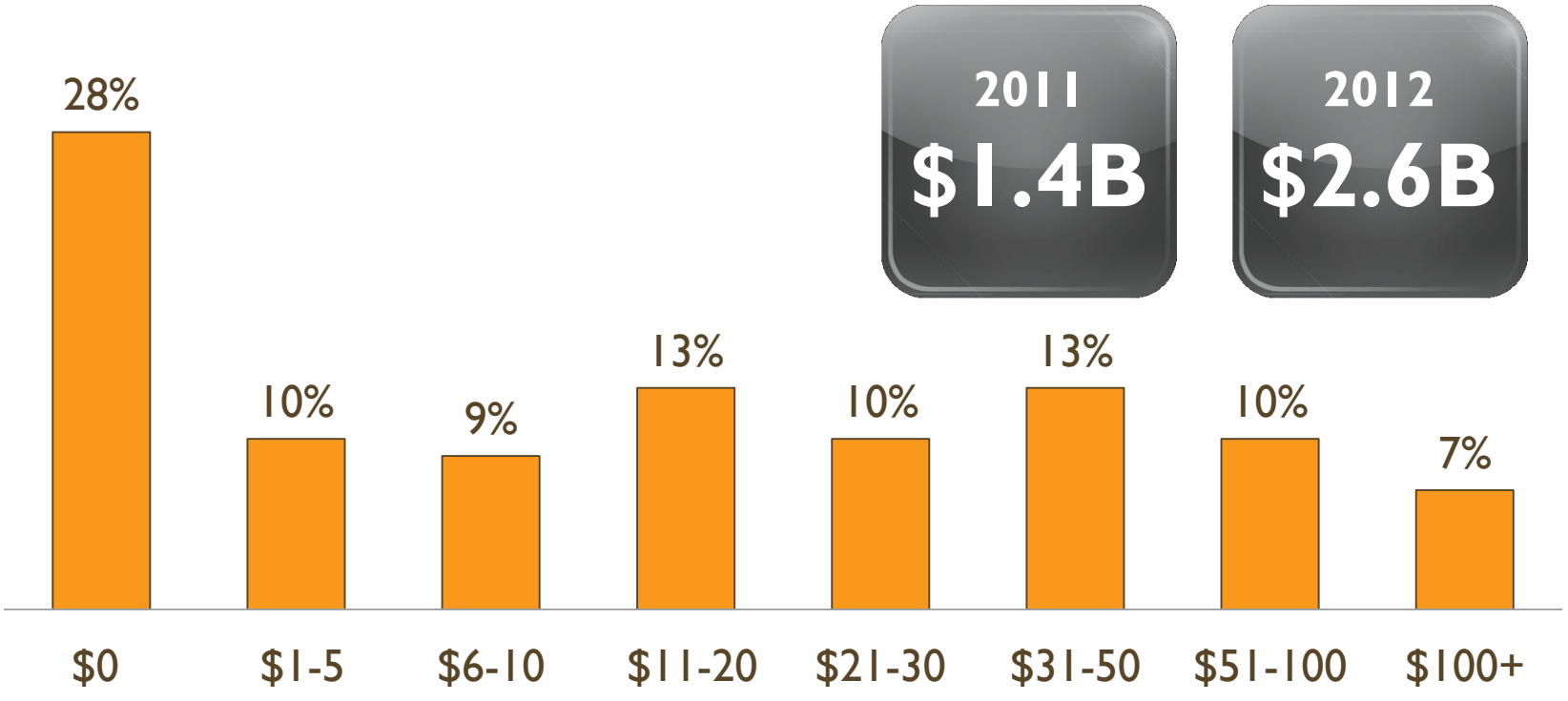
Base: Wireless tablet owners/users who have downloaded apps in the past year, N=524.
Q. 7.1AAA: What percentage of the total amount of apps that you have ever downloaded on your wireless tablet in the last 12 months were free apps versus paid apps? Must add up to 100%.

72% of App Downloaders Paid for Apps; Tablet App Market Has Almost Doubled

Amount of Money Spent on Tablet Apps in the Last Year

(% of Tablet App Downloaders)

A Growing U.S. Tablet App Market…*

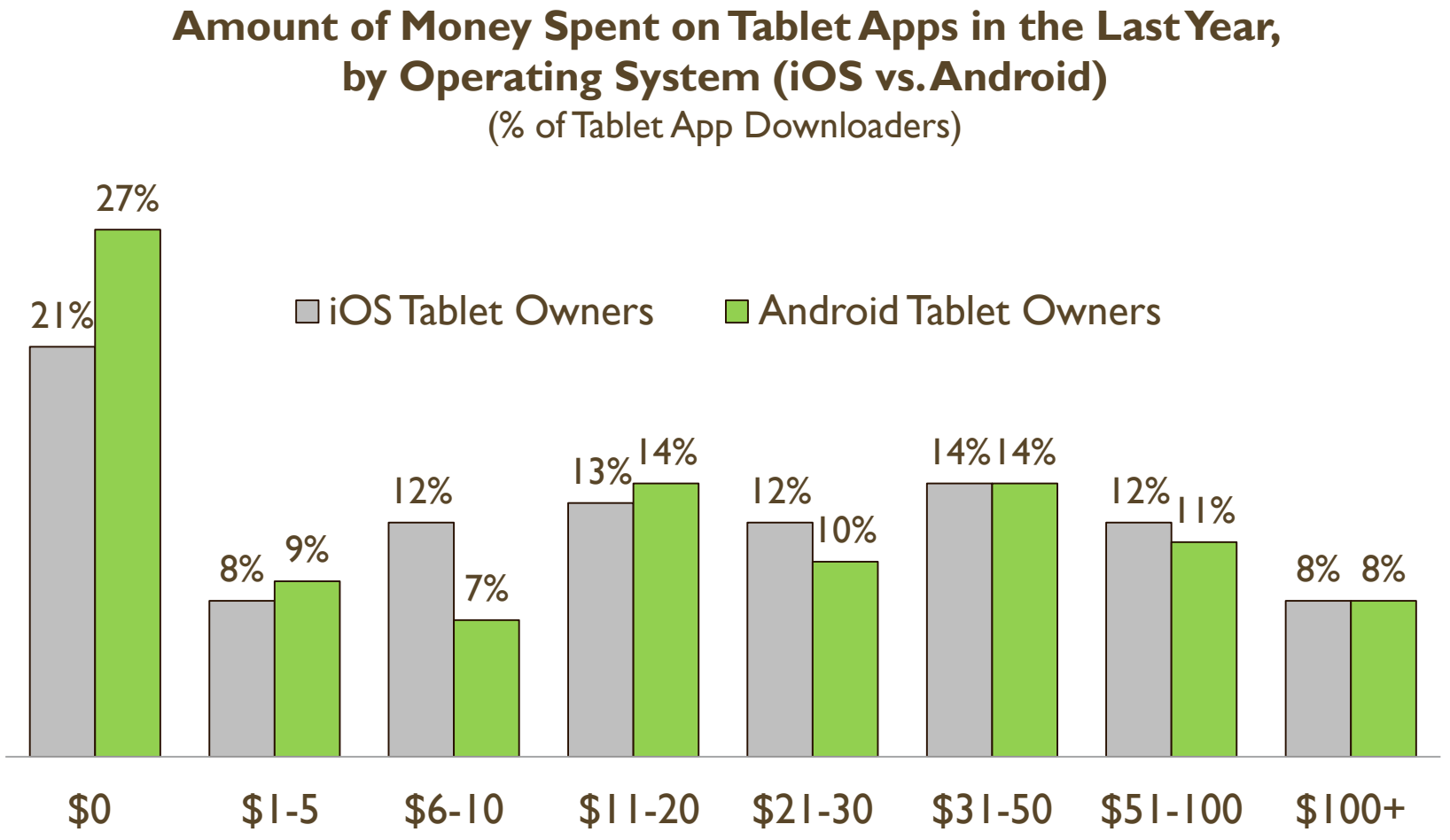


* Based on estimated U.S. Internet population data (ages 8-64) from the U.S. Census Bureau and eMarketer.

Base: Those who downloaded apps on a tablet in the past year, N=524,

Q. 7.2: About how much did you spend in total on apps on your wireless tablet in the last 12 months?

79% of iPad Owners Buy Apps, Compared to 73% of Android Tablet Owners



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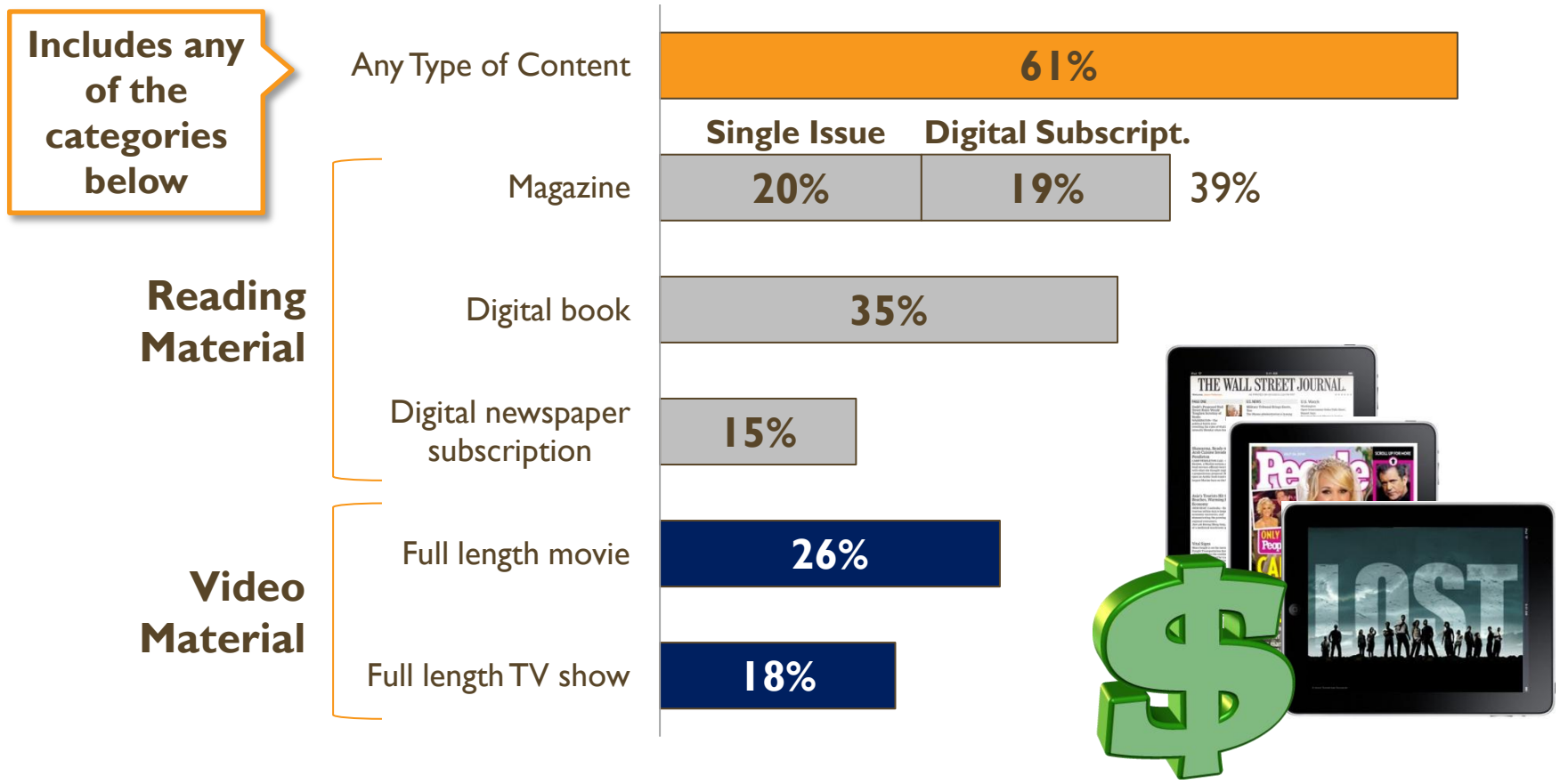
Base: Those who downloaded apps on a tablet in the past year, N=524,
Q. 7.2: About how much did you spend in total on apps on your wireless tablet in the last 12 months?

61% of Tablet Users Have Purchased Any Type of Digital Content on Their Tablet

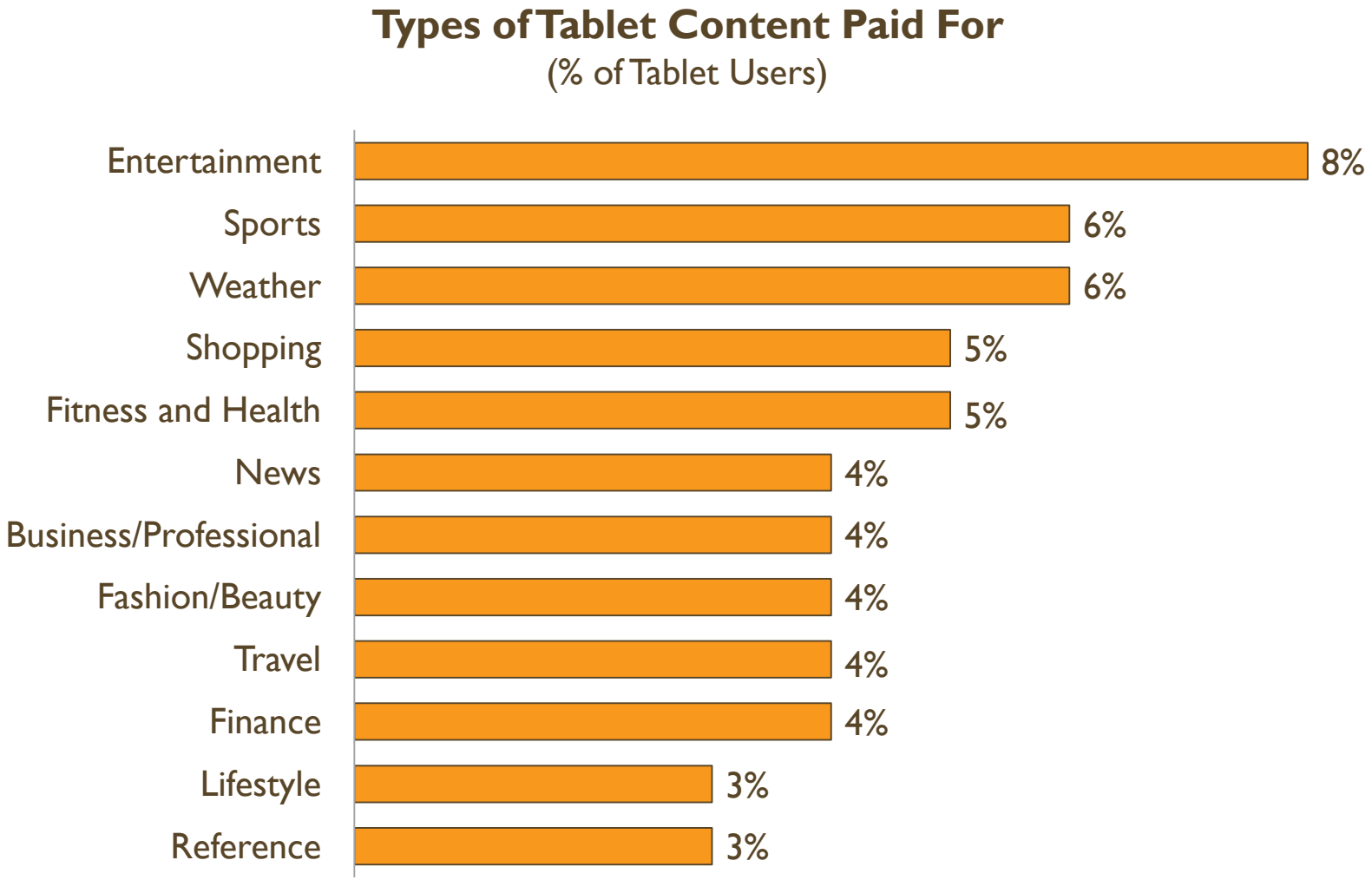
Content Purchased for Tablet
(% of Tablet Users)

Includes any of the categories below



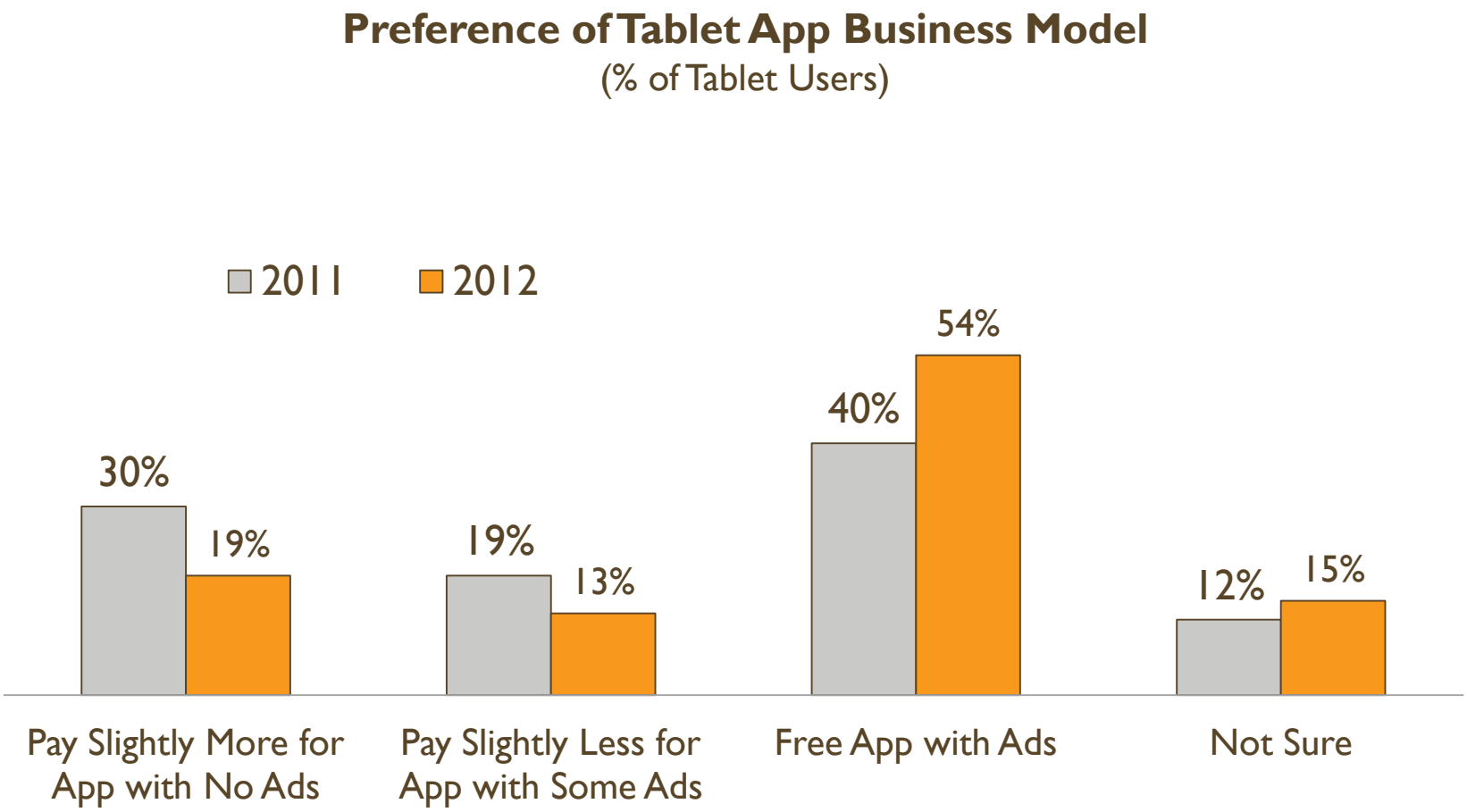
Base: Wireless tablet owners/users, N=710.
Q.7.12.1: Which of the following content have you purchased on your wireless tablet? Select all that apply.

Top Paid Content Areas Are Entertainment, Sports and Weather



Base: Wireless tablet owners/users interested in accessing content on their tablets, N=692.
Q7.10A: What types of wireless tablet content have you paid for on: (1) mobile web or (2) in an app? Select all that apply.

Tablet Users Increasingly Prefer Free Apps with Ads vs. Paid Apps

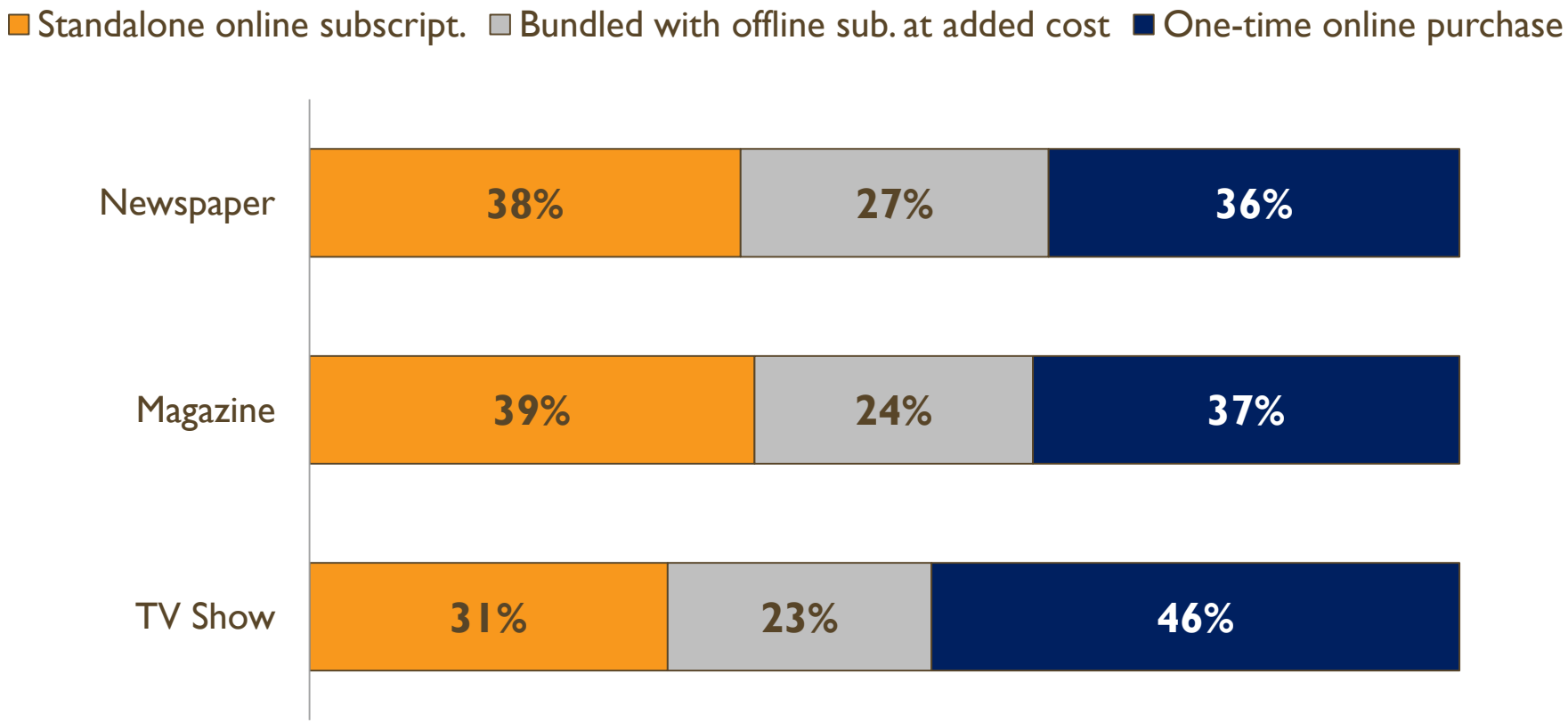


Base: Wireless tablet owners/users, N=710.
Q7.12.2: How would you prefer to access apps on your wireless tablet? Please choose only one.

Consumers Continue to Prefer a Variety of Content Bundles and Payment Options

Purchase Type Preferences for Paid Content

(% of Tablet Users)



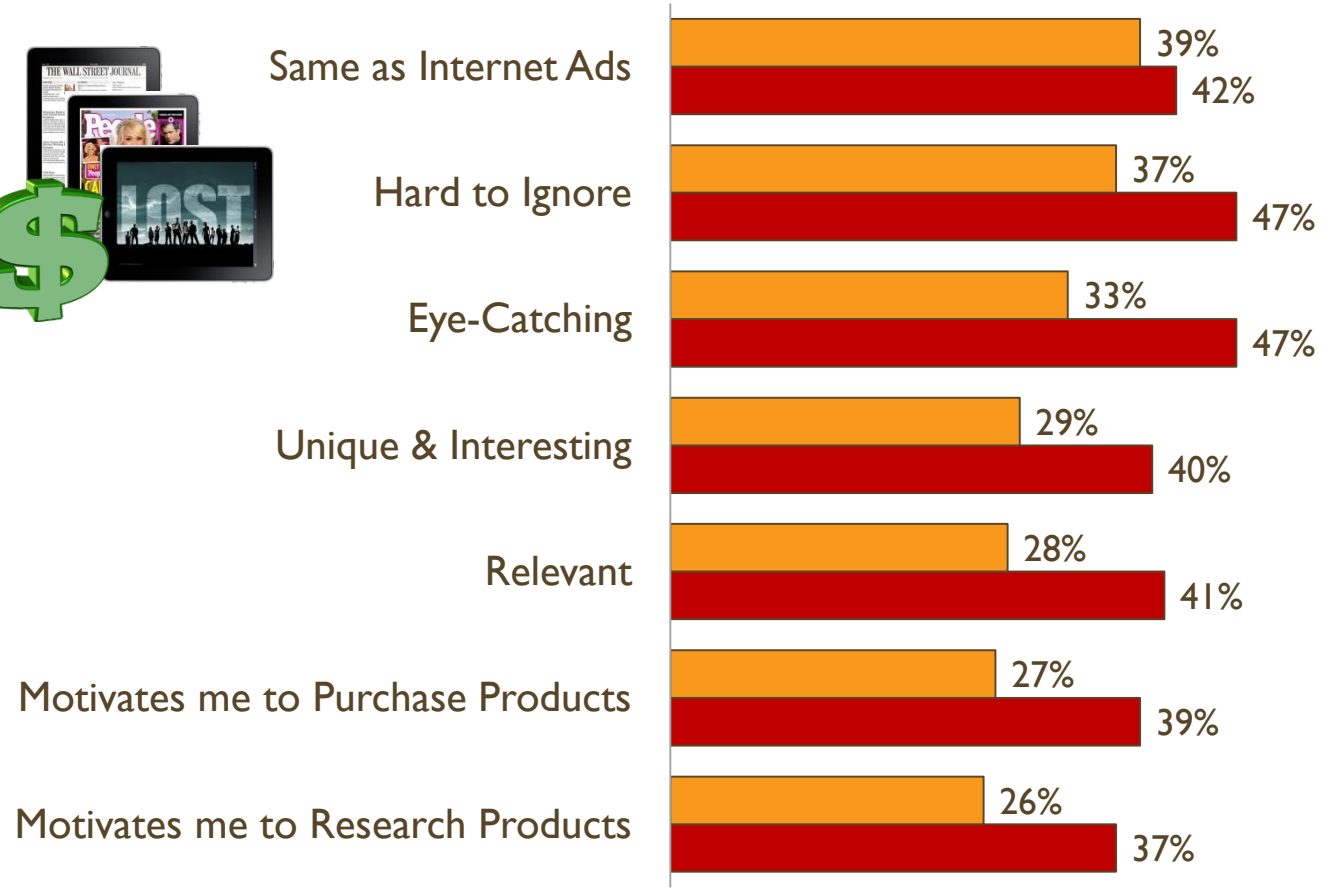
Base: Wireless tablet owners/users, N=710.

Q7.12.3: For the following types of content, how would you most prefer to purchase it on your wireless tablet?

Tablet Ads Are More Impactful on Purchasers of Tablet Content

Opinion of Tablet Advertising on Apps & Mobile Web

(% of Tablet Users)

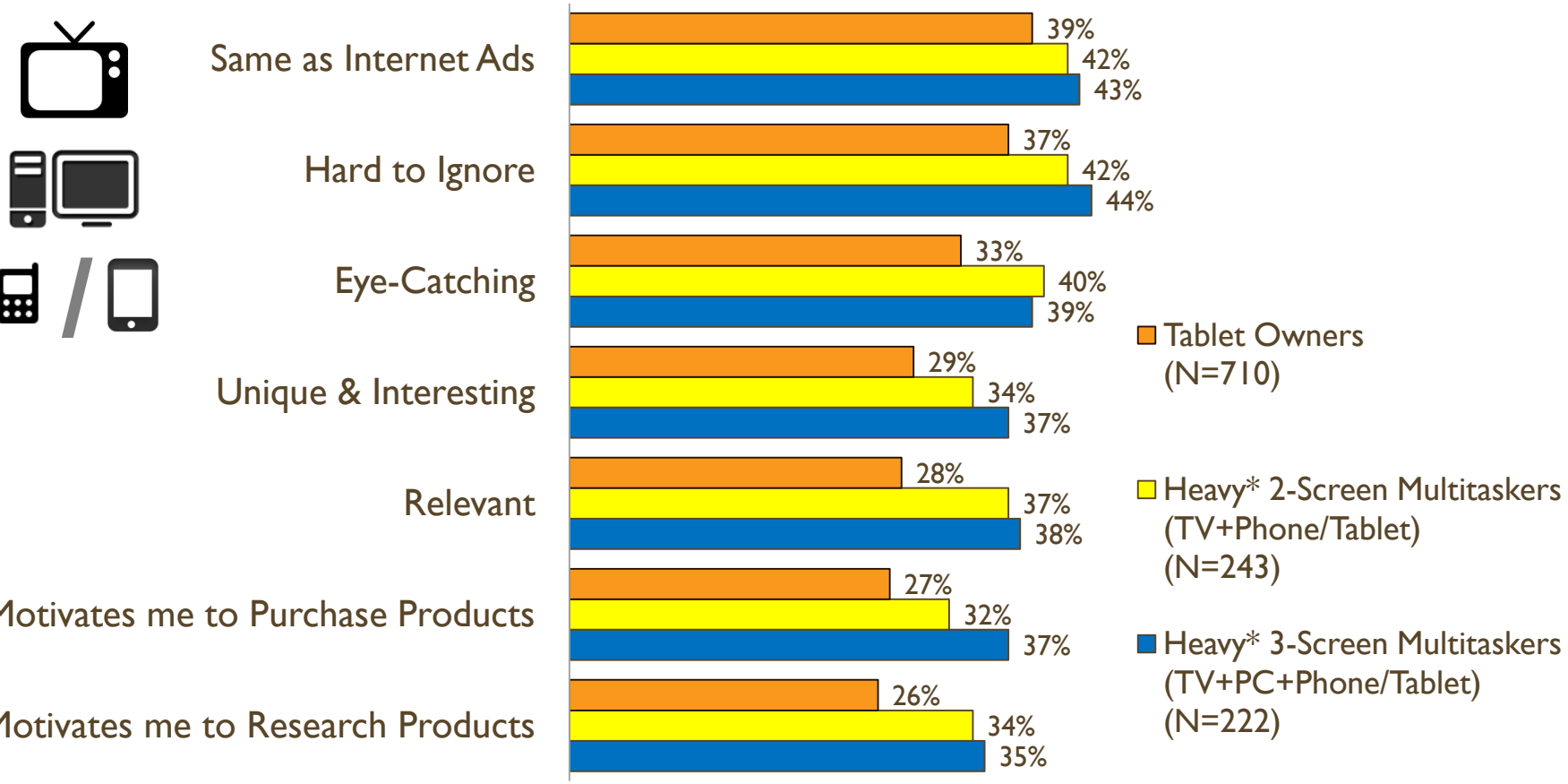


Base: Wireless tablet owners/users, N=710; Tablet owners/users who bought any content, N=434. Q.7.11 In your experience, which of the following describes tablet advertising on apps and the mobile web? Select all that apply.

Heavy* Two- and Three-Screen Multitaskers Are Also More Positive About Tablet Ads

Opinion of Tablet Advertising on Apps & Mobile Web

(% of Tablet Users)

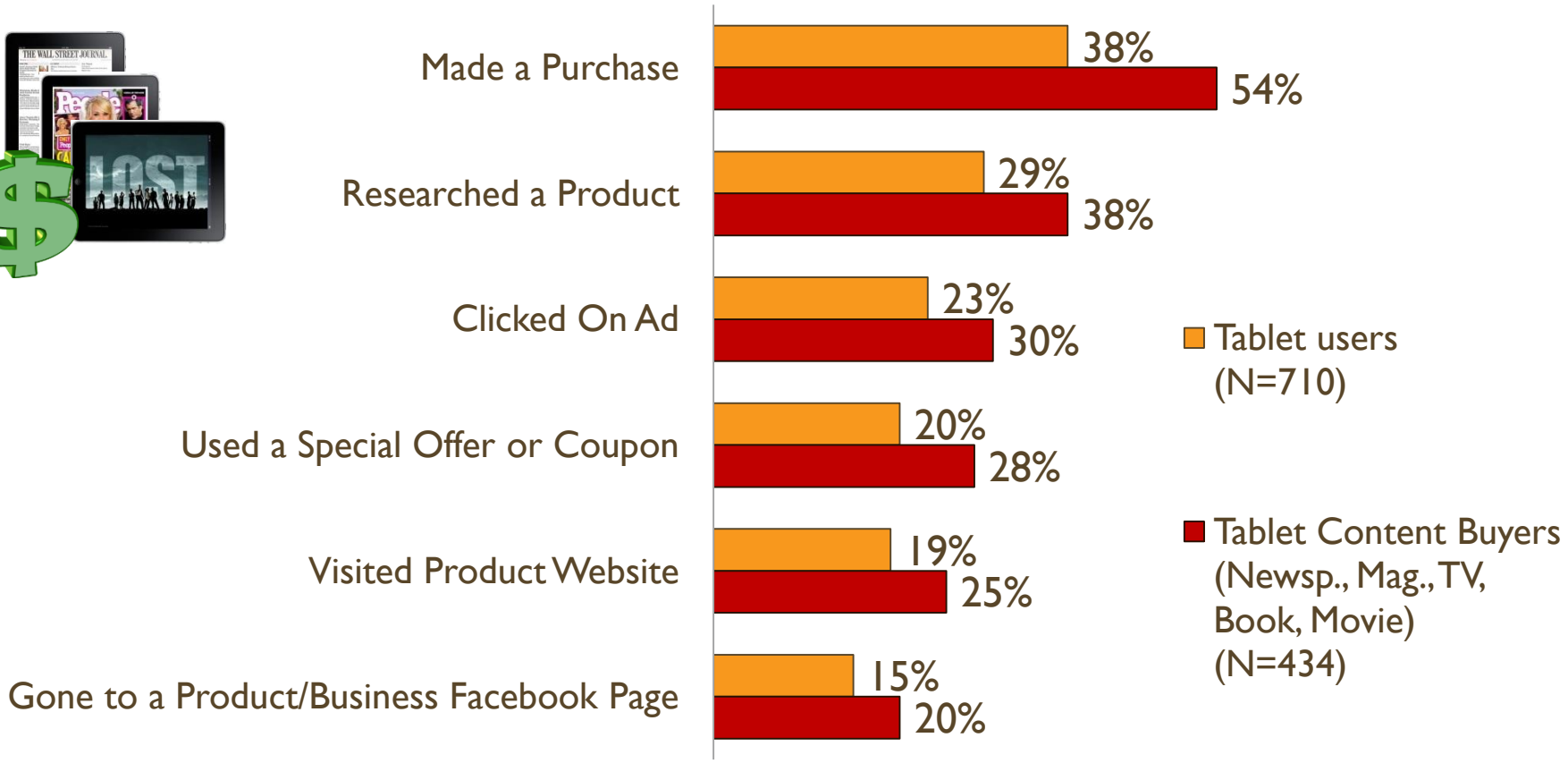


* Note: "Heavy" users are defined as those who use two or three screens simultaneously for a greater percentage than the mean value.
Base: Wireless tablet owners/users, N=710;. Q7.11 In your experience, which of the following describes tablet advertising on apps and the mobile web? Select all that apply.

Tablet Content Buyers Are More Likely to Purchase or Research After Seeing Ads

Action After Seeing Advertisement On Tablet in Last Six Months *

(% of Tablet Users)



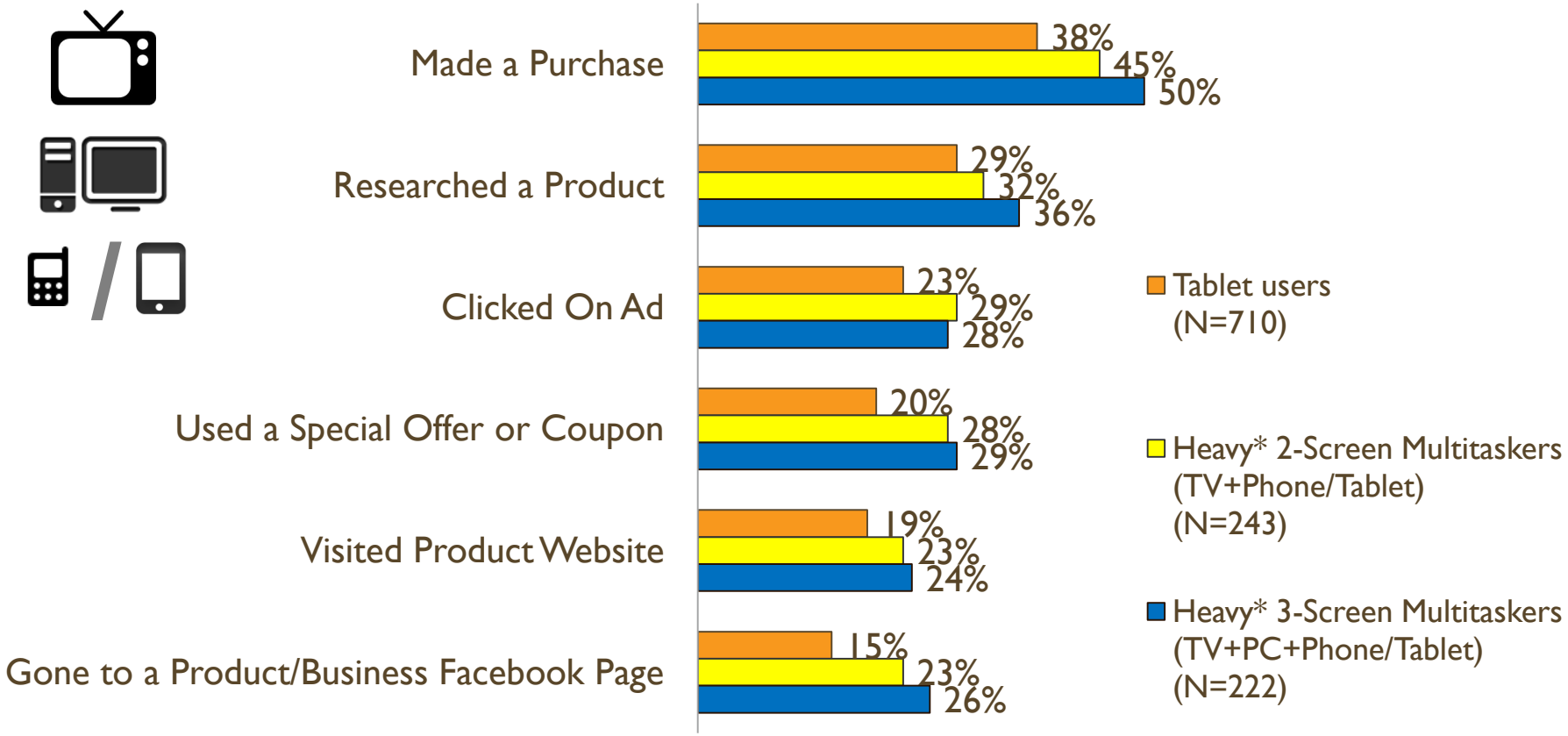
* Note: 'Made a Purchase' includes: on a tablet, PC, mobile phone, at a store or by phone; 'Research a Product' includes: looked at a professional review and researched a product/service/brand/business on a search engine

Base: Wireless tablet users, N=710. Tablet owners/users who bought any content, N=434. Q. 7.11A: What have you done in the last 6 months as a result of seeing an advertisement on a tablet?

Heavy* Multi-Screen Multitaskers Are Also More Likely to Take Action After Seeing Ads

Action After Seeing Advertisement On Tablet in Last Six Months[1]

(% of Tablet Users)

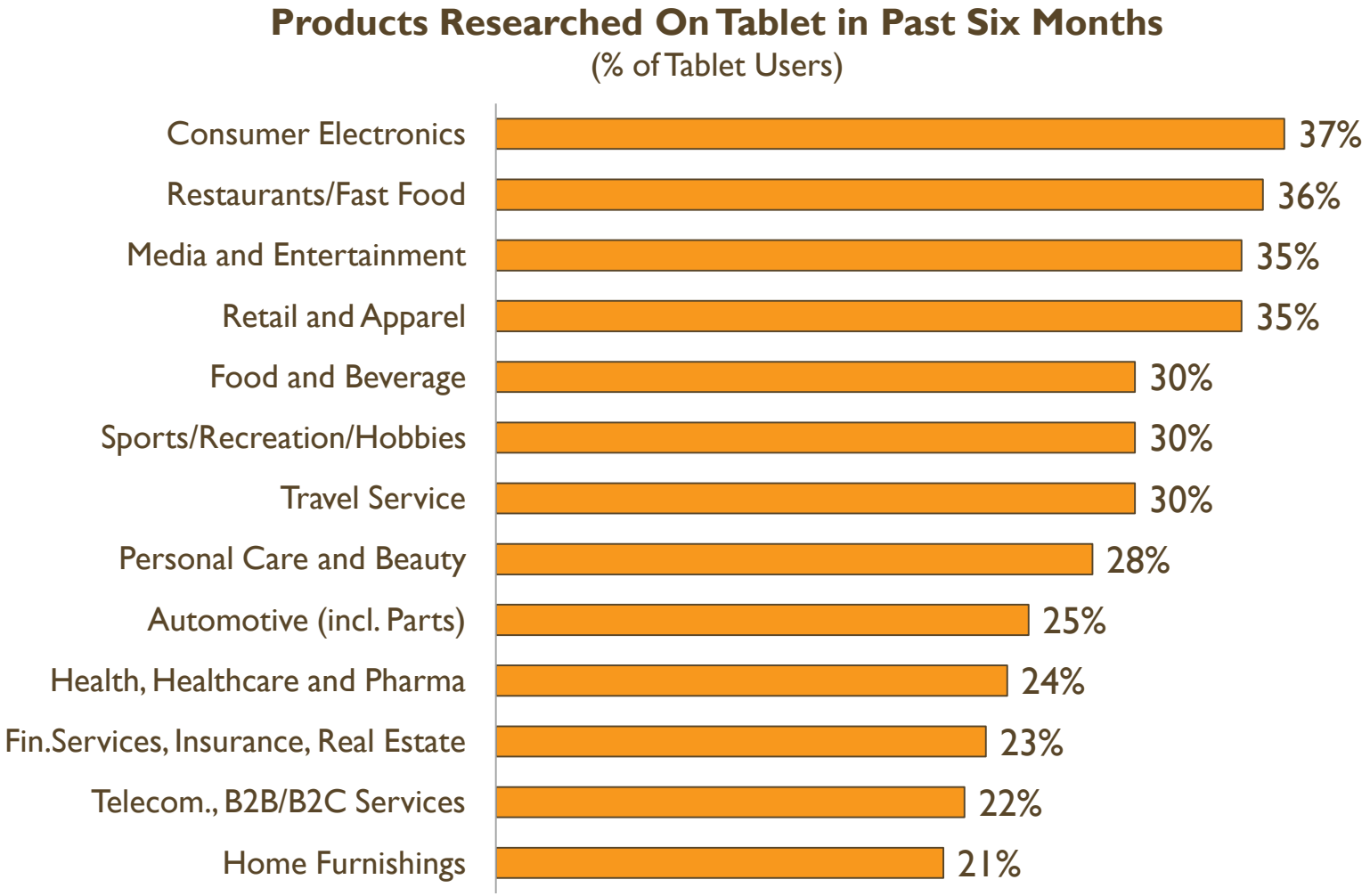


[1]: 'Made a Purchase' includes: on a tablet, PC, mobile phone, at a store or by phone; 'Research a Product' includes: looked at a professional review and researched a product/service/brand/business on a search engine.

* Note: "Heavy" users are defined as those who use two or three screens simultaneously for a greater percentage of time than the mean value.

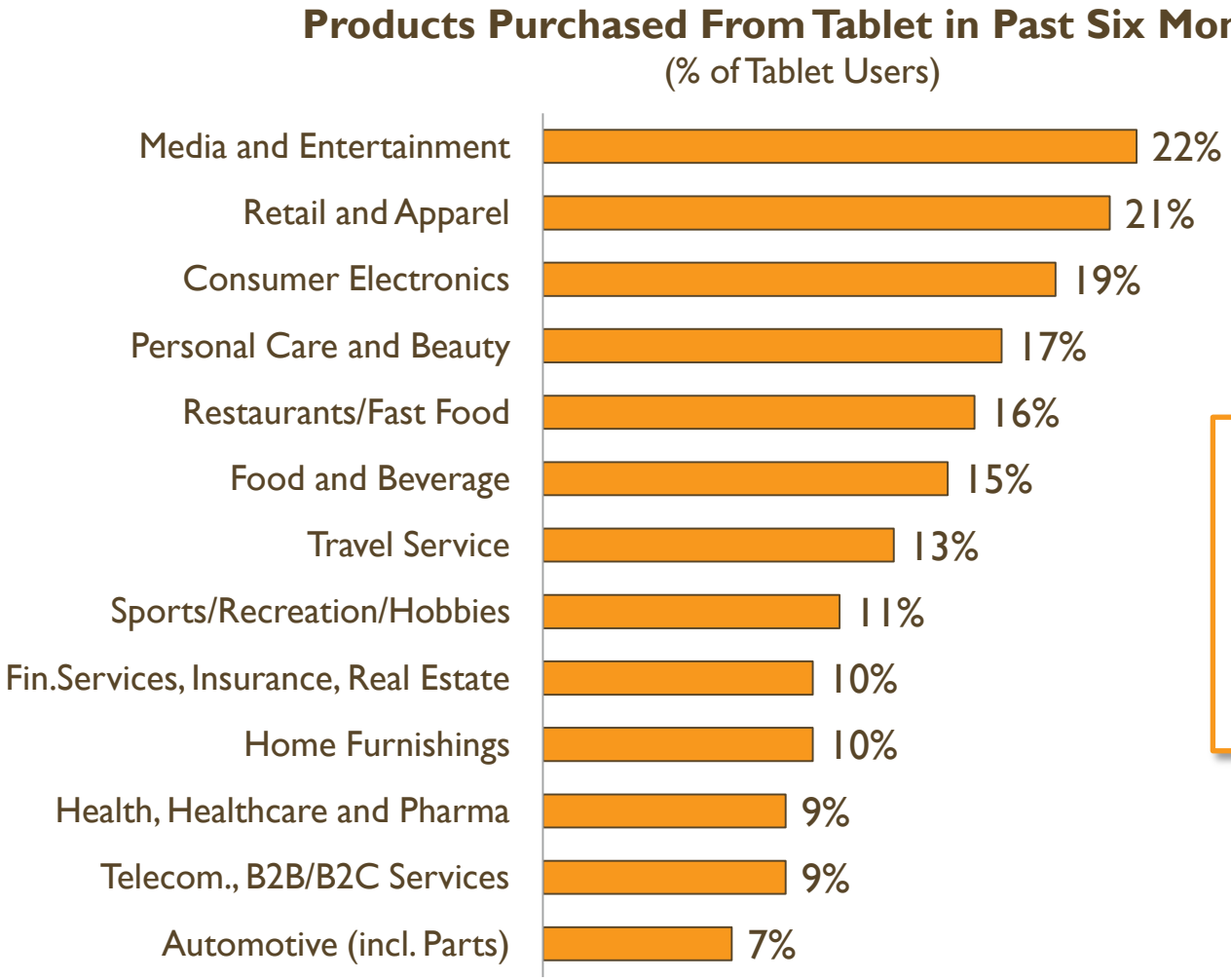
Base: Wireless tablet users, N=710. Q. 7.11A: What have you done in the last 6 months as a result of seeing an advertisement on a tablet?

Tablet Users Heavily Research Products Across All Ad Categories



Base: Wireless tablet owners/users, N=710. Q.7.14 Which of the following products did you (research, purchase) on your wireless tablet in the last 6 months?

Tablet Users Bought an Avg. $359 in Products From Tablets in Last 12 Months



BUY NOW

Users Spent an Avg.

$359

Purchasing Products from Tablets in the Last 12 Months

Base: Wireless tablet owners/users, N=710. Q.7.14 Which of the following products did you (research, purchase) on your wireless tablet in the last 6 months?
Base: Wireless tablet users who have purchased products, N=357. Q.7.15 About how much did you spend in total on purchasing products from your wireless tablet in the last 12 months?

Monetization: Preferences for Tablet Advertising and Purchasing Content

- The appetite for app downloading remains strong. In the past year, **96%** of tablet users **download apps** and **averaged 22 apps downloaded**.
- **Paid apps account for 23%** of all apps downloaded in the past year.
- **iTunes** and **Amazon** are the **preferred app purchase channels**.
- **72%** of tablet app downloaders **have paid for apps** in the past year with the **top paid apps** being in **entertainment**, **sports** and **weather**.
- **61%** of tablet users **have purchased any sort of content**.
- Both **content buyers** and **two- and three-screen multitaskers view tablet advertising more favorably** than tablet users, overall.
- Tablet ads are driving tablet users to action with **38% having made a purchase after seeing a tablet ad**, and the **average tablet user buying $359 worth of products from their tablet** in the past year.

Summary Findings: Six Key Takeaways

1. **Tablet usage is exploding**; **31%** of the U.S. internet population, ages 8-64, uses a tablet, up from 12% in 2011 and projected to rise to **47% by early 2013**.
2. **Tablets have become embedded in people's lives**; the **majority** of tablet users are on their tablets **several times a day**, averaging **14 hours per week**.
3. **Content consumption continues to dominate tablet usage** with **94%** of tablet users **accessing content & information regularly**, and **nearly three-quarters** of tablet users **accessing content at least daily**.
4. **Tablet users have an appetite for paid content**; **72%** of tablet users have **paid for tablet apps** in the past year, and **61%** of tablet users have **purchased any tablet content** in the past year.
5. **After seeing tablet ads, tablet users are driven to actions**, including research and product purchase. Tablet users **spent an average of $359 purchasing products using their tablets** in the past year.
6. Tablet **content purchasers** and **cross-platform tablet users** are **more positive about tablet ads** and are **more likely to purchase products** from their tablets.

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