

# Real iPad™ Users' Early Reaction to The Daily

**know**digital

Brand Research for Digital Media

## INTRODUCTION

Last month, News Corporation introduced “The Daily,” a news product currently only available as an app on the iPad platform. The company chose to develop a new brand for this digital application rather than attempting to extend the reach of one of their existing brands. At the launch press conference, News Corporation Chairman and Chief Executive Officer Rupert Murdoch declared that “new times demand new journalism” and promised a new experience in news that would appeal to the “growing segment of the population...that is educated and sophisticated but does not read national print newspapers or watch television news.”<sup>1</sup>

To investigate the appeal of The Daily among real iPad users, we recruited current iPad owners who use electronic news and information to try The Daily for a two-week period.<sup>2</sup> After two weeks with The Daily we interviewed each participant individually regarding their level of engagement and experience. Our goal was to gauge early reaction to The Daily and to understand its potential as a brand. This is a part of knowDigital’s continuing study of digital news and news migration to digital media.

These findings summarize the reaction of iPad users at a unique moment in time—when the iPad (and the tablet market in general) is still emerging and The Daily is clearly in a development or “beta” period. The perceptions of these early samplers may not reflect the attitudes of the fully-developed market of tablet computer users that will emerge in a few years, but they provide a substantive look at the market today.

Most interestingly, our results suggest that reaction to The Daily is divided into two camps: one camp comprised of heavy news consumers who are tech savvy and a second camp made up of light news consumers who are less tech savvy. As this report will illuminate, our findings indicate that in its current state The Daily may more easily find an audience with the latter of

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<sup>1</sup> Press Conference statement by Rupert Murdoch, Guggenheim Museum, New York, New York (February 2, 2011)

<sup>2</sup> A detailed description of knowDigital’s methodology can be found at the end of this report.

these two camps and that it is falling a bit short with the former group of more tech savvy and heavier news consumers.

## KEY FINDINGS

### IPAD USERS ARE SPLIT ON THE APPEAL OF THE DAILY

Our investigation reveals polar reactions to The Daily. One camp of iPad users finds the product extremely appealing—an alluring new form of delivery combined with highly appealing content. Another camp has no apparent use for the product, at least in its current presentation. These two distinct reactions provide important insight into the appeal of the product and its potential for long-term success, as well as guiding future development of other similar products based on how consumers evaluate these products in general.

What differentiates these two camps is two factors: depth of interest in news and the level of tech savviness. Generally speaking, consumers who are highly interested in news and are more tech savvy express little interest in The Daily in its current form. The product is very appealing, on the other hand, to consumers with a lower interest in news and less technological savviness.

In short, we find two distinct groups of iPad users. One group consists of consumers who are deeply engaged in serious news and are comfortable piecing together sources from various searches, RSS feeds and aggregation sites. These users react negatively to the content offerings of The Daily. While not dismissive of the feature enhancements of the app that take advantage of the iPad architecture, this “experience” is not enough to sway them toward interest.<sup>3</sup>

The second group is on the other end of the spectrum in that they are light news users with less interest in hunting and gathering their own news and information. It is this second group of

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<sup>3</sup> Early bloggers and critics of The Daily likely fall into this camp of heavy news users who are highly tech savvy, and this may be obscuring their ability to view this product from a broader market perspective.

consumers who find both the experience and the content of The Daily most appealing.<sup>4</sup> Subsequent sections of this report provide more detail on the nature of these two sets of reactions.

## **CONSUMERS WHO REACT FAVORABLY GRAVITATE TOWARDS THE INNOVATIVE FEATURES AND THE CONTENT**

The Daily delights lighter news users. These users, who are more likely to be female than male, connect with the product in a number of ways, including the form which they find novel and easy to use, and the content itself which they feel is mostly tailored to their interests.

They are drawn to The Daily's array of new features, specifically the colorful, full-screen photos and—in their view—thoughtful insertion of video content. After some initial getting used to, they find the product quick and easy to use and the carousel to be a helpful organizational tool. “It really captivates my attention...I really like the way it's laid out and all of the features of it and how you can skip to different articles,” explains Kimberly (27).

In their view, the form stands head and shoulders above the typical news website. Commenting on the 360-degree photo feature, Linda (47) exclaimed, “I loved it. You won't get that on [local television station's] website!” All of these features contribute to an engaging experience, and a quick and easy read.

Moreover, the substantive content matches that experience, providing all of the news these light news users are looking for to keep them up-to-date on what is happening in the world. While expressing some degree of interest in the big stories around the world and the nation, the gossip, fashion, celebrity stories and games clearly resonate more strongly with these consumers.

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<sup>4</sup> Interest in news and technical orientation is clearly a continuum, with consumers standing on many different points along this spectrum. We illuminate the extremes in this report to best describe the differences among these consumers.

Many in this camp perceive that The Daily's content provides comprehensive coverage. Of course, this view comes from the vantage of a light news consumer, who is satisfied with national and world headlines largely expressed through photo treatments and who quickly moves to stories about gossip and fashion and to the games section. As Linda (47) explains her interest, "It's not just the news; they have the gossip, they have arts and life, they have apps and the games."

The appeal of the iPad architecture and the overall halo of Apple adds to the allure of The Daily in the eyes of many of these consumers, perhaps blurring their review of the content itself. These consumers see The Daily as part tabloid, part news magazine, wrapped in a technically-flashy package; The Daily is not deep in content in any direction. Nevertheless, that design appears to be quite appealing to these light news users.

Sports is not a category of great interest to most of these light news users whose interests gravitate toward gossip, entertainment and lifestyle topics. The Daily's treatment of sports emphasizes sports personalities, celebrities, and stories about them, rather than scores, statistics and analysis. For that reason, light news consumers are not put off by this section. At the same time, there is evidence that inclusion of a sports section sends mixed messages to these consumers about the focus of The Daily.

Some of these consumers note a handful of technical issues with the program, including crashes and delays as the app updates or loads advertisements; however, these glitches do not distract from their interest in the product, at least during this initial launch period.

## **CONSUMERS WHO REACT NEGATIVELY DISMISS THE PRODUCT AS LACKING CONTENT**

In sharp contrast, the second group of mostly tech savvy males who are heavier news consumers is not nearly as taken with the technical features of The Daily. This includes embedded videos and 360 degree photos, although there is appreciation of the potential of this functionality. More critically, they do not find the content unique or deep enough compared to what they can find elsewhere for free. These consumers are happy to search out their own

content on the web—in fact, they seem protective of this element of control—and remain convinced that more in-depth coverage of news stories could be found elsewhere. This latter finding is perhaps the defining characteristic of this group’s reaction to The Daily.

As Kirk (49) explains, “Pretty much anything I found there I could find the exact same thing elsewhere...just as easily and quickly and free.” Dane (36) expresses a concern about the product’s lack of story depth as well, commenting, “Not the most in-depth news...it just did not have that much content. It didn’t go into depth about anything.”

In addition, iPad users in this heavy news user group are disappointed in the quality of the news coverage as well. “It’s not hard-hitting, factual news, ‘cause I feel more comfortable getting that from another source,” says David (30). “If I want to learn something new, I’m not going to go to The Daily to learn that.”

These consumers also find the content deficient because it is not targeted at them. Gossip, for example, is the section featured right after “News” on The Daily’s masthead, but is not something of interest to many in this group. “Reminded me a lot of *People* magazine and *Us* magazine...too much glitz and glamour, not enough substance,” commented Kirk (49). This group also expresses little interest in horoscopes or lifestyle stories.

While these heavy news users gravitate toward the Sports section, they feel it does not offer the scores and analysis they were hoping for. Rather, it focuses on photos and colorful stories about the players. Moreover, the sections featured in the navigation bar of The Daily—News, Gossip, Opinion, Arts & Life, Apps & Games and Sports—send confusing messages to this camp regarding who the product is really for. While the lighter news users find sports somewhat out of place, heavy news users read the emphasis on Gossip and Life as a strong signal that The Daily is not for them.

## **ALL USERS GENERALLY AGREE ON A FEW POINTS ABOUT THE DAILY**

Despite their diametrically opposed views of the content itself, heavy and light news users agree on a few points about The Daily.

### **Appealing new form**

Both user groups agree that the form of The Daily itself is novel and appealing in many regards. Even those heavy news users who feel the content is not for them recognize that the form of The Daily is something new and interesting, with potential to set a new standard for news and information delivery. Consumers recognize that The Daily offers more than the simple text and photos offered by most news websites and that its presentation—including large full-screen photos, photos in galleries, better graphics, organizational touches and uncluttered, sharp production elements—is completely different.

Harry (40), who is not very interested in The Daily's content, comments, "Great presentation of the articles—clean, crisp, great photos." Most are very pleased with the look of the app. "I like the look of it; it's more snazzy," notes O'Shana (29). The iPad architecture along with the design of this app provides—according to Kimberly (27)—"features that a lot of newspapers [and] just regular websites don't have...that makes it extremely user friendly."

### **An app, not a newspaper or magazine**

Consumers nearly universally describe the product as an app. Neither group initially refers to it as a website, newspaper or magazine. "I kinda like the app," says Kirk (49) in a typical first reaction to The Daily. Calling the product an app has implications for the perceived value of the product, both in terms of its success on the iPad platform and potential future expansion. Consumers believe that apps generally do not cost a lot of money. That perception may impact what consumers are willing to pay for The Daily on the iPad and elsewhere. To date, apps have generally been offered for a one-time price and not with recurring charges, which may impact consumers' willingness to pay for subscriptions to The Daily.

When pushed to compare the product to other media, consumers liken The Daily to both a magazine and a newspaper, living somewhere between those two concepts. The big, colorful photos and graphics remind consumers of a magazine, while its reporting on the biggest stories of the day make them think of it as a newspaper. More than anything, The Daily stands apart from these traditional forms or the online extensions of them, demonstrating how News Corporation has made inroads toward creating a unique place for The Daily in the minds of consumers. We will discuss the advantages and disadvantages of this strategy in a subsequent section of this report.

### **Low awareness of updates throughout the day**

Few are aware that some of The Daily stories update throughout the day. This feature, by design, takes place in the background on The Daily with no “announcement” or recognition of the update. While updated stories are of greater importance to the heavy news user camp, the perceived lack of updates is prevalent among both.

This perception undermines The Daily’s utility as a breaking news source. Dane (36) notes, “Imagine what would happen...if you got up on 9/11 at six in the morning [and] you’d read that everything was hunky dory. By midday, you want to know what’s going on. I can guarantee that no one would go to this [The Daily].”

### **Early technical issues yet to impact perceptions**

While consumers point out a number of technical issues with the app, these do not yet seem to undermine their overall perception of The Daily. Rather, consumers are remarkably understanding and forgiving of these issues, at least during this early trial period.

Harry (40) mentions “Table of contents... it didn’t work” and that the “crossword puzzle never seemed to login.” Chris (40) reports that The Daily “would hang on several pages” and that it “crashed on me a few times.” These same consumers go on to share glowing comments about the form of The Daily.

These issues appear to defy the typical stable image of iPad apps, yet they do not appear to deter interest in The Daily. Certainly this cannot become the app's long-term reputation, but the level of forgiveness on the part of these consumers at this stage seems rather remarkable.

### **No firm commitment to purchasing**

Few consumers are strongly committed to buying The Daily on a weekly or annual basis. The reasons are several, including that individual consumers are not buying many apps to begin with, hesitation about adding another recurring expense to their budgets, lack of strong interest in the product and the overwhelming perception that news in the digital realm is free. This lack of commitment appears equally strong among consumers who find The Daily very appealing and those who do not.

### **CONSUMERS RECOMMEND SOME FEATURES THEY WOULD LIKE TO SEE INCORPORATED IN FUTURE VERSIONS**

Consumers widely expect that The Daily's offerings will evolve. As they do, consumers suggest the additions of a much greater level of customization, as well as financial news, local content and coupons.

While most consumers figure out that they can select a favorite sports team or their zodiac sign, there is interest in a much greater level of customization. Consumers would like the ability to prioritize categories of highest interest to them while also hiding sections that are of no interest to them.

Many heavy news users feel the app is missing financial news. A number of others would like to see local content added to the product, a category that might cause them to replace their use of local newspaper or local news websites with The Daily entirely.

Finally, a number of women ask for the inclusion of a coupon section. This feature may be the last stronghold newspapers have over some of these consumers.

## TAKE AWAY POINTS

### CAN AND SHOULD THE DAILY APPEAL TO TWO DIFFERENT AUDIENCES?

As we have seen, iPad users are divided into two groups with very different reactions to The Daily. Tech savvy, heavy news consumers are generally not interested in The Daily based upon its content at present, while lighter news users who are not as tech savvy find the app's content highly compelling. The interests of these two groups do not seem to be compatible at this stage, at least without more personalized and customizable depth. The heavy news users demand more depth and breadth to story coverage, the addition of financial news and more sports coverage. They show little interest in the gossip and lifestyle content in the app. The light news users are delighted by the gossip and lifestyle content, but do not take great interest in the sports section or the international news.

While this study was not designed to measure the size of each group or identify the best possible target audience, The Daily may need to make a choice of the most appropriate target and align the product and its marketing accordingly.

If the largest potential audience is light news consumers with less interest in hard-hitting news and sports, for example, then those categories of stories should be downplayed or eliminated. If the largest potential audience is tech savvy heavy news users, then gossip and entertainment might be minimized and sports and financial news accentuated. Featuring both sports and gossip, however, sends a confusing message if the audience continues to develop among light news users as iPad and tablet ownership grows. This concern could be overcome through greater customization and more breadth and depth, as users repeatedly see stories more closely targeted to their interests and fewer outside their circle of interests.<sup>5</sup>

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<sup>5</sup> We recognize that The Daily may be limited at present by the capabilities of an app, by budget or other considerations beyond the scope of this study.

## **DOES THE DAILY TRY TO COVER TOO MANY BASES?**

The present design of The Daily may be the result of lack of focus on a more narrowly defined audience as discussed above, or perhaps the product is too ambitious of an undertaking. The Daily may be guilty of trying too hard to cover too many bases by offering content it hopes will appeal to the wide range of current and potential iPad and tablet owners, but in the end appeals to only a small niche of consumers with superficial interest in the news. The Daily clearly offers a credible newspaper/magazine look, but by attempting to cover too broad a spectrum of topics, the product may be guilty of too thinly targeting too many different consumer groups.

As the tablet and app market matures content providers may learn that consumer expectations of an app are much different than of previous generations of media. For example, consumers may come to expect more narrowly focused, special purpose apps, rather than broader “all-in-one” offerings.

## **IS THE DAILY DIFFERENT ENOUGH?**

For a product to find a home in the hearts and minds of consumers, it must offer a clearly differentiated benefit to consumers. What makes it unique enough to break consumers out of their existing habits of news consumption? A product needs to offer some advantage over existing brands in a category, or form an entirely new category by being so different that consumers do not even compare it to what was.

Perhaps The Daily is not different enough, or not different in the right ways, to be successful from a branding perspective. Does it offer some material improvement over existing news apps to evoke a favorable comparison? Or does it offer something so new and original to “jump the trench” and create an entirely new category?

If The Daily falls into the existing category of news apps, along with offerings from—for example—*The New York Times* or CNN apps, it may lose in comparison to those products in terms of content even if it is seen as preferable in terms of form and function. Despite The

Daily's engaging design elements, for example, consumers might decide a New York Times app is good enough at delivering the online news content they care about.

If The Daily has created a new paradigm, forging its own, unique brand category, it need not worry about comparison to other sources. But in that case, the product would have to be so different from existing products in form, function and utility to be considered something completely different. Based upon the observations of these early iPad users, The Daily has not created a new product category. An interesting new form, standing alone, is not strong enough for consumers to draw the conclusion that The Daily is something entirely new.

This goes hand in hand with payment and price considerations. If the product is unique and compelling enough in the minds of consumers to form an entirely new product category, price may no longer be as high an obstacle. If the product is too similar to other app and website news sources—generally perceived to be free—subscription sales may be challenging.

#### **LITTLE BENEFIT IN OBSCURING UPDATES THROUGHOUT THE DAY**

Most consumers are not aware that The Daily updates select stories throughout the day. By designing updates in this subtle fashion, The Daily may be inadvertently fueling the perception that the app is intended to be a weekly periodical, more like a magazine than a daily newspaper. While creating a new form of news delivery requires doing some things differently, this design element is out of sync with the expectation of a digital app capable of being updated at any time. The advantage of being able to provide more immediacy should be communicated more obviously. The name “The Daily” may be a liability here, implying an edition will arrive just once a day.

#### **COULD DEEPER COVERAGE AND MORE ORIGINAL TREATMENTS DRAW IN A LARGER AUDIENCE?**

Consumers who do not find The Daily appealing complain that all of the stories they see there are available elsewhere on the web for free. This adds to the perception that the Daily lacks content. While news stories themselves may be ubiquitous in today's environment, a media's

take on that story can always be original. The Daily may need to find its own unique treatment of topics and its own voice in order to stake out a lasting brand position in the minds of the target consumers.

By offering truly unique content, perceptions may improve among heavy news consumers in a number of ways. First, the perception that the product lacks depth and breadth is likely to subside. Second, as these consumers become engaged in topics of interest, their perception that the product includes too many incompatible sections of no interest to them may lessen as they focus on those they find more interesting.

### **ADVANTAGES AND DISADVANTAGES TO INTRODUCING THE DAILY AS AN APP**

As we noted earlier, consumers first and foremost call The Daily an app. They do not call it a daily electronic newspaper. This distinction may not matter, but it does tell us how consumers are categorizing it and offers insight into what they expect, what they will pay and—interestingly—a little about its credibility because of its association with other Apple apps.

By introducing The Daily exclusively as an iPad app, News Corporation clearly limited its initial market to the 15 million or so iPad owners. But that choice also provided numerous branding advantages. By nature, The Daily as an iPad app had to be something new, as iPad apps in general are less than a year old. Moreover, an app is generally easy to download, ostensibly fast loading and can take advantage of all of the iPad operating system advantages (multi-touch control, rich audio-visual, etc.).

An Apple app also comes with some degree of credibility. Consumers have faith in Apple and thus The Daily, too. At minimum, it has passed Apple's review before being offered for sale in the App Store. Consumers do not appear to question its credibility in any way.

The downside of this launch as an app relates to price expectation. Many apps are free. Those that cost money require a one-time payment; The Daily is the first app with recurring charges. On the other hand, by being the first in the category, The Daily has the opportunity to set the

price expectations, although that advantage may be ephemeral if consumers prove unwilling to pay anything for news apps in the long term.

## **THE DAILY SETS A NEW STANDARD FOR THE FORM OF DIGITAL DELIVERY OF NEWS CONTENT**

The multi-media form of The Daily clearly sets a new standard for digital delivery of news content. Consumers of all stripes appreciate the beauty of The Daily's form and function. Certainly to remain competitive, other news sources must deploy apps with similarly innovative interfaces to keep pace. While the "experience" alone may not be enough to build an audience if the news content is not on target, where there is at least parity in the content, The Daily will be a clear winner.

News delivered through an ordinary webpage looks outdated to consumers who have experienced The Daily. The audiences of traditional news sources may not embrace this form immediately, but in time many of them will and the strategy of simply creating more compelling webpages will not carry the day in the long term.

## **HAS THE DAILY SQUANDERED ITS "ONE CHANCE TO MAKE A FIRST IMPRESSION"?**

Heavy news consumers who sample The Daily in this early stage in its product lifecycle are not likely to become subscribers. If News Corporation has broader ambitions for this product, this public beta period has caused them injury with this segment and a second chance will be hard to attain. The content of The Daily is not deep or broad enough to draw in these consumers, and there is no expectation of improvement in this area.

This is not the case, however, with any technical issues that have emerged, which appear to be roundly forgiven. Consumers expect evolution of the product on the technical side. On this front, The Daily does not appear to have missed its chance to make a positive first impression.

## METHODOLOGY

Participants in this qualitative study were iPad users (using the tablet for at least 30 minutes on a typical day) between the ages of 25 and 54 who consume electronic news multiple times each week. These consumers sampled The Daily for at least five minutes a day for one week (February 7-13, 2011) and used the product however they chose to for a second week (February 14-20, 2011). After that two-week trial period, participants were interviewed by our staff in 30-minute individual interviews.

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