

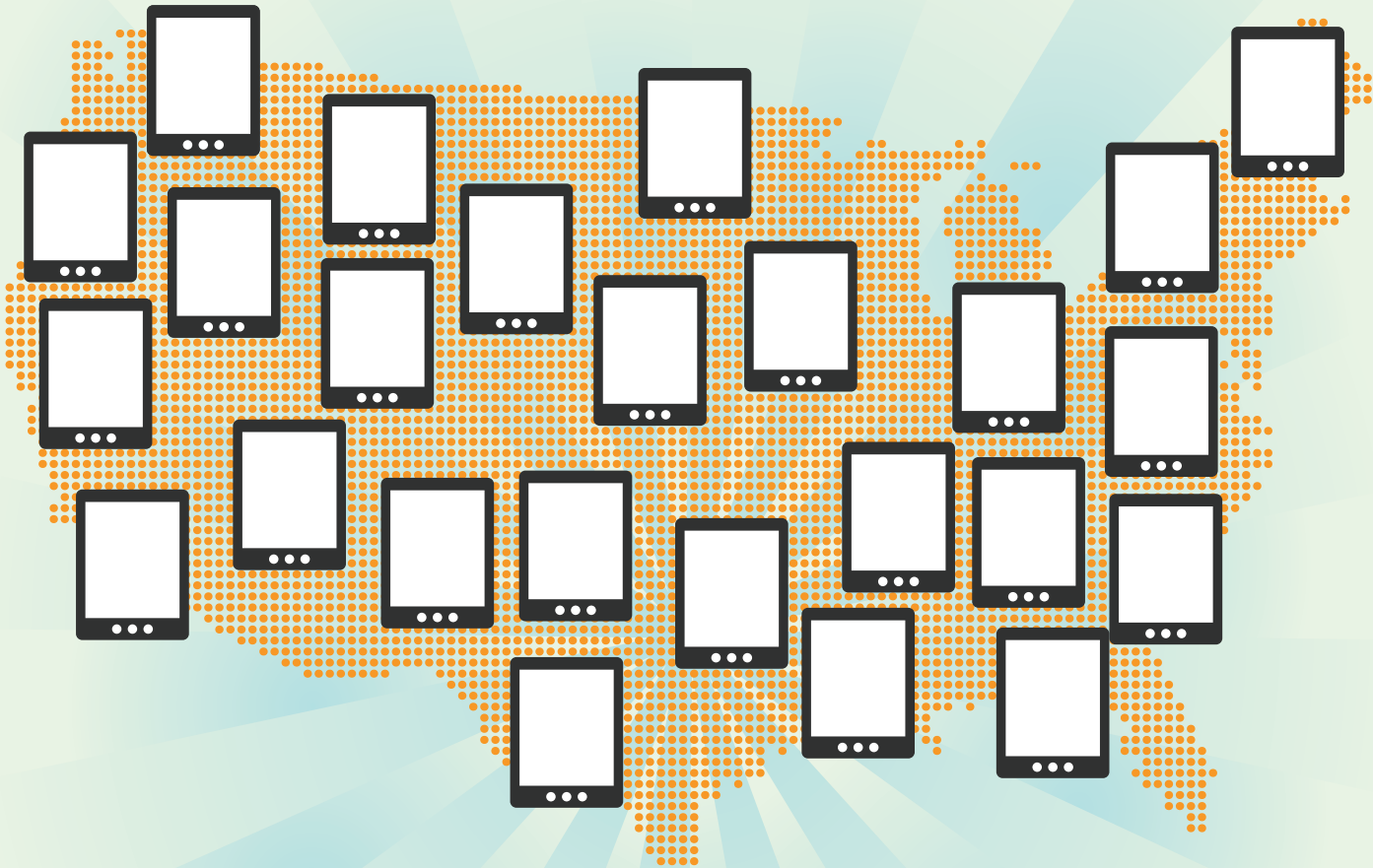
THE GfK MRI iPANEL REPORTER

A quarterly report on Consumers, Tablets and E-readers



GfK MRI

Tablets and Multi-Tasking



In the two years since the Apple iPad first popularized the tablet,

tens of millions have been sold,

and they are expected to become nearly ubiquitous in homes, classrooms and offices across America.

The **GfK MRI iPanel** is comprised of tablet and e-reader owners and focuses exclusively on consumers' digital behavior. This report examines how tablet users multi-task, their simultaneous usage of TV and tablet, and users' interest in in-app advertising.

Topics covered in this report

Page
3

Tablets and
Multi-tasking

Page
5

The
Two-Screen
Phenomenon

Page
9

Interest in
In-App
Advertising

Page
11

Consumers
Love Their
Tablets

Page
13

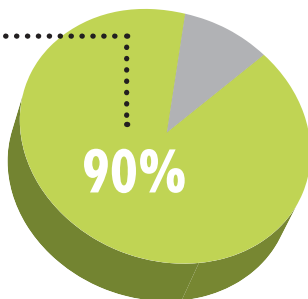
Trends in
Digital
Usage

Tablets and Multi-tasking

Media and multi-tasking is nothing new, but tablets take it to another level. Given the portability of tablets, the myriad opportunities for engagement they offer and their adaptability to so many diverse tasks, it's no wonder an extraordinarily high percentage of tablet users are also multi-taskers.

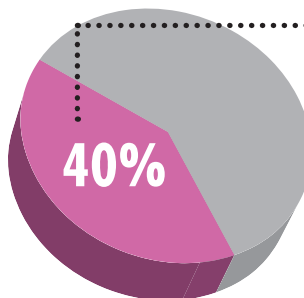
90%

of tablet owners used their tablet while simultaneously doing other things, at least once in the last 7 days.



40%

Almost 40% of the time they're using their tablets, tablet owners are also doing something else.



How tablet owners multi-task

What are tablet owners doing when they multi-task? Many things, from eating and talking on their cell phones...to playing video games and reading hard-copy media.

But there's no question about it: tablets and TV go hand in hand. Almost two-thirds of tablet owners used their tablet while concurrently watching TV in the last 7 days...significantly more than participated in any other activity while using their tablet.



63% use their tablets while watching TV

Additional activities of multi-tasking tablet owners

46% use their tablets while eating a meal

40% ... while talking to others

36% ... while on their cell or Smartphone

28% ... while on their desktop or laptop

27% ... while listening to the radio

25% ... while cooking

22% ... while traveling

17% ... while getting ready/dressed

17% ... while shopping

15% ... while exercising

13% ... while attending a meeting or class

11% ... while playing video games

10% ... while reading a hard-copy book

7% ... while reading a hard-copy magazine

7% ... while reading a hard-copy newspaper

Percentages represent tablet owners who did this activity at least once in the last 7 days while also using their tablet.

Tablets are made for multi-tasking

Owners are overwhelmingly positive about multi-tasking with their tablets



82%

say their tablet makes multi-tasking easier



81%

enjoy multi-tasking



74%

multi-task more now than before they had tablets

Percentages reflect tablet owners who "somewhat" or "completely" agree with the statement.

Age and frequency of use is a factor in multi-tasking behavior

The younger the tablet owner, the more likely it is that he/she will multi-task while using their device

% TABLET TIME SPENT MULTI-TASKING

Millennials (born 1977-94) — 44%

Gen X (born 1965-76) — 38%

Boomers (born 1946-64) — 37%

Pre-Boomers — 20%

Frequent tablet users (those using their tablet at least once a day) are more likely to multi-task.

Frequent tablet users spend 42% of their tablet time multi-tasking, compared to only 32% for infrequent users.

When and where tablet owners multi-task

Early evening and late night are prime time for multi-tasking



60% multi-task between 5—8 p.m.
44% multi-task between 9—11 p.m.
32% multi-task between 12—5 p.m.



Home is the venue of choice for tablet multi-tasking

89% multi-task at home
19% multi-task while at work
18% multi-task during their commute

The Two-Screen Phenomenon

Portable devices like tablets are particularly suited to multi-tasking and nowhere is that more evident than with the simultaneous usage of TV and tablets—

known as “two screen” viewing.

Almost two-thirds of tablet owners used their tablet while concurrently watching TV in the last 7 days.



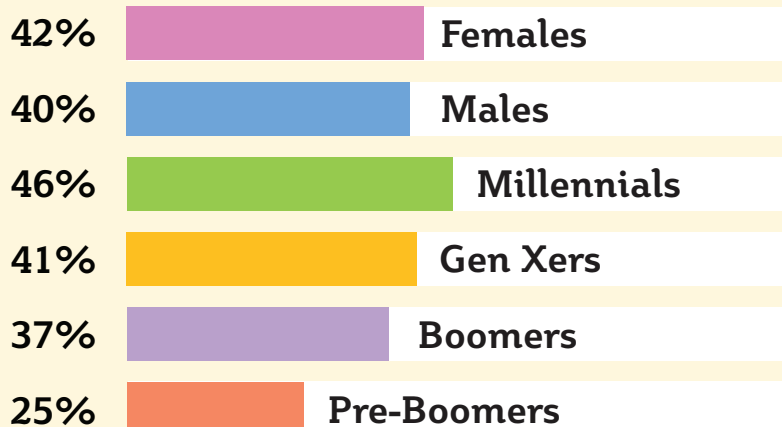
**Significant TV time
is devoted to
Two Screen Behavior**

Not only are a high percentage of tablet owners two-screen viewers, the behavior is not limited to just a few shows. 41% of tablet owners' total TV time is devoted to two-screen viewing.

63%

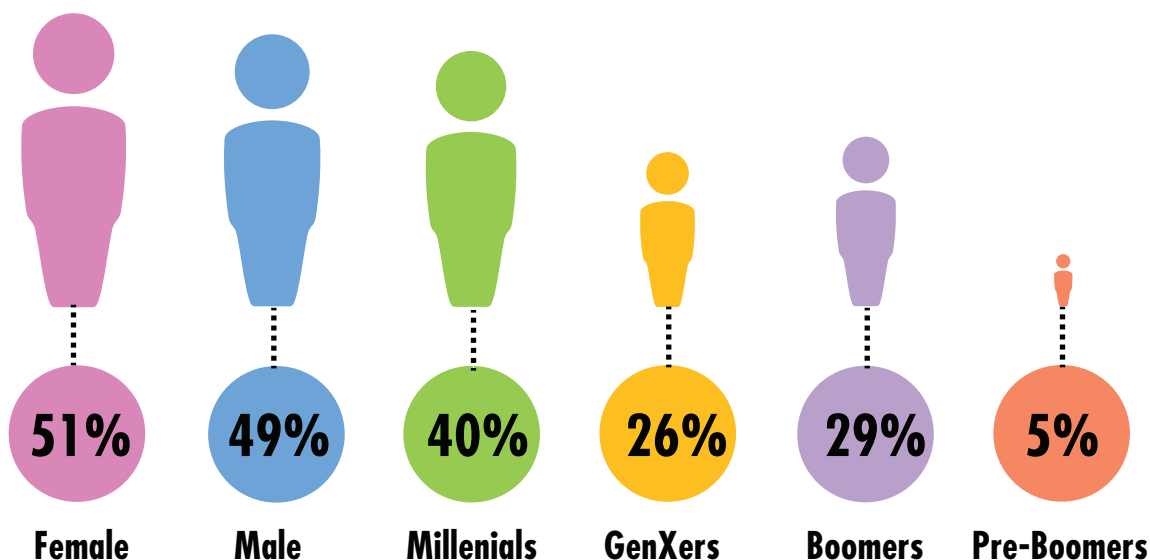
**OF TABLET OWNERS USED THEIR
TABLETS WHILE WATCHING TV
*at least once in the last 7 days***

% OF TOTAL TV TIME DEVOTED TO TWO-SCREEN VIEWING



Who are the two-screen viewers?

Two-screen viewers are somewhat evenly split by gender, but they tend to be younger consumers.

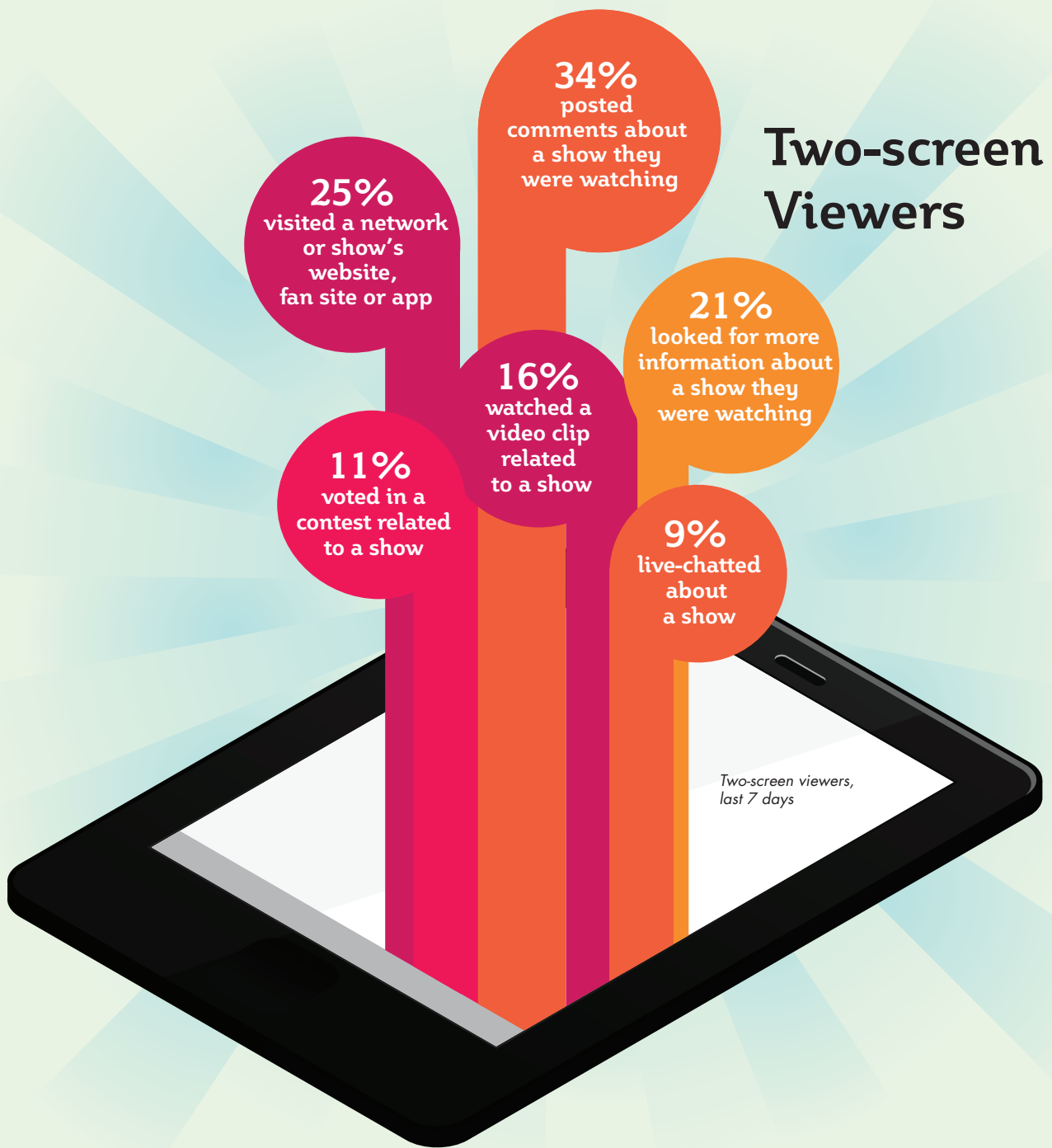


What's going on behind the scenes?

In a typical week, two-screen viewers use their tablets for a long list of non-TV activities.

While watching TV and using a tablet, they:

| | | | |
|--------------------------------------|-----|---|-----|
| ...checked their email | 78% | ...used IM/text messaging | 28% |
| ...visited unrelated websites | 55% | ...watched other video | 25% |
| ...played video games | 40% | ...listened to music or other audio broadcast | 19% |
| ...downloaded or used unrelated app | 36% | ...used the tablet as remote control | 11% |
| ...read a digital magazine or e-book | 34% | | |



Tablets enhance the TV experience

Television, it turns out, needed another device to become truly interactive, and the tablet appears to be that device. Two-screen viewers use their tablets to enhance and enrich their TV experience.

Two screen viewing can support TV advertising

Two-screen viewers use their tablets to respond to commercials aired during a show.

28% of two-screen viewers looked up a product advertised during a show they were watching

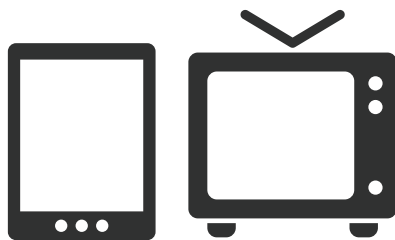
12% purchased a product advertised during a show they were watching



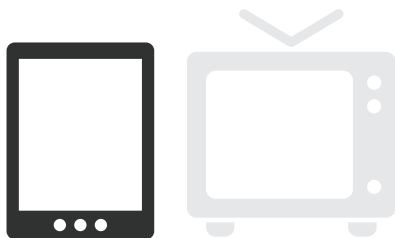
Tablets and TV compete for consumer attention

When two screens are open, consumer attention is almost evenly split—with tablets having a slight edge.

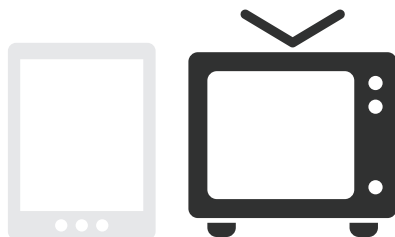
36% pay equal attention to their tablets and TV.



36% pay more attention to their tablets while watching TV.



28% pay more attention to the TV while on their tablets.



Boomers are more likely to equally focus on their tablets and TV.

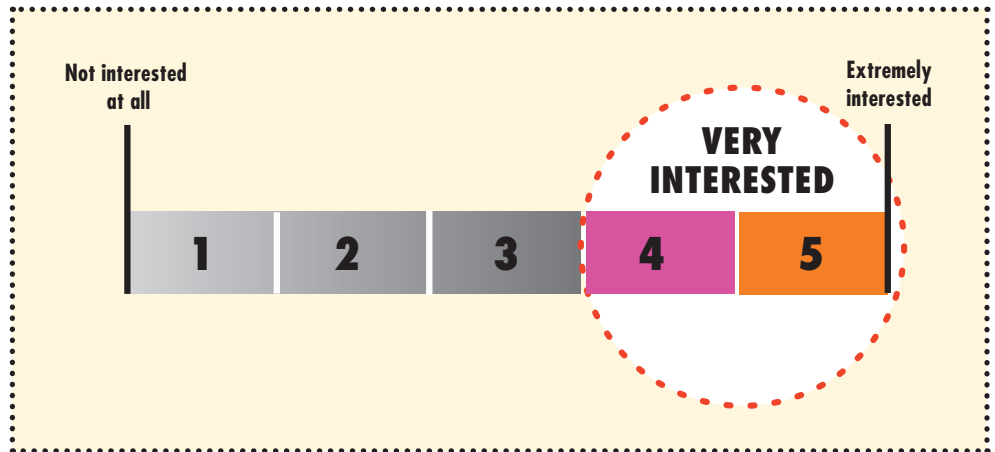
Women are more likely to focus attention on their tablets.

Men are more likely to focus attention on TV.

Interest in In-App Advertising

How interested are tablet owners in advertisements appearing within apps on their device?

While interest levels vary depending on the type of app in which the ad appears, more than one-half of tablet owners say they are very interested in the advertising appearing within at least one category or genre of their apps. This high degree of interest is particularly true among men and younger consumers.



56% of Tablet Owners are **VERY INTERESTED** in ads found within at least one genre of their Apps

61% of Males are Very Interested

52% of Females are Very Interested

66% of Millennials are Very Interested

58% of Gen Xers are Very Interested

42% of Boomers are Very Interested

51% of Pre-Boomers are Very Interested

Retail apps are tops for interest in advertising

Not surprisingly, more tablet owners say they are very interested in advertising appearing within Shopping and Retail apps than in any other genre. Apps devoted to local information...the weather...cooking...magazines...and music come next in line.

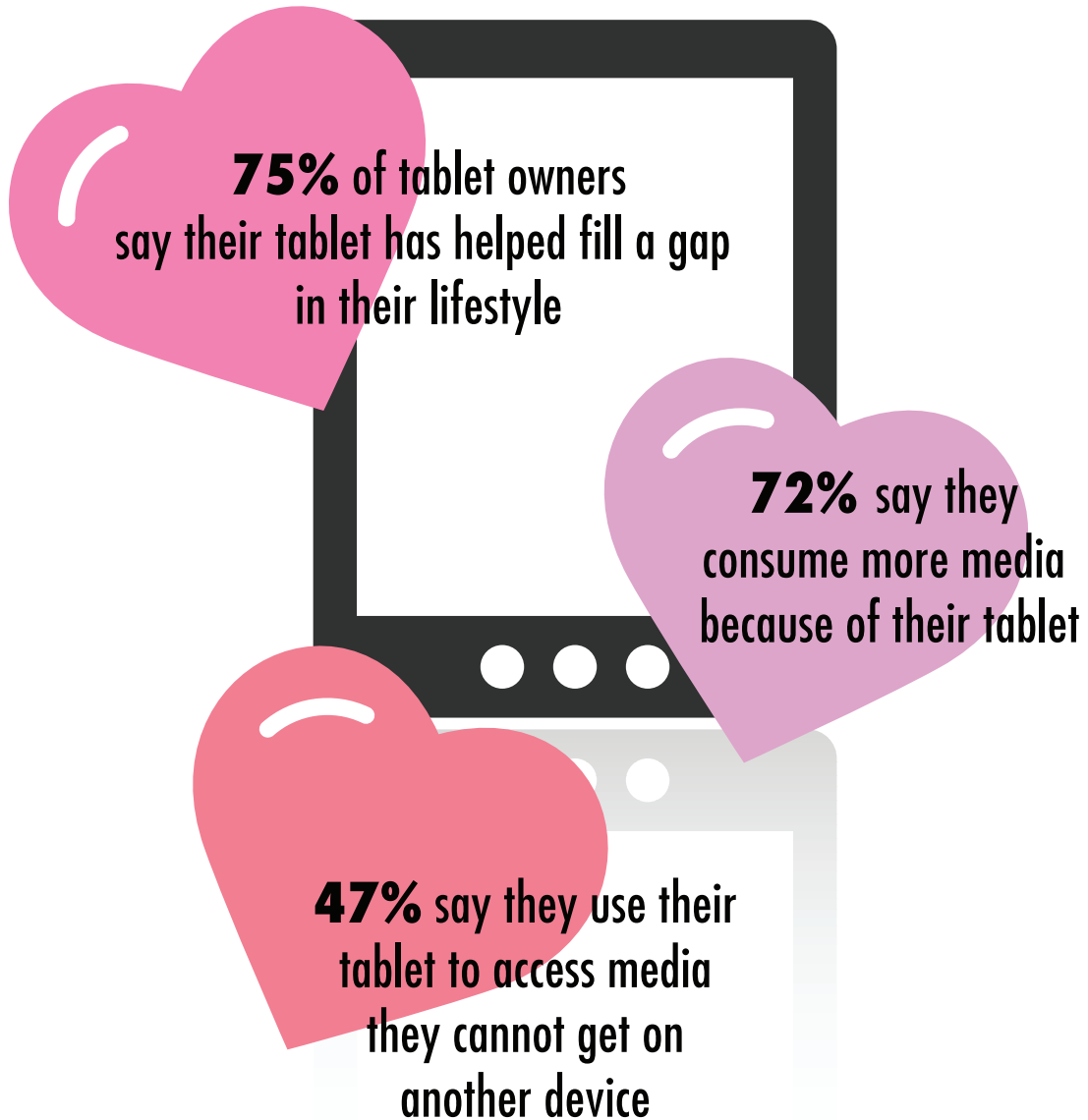
Very Interested in advertising appearing in each type of app

| Type of App | TOTAL | Millennials | GenXers | Boomers | Pre-Boomers |
|----------------------------------|-------|-------------|---------|---------|-------------|
| Shopping/Retail | 30% | 40% | 30% | 19% | 18% |
| Local information | 28% | 33% | 30% | 21% | 26% |
| Weather | 28% | 29% | 32% | 21% | 28% |
| Cooking/Recipes | 25% | 29% | 28% | 19% | 19% |
| Magazine | 25% | 31% | 28% | 13% | 18% |
| Music | 24% | 32% | 24% | 15% | 10% |
| Books | 24% | 29% | 25% | 17% | 16% |
| Travel/Navigation/Maps | 24% | 30% | 24% | 15% | 19% |
| Healthcare/Fitness | 24% | 30% | 26% | 15% | 12% |
| Newspaper | 23% | 30% | 23% | 14% | 18% |
| Games | 23% | 33% | 23% | 11% | 11% |
| Banking/Finance | 23% | 31% | 21% | 15% | 11% |
| News other than Newspaper | 23% | 29% | 22% | 16% | 15% |
| Social Networking | 23% | 30% | 23% | 13% | 12% |
| Other Entertainment | 21% | 29% | 22% | 11% | 8% |
| Sports | 21% | 29% | 17% | 14% | 16% |
| Productivity | 20% | 28% | 22% | 10% | 5% |
| Photography | 20% | 28% | 22% | 9% | 9% |

Shopping/Retail and **Games** apps show the greatest difference between the generations when it comes to interest in In-App advertising.

Consumers Love Their Tablets

Consumers have positive feeling towards their tablets and offer a number of reasons why they feel that way:



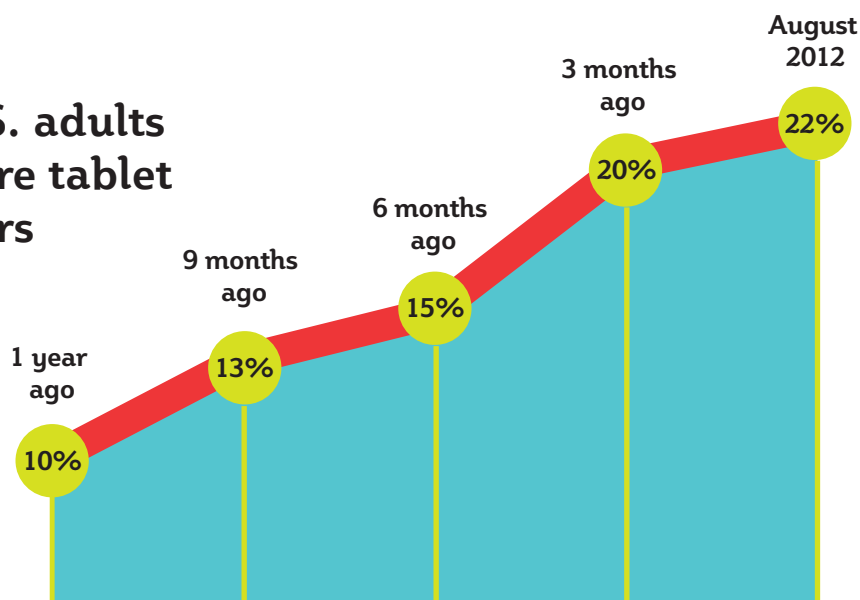
SUMMARY

Tablets have made multi-tasking more rewarding for consumers. Along with using their tablets, owners are watching TV, checking their email and downloading apps. Tablet owners place a high value on their devices' propensity for making multi-tasking easier and more enjoyable.

Advertisers will, too.

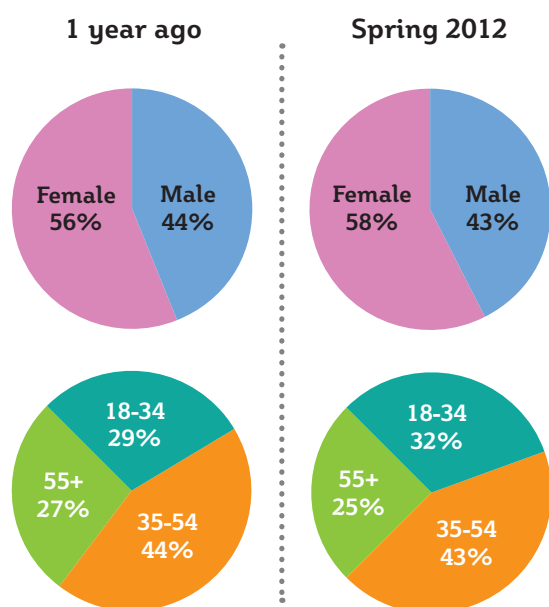
Trends in Digital Usage

Percentage of U.S. adults (Ages 18+) who are tablet or e-reader owners



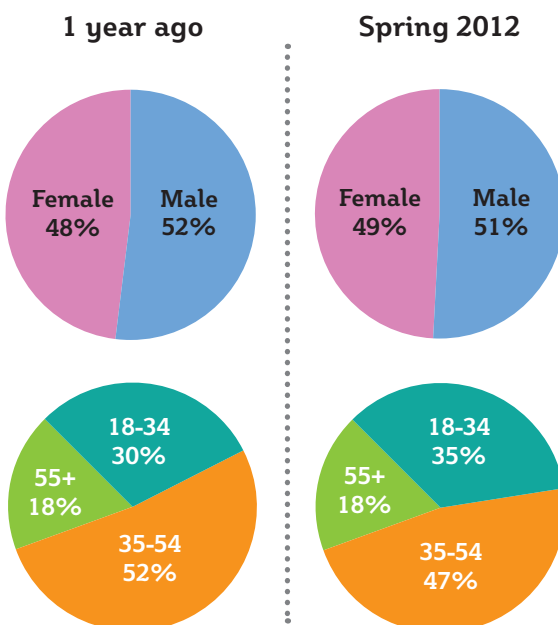
Source: GfK MRI's Survey of the American Consumer®, quarterly estimates using data in Fall 2011 and Spring 2012. August 2012 data is trended.

Demographic composition of tablet/e-reader owners



While the overall gender distribution of tablet and e-reader owners has remained constant, the median age has dropped from 45.0 to 42.5 in a single year.





Demographic composition of Apple iPad owners



This year, iPad ownership continues to be evenly split among the genders. Median age has dropped from 42.9 to 40.7 as more Millennials become owners of the device.

Source: GfK MRI's Survey of the American Consumer®, Fall 2011 and Spring 2012

Percentage of tablet owners with multiple tablets or e-readers in household

| | | 6 months ago | 3 months ago | August 2012 |
|-----------------|---|--------------|--------------|-------------|
| 1 in household |  | 47% | 45% | 38% |
| 2 in household |  | 35% | 35% | 37% |
| 3 in household |  | 14% | 14% | 18% |
| 4+ in household |  | 4% | 6% | 8% |

Average number of tablets or e-readers in household (among tablet owners)



As prices drop and choice increases, the percentage of folks living in households with multiple tablets or e-readers is growing and is currently close to an average 2 per household.

Source: GfK MRI's iPanel, 2012

Focus on print Percent of tablet owners who did these activities on their tablet in the last 30 days

| | 6 months ago | 3 months ago | August 2012 |
|----------------------------|--------------|--------------|-------------|
| Read an e-book | 54% | 54% | 58% |
| Read a digital magazine | 32% | 36% | 40% |
| Read a digital newspaper | 28% | 32% | 42% |
| Access a magazine website | 29% | 25% | 24% |
| Access a newspaper website | 33% | 31% | 30% |

As magazine and newspaper apps become more readily available, tablet owners appear to be reading more digital magazines and newspapers on their tablets and may be less apt to visit magazine or newspaper websites on their device.

Source: GfK MRI's iPanel, 2012



METHODOLOGY

The **GfK MRI iPanel** is an online panel of tablet and e-reader owners consisting of more than 6500 members. For this report, a total of 1,382 surveys were completed and 1,052 of those (representing tablet owners) were tabulated for analysis. Panelists were weighted to the projected national incidence of tablet/e-reader ownership as based on GfK MRI's *Survey of the American Consumer*®.

Incidence was estimated on the basis of the last four months of interviewing in order to account for the continuous growth of digital device ownership. The study went live on April 20, 2012 and closed on May 4, 2012.