MPP Global Solutions

Publishers on the Move: Making the Most of the Tablet Economy

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Introduction

The world surrounds us with perfect combinations, combinations that at first blush may be met with scepticism. Some things simply have to be tried before judgement is passed. Do not discard the idea of frying a Mars bar covered in batter until you have allowed yourself the pleasure of eating one it is a convergence that is greater than the sum of its parts - intuitive, ideal. However, when early adopters first dropped the Mars bar into the fryer, they were met, no doubt, with resistance. Good things, however, always demand notice, despite the best efforts of the arcane.

Things are no different in the world of technology. The trend toward convergence has been, as always, front and centre. PCs continue to get smaller, lighter and thus more portable whilst mobile devices are growing in strength, speed and memory. What has resulted is the tablet. It too, is greater than the sum of its parts. The tablet is a combination of the convenience of the mobile and the power of the PC.

The tablet has emerged as the consumer choice and publishers and developers have noticed. To maximize the returns available in the burgeoning tablet economy, businesses must be judicious and establish best practices, understand the impact tablets are having on the publishing industry and, of more consequence, the challenges and opportunities that lay ahead for the publishing industry in leveraging the huge growth factor.

Tablet sales have outperformed PC sales for the first time in the first quarter of 2013. And more traffic is being generated on the very new technology of the tablet than the smartphone, a technology that has been established for almost ten years. By 2016, it is projected the volume of tablets shipped will be 442 million, an increase of over 2600% since 2010 when only 17 million were shipped.

Publishing as a traditional industry has experienced huge change from the introduction of tablet and mobile devices; roughly half of all tablet owners consume news content on their device. Two thirds have a news app installed. Users would rather consume content on their tablet than on other more traditional outlets such as print and TV. This willingness to consume content clearly provides many opportunities for publishers.

Challenges and Opportunities for Tablet Publishing

The tablet should not be viewed as a standalone platform, but as one component of a larger strategy. Multiple channels influence consumers all day long, these channels should be utilised to push traffic and revenue towards your digital editions. This is especially important when fostering brand loyalty because there are so many alternative options available to users today. Be it platform or product; it has never been easier for a customer to move away from your services.

Complimentary technologies and mediums must be leveraged to increase retention on tablet devices, strengthening the bottom line. This continual process of building awareness and familiarity is key to maintaining repeat customers. There are four key areas: technology, content strategies, understanding your consumer and the application of a commercial model.

Technological Opportunities

The ultimate choice of technology in the world of tablets is between building a native application or taking advantage of the proliferation of web-based applications. Still the most popular method of tablet publishing, native applications are built specifically for the device or operating system in question. Most major outlets provide this type of product thereby allowing the apps to respond robustly to the built-in functionality the device offers.

First generation native applications were difficult to replicate for other platforms and the process was an expensive one. The advent of more sophisticated digital publishing tools like Adobe DPS relieved the financial pressure. Design and development resources are now a single team, rather than separate teams for each device. Apple's Newsstand is the singular example of a native based publishing application. As the market leader in the tablet industry, Apple was first to leverage the potential of tablet publishing in 2011. Operating as an extension of the native app store it only contains magazine and newspaper applications. It is pre-installed affording the consumer the ultimate ease of access.

There are, however, restraints within such a model for publishers. Apple takes a 30% margin on all content sold and there are limitations on the data made available when selling with Newsstand, making it difficult to understand, market and maintain brand awareness with customers. The desire to have complete control and access to user data has led some of the larger newspaper groups away from native apps towards web-based, HTML5 apps.

Built to responsively adapt to the device on which it is being displayed, HTML5 apps are not limited to specific devices as early native applications were. With web apps the publisher is free to embed payment and eCommerce functionality within the application. They also have complete ownership of all user data, and are able to then use this data in their future marketing campaigns or to potentially share with other parties. On-going changes and updates to the web application are much simpler than with native apps; they do not need to be audited and approved by the platform provider before launch. A Hubspot survey reported 40% of all tablet users get their news content via the web browser, adding further weight to the argument for developing web apps.

The visibility of web apps is lower because they must be sought out and there are few opportunities for the consumer to stumble over them as they could if it were available via an app store or Newsstand. There still exist update hurdles with the web based process being more involved and a manually activated process. A recent Hubspot survey found that 40% of all tablet users get their news content via the web browser, adding further weight to the argument for developing web apps.

Content Strategies

Tablet content can be packaged and presented in numerous ways. The simplest is a basic replication of the print edition. The sole benefit is the consumer needn't visit the local shop to reach the content. The natural progression from this direct digital copy is the addition of extra content not available in the print edition. This could be live updates making the tablet instantly more relevant as a news source than the static print edition, video content, interactive games or social media aspects. Experiences that can only be achieved on a tablet device make the content unique and provide clear marketing opportunities for publishers. It does, however, require greater creative and development resources to maintain this constantly changing, interactive content.

Tablet specific content is a strategy for publishers eager to attract a customer's niche markets unique to their traditional customer base. It too is accompanied with execution costs that make this an expensive option.

A common alternative is to bundle products, offering digital, tablet and print editions in various groupings aiming to provide a package for all users regardless of individual needs. Conversely, publishers can unbundle content. With print, a fixed price is paid for the sole option of content delivery-the physical paper itself, whereas the digital/tablet device affords the ability to divide content into slimmer, more specific pieces. Some customers may be unwilling to pay a monthly subscription for the full newspaper at £30 per month, but would be willing to pay for just the sports content at £10 per month; this new revenue stream and target audience could not be exploited prior to the introduction of digital formats.

Knowing Your Customer

The most important consideration when creating a tablet strategy is the customer. There is absolutely no point exploring technology or content type unless you are fully aware of your target audience and their behaviours. Tablets buck the trend of computer devices being the domain of young males. Tablets are cross-generational, used by each generation for a different task. Young children and teenagers use the tablet to play games and to socialise virtually with their friends, adults using their tablet to explore the local culture, check and reading global news, and the eldest generation reading an eBook and checking news from home.

The pricing of tablet devices is still relatively expensive but as manufacturer competition increases and prices are driven down the technology will become more affordable. This may also create opportunity for publishers, with the user's saving now available to be spent on content, rather than hardware. Knowledge of target user groups and demographics is an important factor to be considered. Younger users will employ social media to stay current, adults more inclined towards reviews and longevity. Tablet publishers must be sensitive to these outside influences and the constant evolution of trends as new products are introduced to the marketplace. Tablet publications and their marketing must be able to adapt accordingly.

Commercial Models

Having identified your audience, decided upon your content strategy and chosen a format for the tablet publication, it is time to look at the different commercial models that can be implemented to create a revenue stream. The most common is the revenue share. Newsstand uses such a model. The platform provider takes a percentage with the remainder going to the app developer or publisher of the content. This has been hugely successful. The argument however, is whether the isolated audience is worth the percentage cut taken by the platform provider. Furthermore, are companies that sell at high volume or high price points penalised by the royalty fees?

The freemium model is most closely linked to publishers with the metered paywall. It is also very popular with web applications but we have yet to see it impact the tablet economy. But the idea of providing a sample to draw in customers is an obvious strategy soon to be implemented. Ad funding as a model is at risk of being rendered obsolete. Ad funded refers to the content being completely free of charge for the end user and all revenue is generated by advertising revenue. Reminiscent of a print edition, the level of risk to publishers is high. The volatility of advertisers and the constant threat of losing the revenue can decimate the entire business model.

A subscription model, be it daily, monthly, or weekly is also quite common. It offers greater flexibility to the customer whilst allowing the publisher opportunities to convert shorter-term subscribers into long-term customers.

The micropayment model is gathering a foothold as an excellent method for offering customisable options for specific sections of information and content. A reader may purchase content on an article-to-article basis versus having to buy an entire edition, thereby buying content they have no interest in reading. Micropayments hone in on the specific needs of individual consumers.

Mail Plus Case Study

In 2012 MPP Global Solutions were selected by dmg media to provide the user registration and payment solution for the Mail Plus tablet edition. dmg media needed to protect their hugely successful website, MailOnline, while simultaneously creating an attractive offering for existing and new users to their tablet application. MailOnline is the most visited newspaper website in the world. It uses the ad-funded model thus, is completely free. The tablet version, Mail Plus delivers all the print edition content and extra interactive features and app exclusive content.

Mail Plus provides all of the content in the paper plus an array of enhanced interactive content, has now launched across all major tablets. MPP's eSuite technology platform is deployed to support all marketing, registration and payment activity. The Mail-branded subscription and billing channel allows users to make payments using various payment types. More importantly, it operates separately but in parallel to Apple iTunes, Amazon Kindle and Android. This enables dmg media to easily monetise its digital content across multiple platforms, providing the flexibility to cater to all customers. The MPP reporting engine also provides cross device reporting and comparison, with data passed from all formats and stored centrally by MPP.

Print, Digital, Mobile, Tablet...What's Next?

Consumer-driven content provides traditional publishers with the opportunity to interact with their users to degrees never conceived of previously. Press publishing applied a static approach to readers with the one version available to every customer. In the digital age, perfectly matching user to content and content to user is critical. Comprehension of user-generated revenue and behavioural analytics drive a heightened and detailed relationship with consumers. The market is flooded and customer retention and loyalty is key to the future of tablet publishing.

Keys to Success

To optimise tablet publishing there are essential elements. Having a seamless integration of existing technical infrastructure with tablet publishing technology without disrupting operations is vital. Reading the changes in the marketplace positions companies for longstanding growth.

Tailoring content to the consumer cannot be stressed enough; all offerings must be consumer driven. Bundling, unbundling and hyper-specific-user offerings are the new normal for content. Digitisation and the shift from business to business operations to business to customer operations demand a CRM system to manage customer data. Collecting as much information about users helps the creation of bundles and other marketing initiatives such as offers/incentives, as well as allowing customer support to be carried out, again a function that does not traditionally fall within the publisher's domain.

The CRM must be scaleable with a single view across all devices. Customer data stored in a centralised repository enables a single view of the complicated patterns of consumers throughout the digital landscape, offering insight into behaviours and buying habits. The concept of centralisation extends to payment accounts. It is optimal to have a single payment account that spans all devices. The user experience is improved drastically; customer must only register once for all platforms. The fewer times a client is asked to enter and re-enter data and information the better. By having a single payment account, the upsell, cross sell and impulse purchase opportunities are huge, with one-click transactions enabled and the user simply having to remember a single set of login credentials for all devices.

Summary

Tablets are redefining how all of us consume news content. Day old news is simply that, day old news and the reader of today and tomorrow is intent on maintaining a currency that is no longer measured at the leisurely pace of day to day but the informed and mobile minute to minute interactive experience.

For publishers to maximise their returns in the tablet economy, choosing either a native or web-based application, developing a content strategy, understanding the customer base and choosing the proper commercial model are integral to success. Soon, the buses we ride will be free of rustling newspapers because riders will have their news delivered digitally. The world is becoming a paperless society faster than we could have ever anticipated. Publishers prepared, responsive and flexible in this market will transfer to the tablet economy with confidence and greater ease.

Convergence has led us to the early days of tablet publishing. The challenges and opportunities make it an exciting and profitable prospect for the long term.

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