

mobilizing

media.

2ergo

introduction

Are U.S. newspapers, bloggers and consumer magazines making their content easy to view on mobile devices? That's the question we set out to investigate in this **Mobilizing Media** report from 2ergo.

More than a third of U.S. mobile consumers (36%) now have smartphones,¹ and sales of tablet devices, led by the iPad, are skyrocketing. Pew Research said half of its survey respondents (47%) now get some form of news on a mobile device. Amazon says that its Kindle eBook sales have now overtaken its total sales of paperbacks. So we know that people are not only reading on a screen, but their screen is increasingly mobile.

This has led to fantastic innovation in media business models and content formats. We're seeing dedicated mobile-only media titles being launched, such as News Corporation's *The Daily*, and many publishing groups are navigating the transformation to mobile with fresh new ideas.

By 2013, Gartner predicts that mobile phones will overtake PCs as the most common Web access

device worldwide, with the combined installed base of smartphones and browser-equipped phones exceeding 1.82 billion units.

The importance of having your content optimized for mobile is articulated nicely by Peter Fitzgerald, Google's retail, technology and business markets director, who states "if you don't do anything else, get a mobile-enabled site."

Not surprisingly, we found through our research that the larger media publications in the U.S. are meeting the demands of mobile readers. Out of the top U.S. media outlets that we researched for this report, including the top 50 newspapers, top 25 blogs and top 25 consumer magazines, we found that the media industry is responding well to the enormous market demand for mobile access with 84% of the publications having a mobile website, a mobile application or both. Media owners have recognized that the risk of not being optimized for the smaller screen formats will have a negative impact on both revenue and circulation.

"If you don't do anything else, get a mobile-enabled site. Between 10% to 15% of all searches on Google's site are coming from mobile phones already."

Peter Fitzgerald,
Google's retail, technology & business markets director

¹ Nielsen Company

about 2ergo

2ergo is the leading international mobile business and marketing solutions company, with extensive experience in the media industry.

We combine proprietary mobile technologies and professional services to help organizations of all sizes develop and execute their mobile strategies to increase sales, mobilize business processes, reduce costs and enhance customer relationships.

Since 1999, organizations such as ESPN, the Australian Broadcasting Corporation, Vodafone Hutchison Australia, Fox Sports, Fox News, Orange, Aviva, Fidelity, Transport for London, O2, Carphone Warehouse and Procter & Gamble have all benefited from 2ergo's end-to-end mobile solutions.



market analysis

by Colin McCaffery,
Head of Products at 2ergo

Context to our research

Publishers are facing transformational times. Not only are they wrestling with potentially outdated business models and increased access to free content, they are navigating complex technical considerations to reach an audience who is viewing content through desktops, mobiles, and even TVs and games consoles

Publishers need to recognize that embracing innovation through new technologies will be a crucial part of their business plans over the next few years. As more connected devices enter the market, the need to provide local and targeted content to the mobile reader increases. However, publishers can take solace in the fact that mobile is breathing new life into their industry and bringing about new investments in people, innovation and business processes.

market analysis

Understanding the technology

The two main ways to deliver content to mobile devices are **mobile websites (mSites)** and **native applications**.

An app is a useful tool for publishers and can make better use of the built-in functionality of the smartphone like GPS or a camera. Consumers are likely to be more loyal to brands once they have an app on their phone than they are to sites they view via a browser. Apps have their limitations, though, because they are tied to specific operating systems and publishers must create multiple applications to reach different phone types.

mSites are optimized for the mobile screen and allow publishers to reach the widest audience possible. All smartphones can access mSites via web browsers and can be found via mobile search, attracting organic traffic. Google has said that 15% of traffic is via mobile devices, so having an mSite that is search engine friendly is a major advantage.



market analysis

Our research

Our research looked at which platforms (mSites or apps) print and online media use to reach their audience. All the media chosen had traditional web presences, and we set out to see if their digital strategies incorporated mobile.

Our research shows that the majority of top U.S. media outlets are optimizing their content for mobile devices.

The data also revealed that despite Android having a larger installed base than iPhone, twice as many media companies chose to launch an iPhone app than Android.

National newspapers

National newspapers lead the way in providing mobile-friendly experiences with 86% of them having a mobile site.

Newspapers also lead the way in smartphone applications with 92% of them having released at least one app. Eighty-eight percent have an iPhone app, 38% have an Android app and 36% have a BlackBerry app. Only twenty-eight percent have all three types of applications.

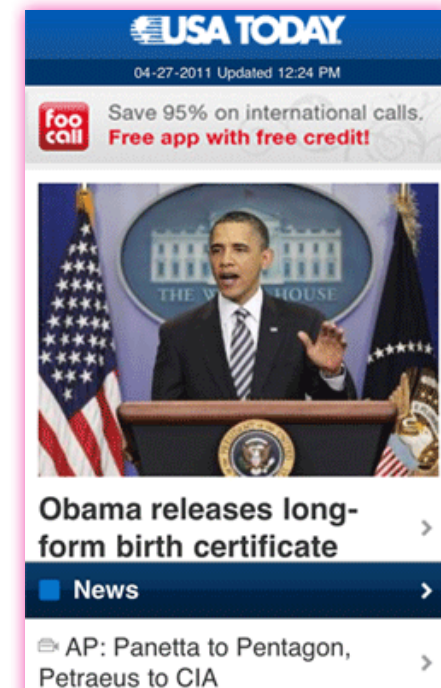
The majority of newspapers have chosen to monetize their mobile websites; 66% of them serve up mobile advertising.

With declining advertising and subscriber revenues over the past ten years, we believe that newspapers have the most to gain from the mobile channel. The convenience of accessing local, up-to-date news on the go has made newspaper content in demand and relevant. Working with a mobile vendor like 2ergo, a newspaper can seamlessly publish their existing content to mobile in real time with a great user experience.

The advent of mobile advertising, combined with

regional and interest-based demographics of mobile news subscribers, uniquely delivers a qualified and active audience for national, regional and hyper-local advertisers.

Beyond news, popular content including crossword puzzles, sudoku, comics, restaurant reviews, travel features and editorial podcasts are easily adaptable and well-suited to mobile sites and mobile applications. We believe this featured content will allow publishers to up-sell readers and advertisers through a variety of flexible business models including yearly subscription, one-time download fee and advertiser subsidized.



market analysis

Consumer magazines

Top consumer magazines, representing revered titles such as *National Geographic*, *Better Homes and Gardens*, *People*, *Time* and *AARP Magazine*, are slower to respond to the needs of the mobile reader with only 44% of them having a mobile site.

But the percentage of consumer magazines with a smartphone application does improve with 64% of them having released at least one mobile application. Sixty percent have an iPhone app 28% have an Android app and only 12% have a BlackBerry app.

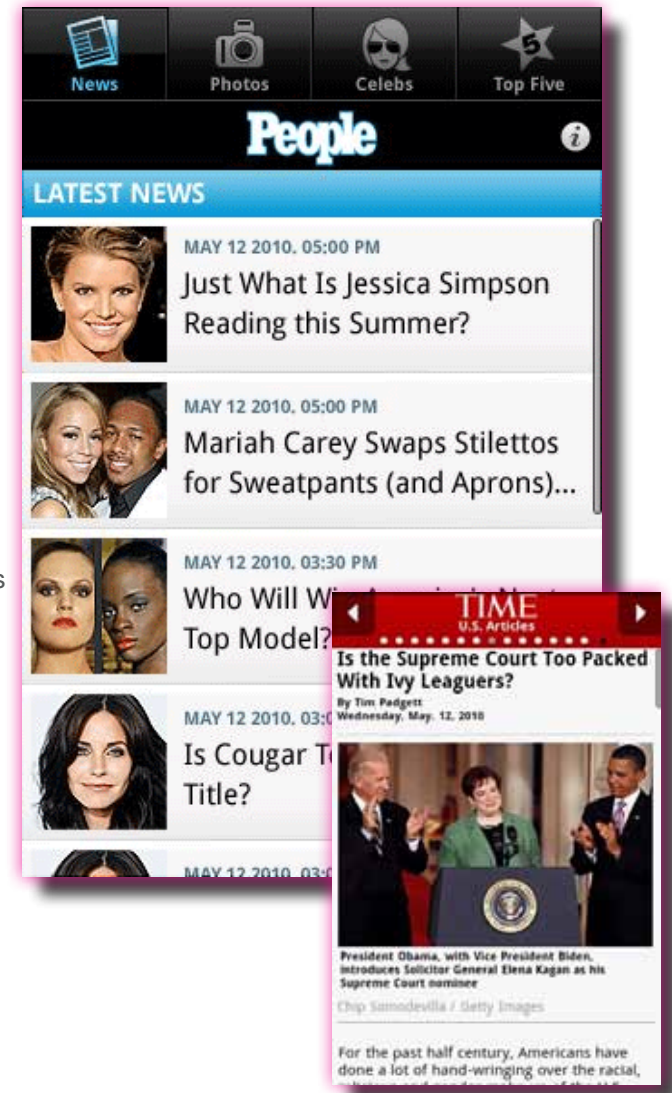
Only 20% of the top consumer publications supplemented their advertising revenues with mobile advertising.

If these percentages hold true for the thousands of other consumer publications in market, the opportunity for revenue growth and increased readership is enormous and just waiting to be had. Could it be that consumer magazine publishers

are struggling to deliver the same experience as their print format? Possibly. But to transform a media brand to a mobile site or an application does not mean publishers have to match the same experience. In fact, industry experts believe that tablet formatted versions provide the perfect opportunity to charge premium subscription fees thanks to the desirable paperless feature, superb graphics, interactivity and access on the go.

Consumer magazine publishers must tailor their editorial objectives to satisfy the needs of the mobile consumer while minimizing additional staffing and resources. With this in mind, publishers should leverage the mobile channel by allowing for interactivity and community-based content such as reader comments, surveys, polls, contests and location-aware content and advertising.

Outsourcing mSite and app development to a trusted mobile partner like 2ergo reduces headaches, cost and time to market for media companies.

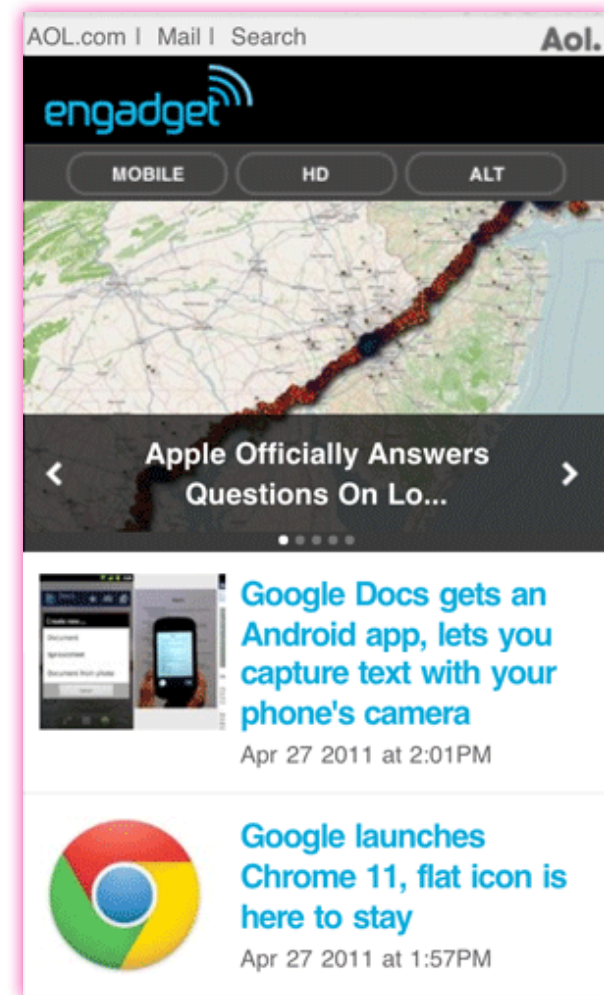


market analysis

Bloggers

Most if not all blogs encourage interactivity and focus on targeted content. Blogs are what we consider the most seamless candidate for mobile. But we found that some bloggers have yet to realize how mobile can drive additional awareness, readership and revenue. Of the top 25 U.S. blogs, 64% had a mobile site with only 20% being supported by third-party advertising. Lagging far behind newspapers and consumer magazines, only 36% had at least one platform-specific mobile application.

We wonder if bloggers' less than expected mobile investment be related to tight resources? The positive and negative backlash from the app store frenzy created a perception that mobile is big ticket item that only large publishers and national brands could afford. Over the past two short years a comprehensive array of affordable mobile publishing platforms and mobile advertising networks have come to market, putting the mobile consumer well within reach of small to medium sized publishers.



conclusion

The future

In our view there are very few media outlets that wouldn't benefit from embracing mobile. The U.S. media needs to reach its audience which is hungry for content, be it news, premium lifestyle content or business-to-business articles and video.

A mobile website is an effective way of achieving this objective and is relatively inexpensive, so compared to the huge investment made in print presses, factories and other infrastructure linked to the print industry, the investment is minimal. Making a commitment to mobile does not always lead to hiring additional staff. Mobile partners like 2ergo are here to guide media companies down the right path and handle the complexities of going mobile.

Then there are the wider benefits of mobile sites and applications which can be used for acquiring new readers and subscribers, obtaining CRM data, building subscriber loyalty and increasing revenue per subscriber. These advancements in subscriber acquisition, retention and up-sell will result in an increased number of advertisers and advertising formats.

For those publications already embracing the mobile web and native apps, we expect them to recognize the value in leveraging these other mobile techniques to enhance their content.

- QR codes - connects offline print content with the connected mobile world
- SMS messaging campaigns - delivers breaking news alerts and drives traffic to a mobile presence
- Hyper-local content – uses the built-in GPS capabilities to deliver more relevant and timely information
- Advertorials – creates integrated advertising campaigns that cross channels and relate closer to the surrounding content

Once publishers consider all the benefits of mobile and stop using the technology only as a content delivery tool then even wider gains can be made.



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appendix

Scope of research

This research investigates the use of the mobile web and smartphone applications among BurrellesLuce's 2011 Top Media Outlets in the U.S. published in February 2011. BurrellesLuce compiled the latest newspaper data from the Audit Bureau of Circulations (ABC) figures for the six-month period ending September 30, 2010. U.S. consumer magazine circulation was

compiled from ABC figures for the six-month period ending December 31, 2010. Technorati Authority for February 23, 2011 was used for the blog rankings.

The main focus of the research was to see whether traditional online strategies were adapted for the mobile web and to see if the

industry had moved on from operating system specific apps and adopted mobile websites as a way to reach a much wider audience.

	mSite	Ad supported mSite	iPhone app	BlackBerry app	Android app
Newspapers	86%	66%	88%	36%	38%
Blogs	64%	20%	36%	16%	28%
Consumer	44%	20%	60%	12%	28%
Total	70%	44%	68%	25%	33%

appendix

Daily Newspapers

The Wall Street Journal
USA Today
The New York Times
The Los Angeles Times
The Washington Post
The Daily News (New York, NY)
New York Post
San Jose Mercury News
Chicago Tribune
Detroit Free Press
Houston Chronicle
The Philadelphia Inquirer
The Arizona Republic (Phoenix, AZ)
Newsday (Long Island, NY)
The Denver Post
Minneapolis-St. Paul Star Tribune
St. Petersburg Times
Chicago Sun-Times
The Plain Dealer (Cleveland, OH)
The Oregonian (Portland, OR)
The Seattle Times
The Dallas Morning News
The San Diego Union Tribune
San Francisco Chronicle
The Star Ledger (Newark, NJ)
The Boston Globe
Kansas City Star

The Sacramento Bee
St. Louis Post-Dispatch
The Baltimore Sun
The Orange County Register
The Atlanta Journal-Constitution
The Indianapolis Star
Pioneer Press (St. Paul, MN)
Pittsburgh Post-Gazette
Orlando Sentinel
Milwaukee Journal Sentinel
Arkansas Democrat-Gazette
(Little Rock, AR)
The Courier-Journal (Louisville, KY)
Sun-Sentinel (Ft. Lauderdale, FL)
Las Vegas Review-Journal
Contra Costa Times (Walnut
Creek, CA)
The Cincinnati Enquirer
The Miami Herald
Pittsburgh Tribune-Review
The Columbus Dispatch
Charlotte Observer
Star-Telegram (Fort Worth, TX)
The Buffalo News
The Virginian-Pilot

Consumer Magazines

AARP The Magazine
AARP Bulletin
Better Homes and Gardens
Reader's Digest
Good Housekeeping
National Geographic
Women's Day
Ladies' Home Journal
Family Circle
Game Informer
People
Time
Taste of Home
Sports Illustrated
Cosmopolitan
Prevention
Southern Living
AAA Via
Remedy
Maxim
O, the Oprah Magazine
AAA Living
Glamour
TV Guide Magazine
AAA Going Places

Bloggers

The Huffington Post
TechCrunch
Mashable
Gizmodo
Gawker
Engadget
BoingBoing
National Review - The Corner
Hot Air
ReadWriteWeb
The Daily Beast
TMZ
The Daily Dish
Think Progress
Jezebel
Kotaku
Politico - Ben Smith's Blog
NewsBusters
Business Insider
Vulture (NY Mag)
ArtsBeat
Big Government
Lifehacker
Mediaite
Boston.com - The Big Picture