



Evolving Beyond Print: Taking Advantage of the New Tablet Communication Channel

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1 Executive Summary

As tablet sales go through the roof, publishers and marketers must consider a comprehensive app strategy to take advantage of burgeoning audience numbers.

1.1 Key Considerations:

The tablet space is growing exponentially and, with the introduction of strong Android tablets, the numbers will continue to rise. In a few short months tablets have become an essential communications channel.

The tablet audience is highly receptive to content and avidly consumes magazine-like content on the tablets. Users are rapidly shifting their attention from traditional print to tablets.

Utilizing common app-purchasing behaviors and other permission-based marketing strategies, publishers can gain valuable intelligence on the readers of their digital publications.

2 Introduction

Digital publishing, particularly for digital tablets and other mobile devices, is growing and evolving at a pace exponentially faster than the Internet boom of the 1990s.¹ And just as in the early days of the Internet, organizations are scrambling to incorporate this valuable technology into their business plans. It's no longer enough to just have a website. Users expect to be able to find and interact with the information they need whenever they like, especially while on the go, using smartphones or the increasingly popular tablets.

As customers grow more technologically savvy, the challenge becomes finding ways to deliver content and information in ways that capture imagination and build loyalty. This white paper will guide decision makers who wish to redirect their organization's B2B and B2C communication strategies from a traditional print media and web-based platform to a more immersive and interactive digital approach featuring mobile applications.

3 State and Landscape of Digital Readers

Tablet readers and other mobile devices are changing how we read. Consider recent eBook sales figures. USA Today reported that eBook versions of their bestseller titles are now outselling their print counterparts.² And Random House announced that eBook sales rose 300% this past holiday season.³

A recent study by The Nielsen Company helps define the mobile technology trend.

"Nearly all adults in the U.S. now have cellphones, with one in four having smartphones, pocket-sized devices more powerful than the computers initially used to send men to the moon. By the end of 2011, Nielsen predicts that the majority of mobile subscribers in the U.S. will have smartphones. With their rich features and capabilities, these devices have been fertile ground for the growth of mobile apps. As of June 2010, 59% of smartphone owners and

Notable Upcoming Tablet Devices

Motorola Xoom: Available Q1 2011 (Price: TBD)

Toshiba Tablet: Available 2011 (Price: TBD)

Both tablets feature:

- Screen: 1280x800, 10.1 inch touch screen
- Cameras: a front-facing 2-megapixel camera and a 5-megapixel rear camera
- Operating System: Android 3.0 (Honeycomb)
- CPU: Nvidia's Tegra 2 dual-core processor and integrated Nvidia graphics
- Extras: Flash Support, GPS, Wi-Fi

The Xoom includes a built-in barometer and is substantially lighter than the Toshiba Tablet (26 oz. vs. 1.7 lbs.).

The Toshiba Tablet comes preloaded with Toshiba Places and Toshiba BookPlace eReader and marketplace, and includes USB 2.0, mini USB, and SD card ports.

¹ <http://gigaom.com/2010/04/12/mary-meecker-mobile-internet-will-soon-overtake-fixed-internet/>

² http://www.mediabistro.com/ebooknewser/on-usa-today-bestseller-list-ebooks-outsell-print_b4780

³ http://www.mediabistro.com/ebooknewser/random-house-ebook-sales-up-300-this-christmas_b4597

nearly 9% of feature phone owners report having downloaded a mobile app in the last 30 days.”

3.1 The Allure of Tablets

As fast growing as smartphones are, they are being outdone by tablets. Analysts predict that tablets will replace one in three PCs. Goldman Sachs’ Bill Shope predicts 54.7 million tablets will be shipped in 2011, an increase of more than 500% over 2010 sales. “We expect the vast majority of these devices to run the ARM architecture with either iOS or Android as the operating environment. If this is the case and our tablet forecast is anywhere near accurate, this would be the first time in three decades that a non-Wintel technology has made legitimate inroads into personal computing,” Shope explained, adding, “The fast rise in tablets could have significant implications across the technology industry as a whole.”⁴

Technology research and consulting firm Yankee Group offered its very first forecast of the global tablet market. It predicts promising sales increases, from 21 million units in 2010 to 168 million units in 2014. A sharp rise in revenue is also forecast, from US\$16 billion in 2010 to US\$46 billion in 2014, thanks to a number of product offerings, including Apple’s iPad and the Samsung Galaxy Tab. “The growth in this market is unprecedented,” said Dmitriy Molchanov, author of the forecast. “The tablet sales curve is rising faster than that of HDTVs, handheld gaming consoles or even MP3 players.”⁵ Approximately 35 companies unveiled new tablets at the 2011 International Consumer Electronics Show in January.

The abundance of new offerings prompted analysts from Yankee Group to predict the average price tag for tablets will drop to \$237 by 2015.⁶ Decreased prices and more choices obviously translate into more consumer tablet sales. But they also pave the way for businesses to get these devices into the hands of their employees and business partners.

Tablet devices like the iPad have become irresistible to publishers for a variety of reasons. Their larger screens better support rich, multimedia features like video, social media

Profile of Select Tablet Devices

	OS	Size (inches)	3G	Price	Launch
Apple iPad	iOS 4.2	10	Yes	\$499 (Wi-Fi only), \$629 (Wi-Fi/3G)	April 2010
Archos (various models)	Android	2.8-10.1	No	\$99.99-\$349.99	Varies
Dell Streak	Android 1.6	5	Yes	\$300 (contract), \$549 (no contract)	Aug 2010
HP Slate 500	Windows 7	8.9	No	\$799	Oct 2010
Kno	Linux	14.1	No	\$599, \$899 (dual-screen)	Dec 2010
RIM Playbook	BlackBerry	7	No	TBA, likely >\$500	Q1 2011
Samsung GALAXY Tab	Android 2.2	7	Yes	\$399	Nov 2010
ViewSonic ViewPad	Android/Windows (dual boot)	7 or 10	No	\$479 (7"), \$629 (10")	Nov 2010

Note: all listed units are Wi-Fi compatible
Source: company reports, 2010

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www.eMarketer.com

⁴ <http://www.informationweek.com/news/storage/systems/showArticle.jhtml?articleID=228800307>

⁵ <http://www.smartgorillas.com/?p=2238>

⁶ <http://www.element-14.com/community/groups/consumer-electronics/blog/2011/01/06/ces-day-1-tablets-tablets-and-more-tables>

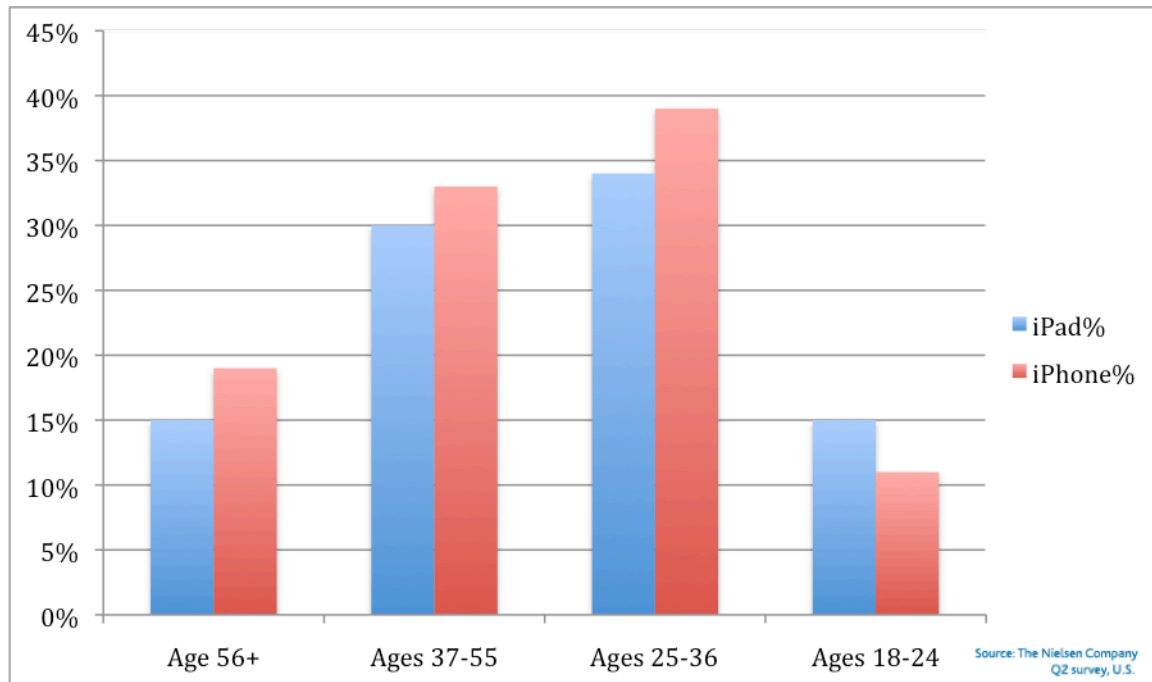
integration, and geo-specific content. Content can be accessed without network connectivity.

3.2 Tablet User Demographics

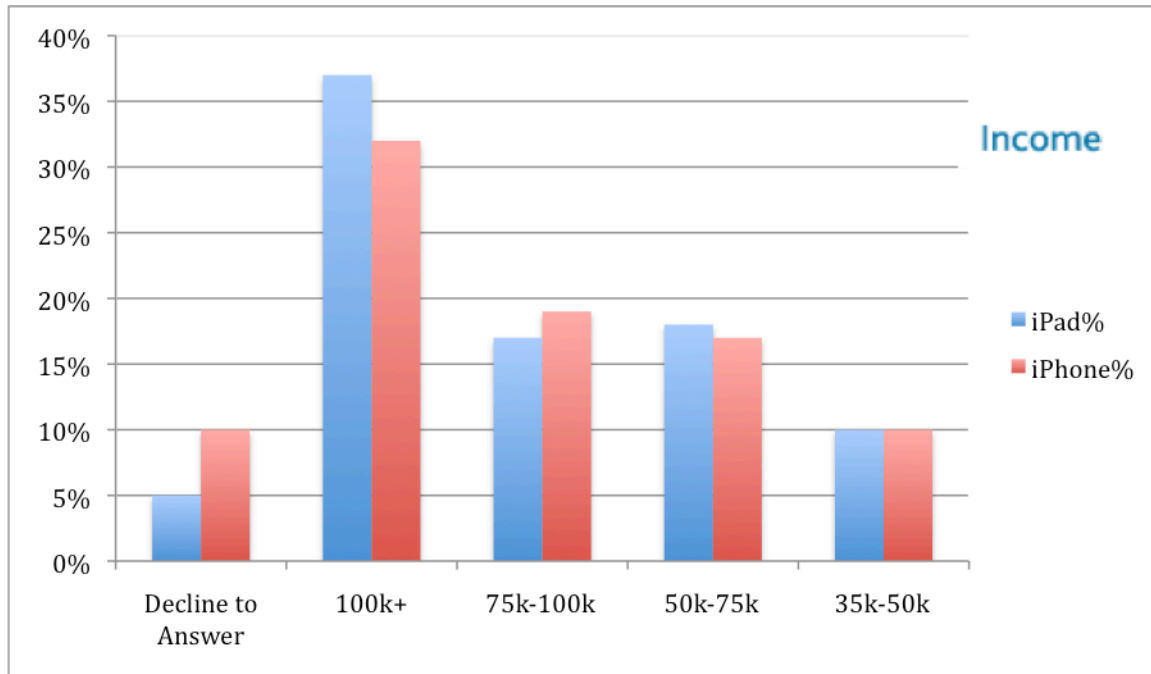
Users of tablet devices tend to be highly educated, young and high earners, which are reasons publishers of B2B and B2C content are drawn to them.

Highest Level of Education:	
Answer Options	Response Percent
High School	6.8%
College	42.9%
Advanced Degree	50.2%

- results from a user survey, Sideways, Inc. July 2010



- Device usage by age



-Device usage by income

3.3 Tablet Usage Trends

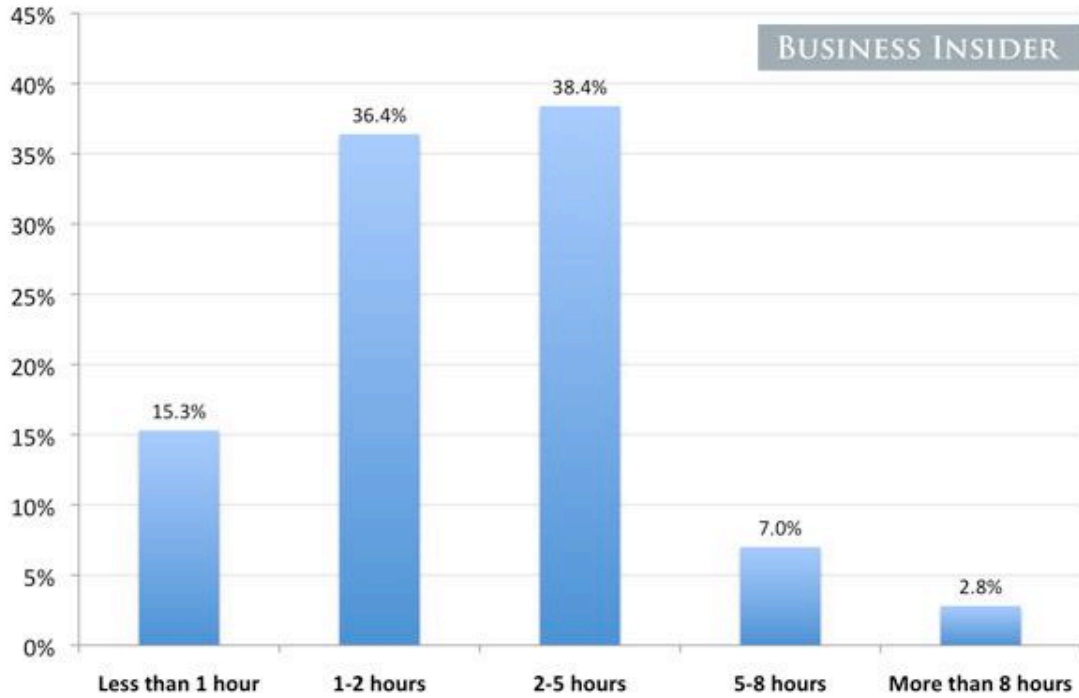
A recent national consumer study published by Harrison Group and Zinio confirms that tablet users are more apt to spend time and money reading books and magazines on their devices.

The study found that “a majority (58%) of tablet and eReader owners who read digital content are reading more digital content than they ever thought they would. And 33% acknowledge that they are spending more money on buying things to read.” It goes on to further define reader habits. “Compared to the total population of 18-64 year-olds, tablet and eReader owners spend 50% more time reading magazines and magazine articles. Tablet users spend nearly 75% more time reading newspapers and newspaper articles and 25% more time reading books. eReader users spend 50% more time reading newspapers and newspaper articles and 45% more time reading books. Tablet and eReader users make up the time by reducing the time spent using television and going online. They are likely to watch 25% less television and be 15-25% less connected online for purposes other than work or email.”⁷

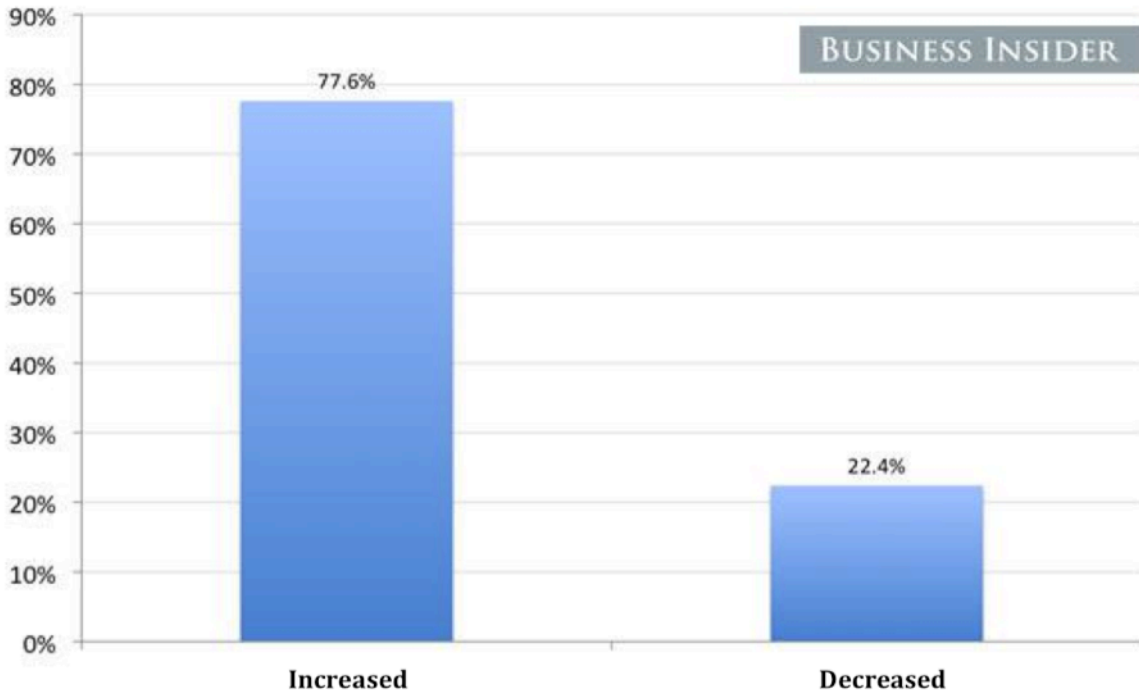
A recent study by Business Insider shows that a majority of iPad users spend several hours each day on their device. But perhaps more important, the data shows the allure of the device is not waning. In other words, users are devoting time to their tablets.

⁷ <http://www.prnewswire.com/news-releases/reading-revolution-is-on--harrison-group-and-zinio-survey-reveals-that-tablet-based-technologies-and-ereaders-have-widespread-consumer-appeal-104326983.html>

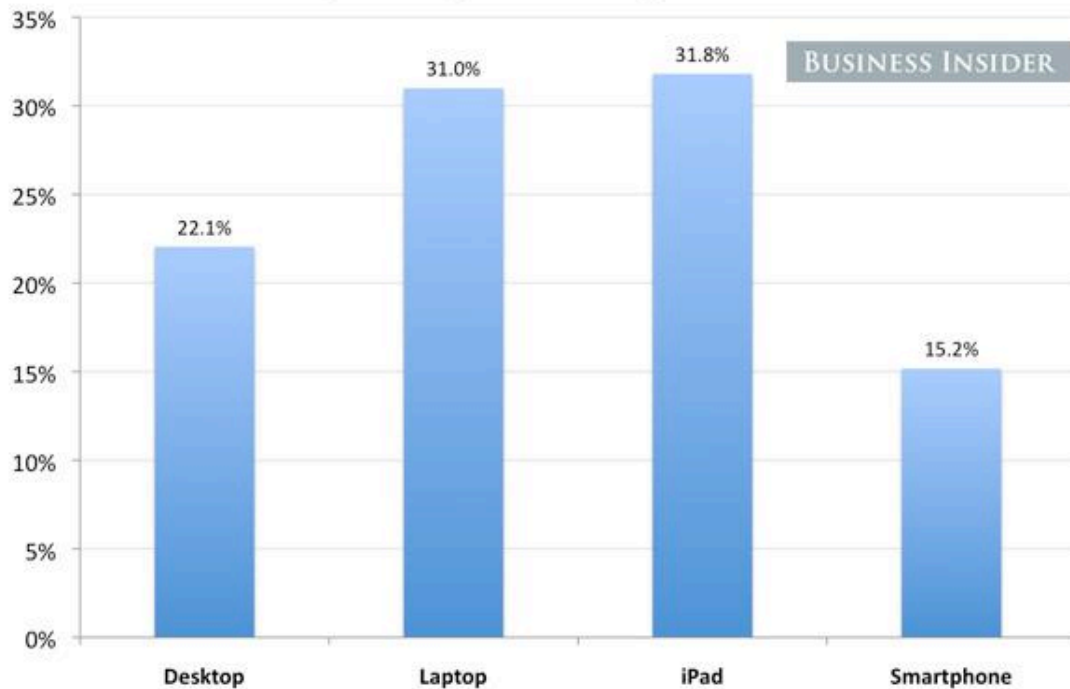
On average, how many hours a day do you use your iPad?



Has your iPad usage increased or decreased since your initial experimentation period?



What percentage of your personal-computing time do you spend using the following devices?



4 Best Practices for Publishing

There are common considerations for every type of digital publishing project, from Internet communications to eBooks to custom apps.

- Create content with both web browsers and mobile devices in mind.
- Use standards such as HTML5 and CSS3 that allow for cross platform, flexible distribution.
- Consider creating a handful of templates that can be modified and reused across a variety of publications.

One significant advantage of tablets and smartphones is their ability to directly leverage existing Internet initiatives. The same common file types used in web publishing can and should be used as building blocks for creating custom apps. By using standards like HTML, it's possible to write content once and use it to publish to the Web and for app development for devices, including the iPhone, Android, and iPad.

A good app creates an immersive experience for the reader. Readers should be able to easily find the information they need, and perform a series of tasks without ever having to leave the app in favor of a mobile browser.

In B2B or B2C communications, the user experience should be focused and direct. Readers on mobile devices are often task-driven and don't have time to navigate the giant warehouses that company websites have become. An app offers a more concentrated, reader-centric experience.

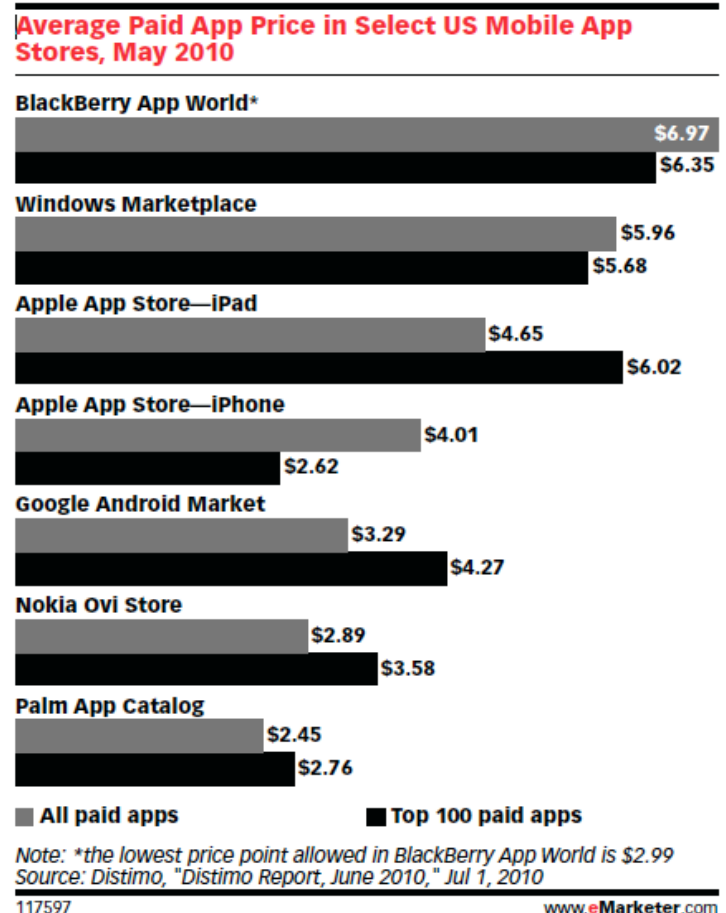
Organizations with significant internal and external publishing needs have a number of compelling reasons to develop an app. The cost savings associated with eliminating printing and mailing expenses is the obvious benefit. An offshoot of this benefit is that apps are environmentally friendly or "green." The ability to extend existing content on yet another platform to an engaged, affluent audience is key. In addition, apps are easier to pass around and share, less expensive to update, and publications themselves can be smarter, dynamic and more focused. Finally, the cost savings associated with apps are significant, but they can generate revenue as well.

5 Pricing Strategies

The latest eMarketer report states, "Print publishers especially have relished the opportunity to use the tablet format to generate new revenue streams for their existing titles in the face of declines in the print business. "The report goes on to add, "Forward-thinking publishers have launched paid iPad editions of their titles, experimenting with rich media features in editorial content and advertising. Their pioneering efforts have paid off with substantial revenue from paid apps and advertising, as well as mind share among a public curious to see how this platform will be used."

5.1 Paid Apps

Data shows that users are willing to pay for content. According to a Nielsen Company report on mobile apps, "Apple App Store customers report that for every two free apps they download, they typically pay for one. In contrast, apps users who frequent the Android Market and Blackberry App World stores report downloading more than 3.5 free apps for every one they buy."

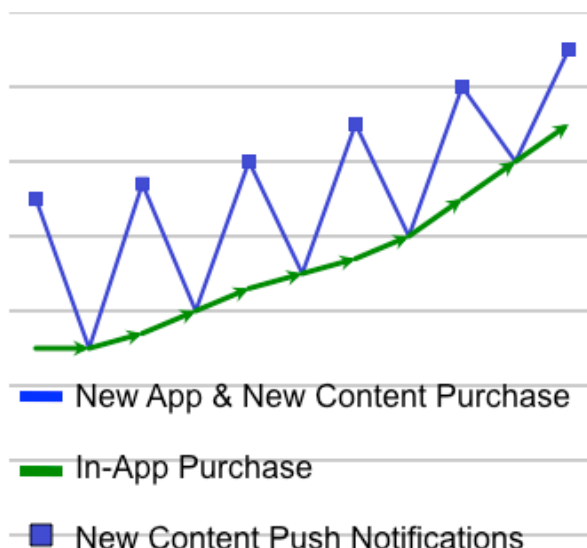


5.2 In-App Purchases, Subscriptions and Push Notifications

Allowing readers to purchase subscriptions and extra content from within an application is an excellent means of generating revenue. For customers not considering a revenue-based approach push notifications and in-app downloads are strong customer engagement strategies. Push notifications alert readers whenever new content is available. This function serves as a built-in marketing strategy. Frequent updates and offerings will keep the app relevant and continue to interest and engage the reader.

The utilization of in-app purchases:

- Increases brand loyalty with regular updates
- Capitalizes on impulse purchases
- Increases brand recognition of new app availability



6 Public Impression

There is a definite “wow” factor associated with apps. They allow users to engage their curiosity, while informing and entertaining them. They have become invaluable to anyone who has ever had a long flight, needed to quickly access information to win an argument, or wanted to kill time while waiting for a tardy dinner companion. But apps are as powerful as they are playful.

The “shelf space” for an app is more prominent on the device than a bookmark lost in a mobile browser. An app is an extension of one’s brand. And as such, merely having one available is a statement to customers and readers that an organization is technologically savvy, current, relevant, and forward thinking.

7 App Advantages and Conversion Opportunities

Unlike a magazine on a coffee table, an app can relay valuable information about a reader. Features such as interactive surveys and automated analytics can reveal part of the story. More importantly, however, apps provide ample opportunity to convert passive readers to active participants. Apps are a call to action. They make it easy for busy readers to perform a

number of tasks including the ability to consume very specific information, make a purchase, and directly connect to an organization.

Organizations slow to adopt new technologies and publishing strategies run the risk of becoming obsolete. As readers and customers continue to embrace tablets and other mobile devices, the best approach is to act now rather than try to catch up later.

8 About Sideways

Sideways makes apps for the Apple iOS and Android platforms that exceed our clients' expectations. Our apps transform publications and other projects into intuitive and immersive experiences for the user. A team of developers, designers, artists, and editors, Sideways takes an inventive and affordable approach to each project. Our M3 digital publishing platform allows clients to use common file types to efficiently and elegantly produce multi-media, multi-touch and multi-user apps.

Sideways will consult on marketing, pricing strategies and other challenges that must be met to release a successful app. Sideways was founded in 2010 by Charles Stack and Eliza Wing.