

Mobile reading ^{really!} comes of age

NISO FORUM
MOBILE TECHNOLOGIES
IN LIBRARIES

MAY 20, 2011



Today's presentation

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- A mobile context
- Current options for mobile content consumption
- Expected developments
- Implications for content creation and management

Mobile content consumption: core take-aways

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- Expanding rapidly
- Dedicated and multi-function devices
- Netbooks, tablets squeezing smartphones
- Content forms evolving
- Global implications

Headlines (begin to) tell the tale

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Mobile app revenue to reach \$15.1 billion this year

January 27, 2011 - 12:01 pm EDT

Motorola Mobility's Xoom tablet computer officially debuts

February 26, 2011 - 3:31 pm EDT

Study: Mobile search growth strong

March 21, 2011 - 11:31 am EDT

TODAY @ PCWORLD

Stop the Cloud, I Want to Get Off!

1 9:55 PM

Apple Overtakes Nokia As Largest Handset Vendor By Revenue

Article

Comments

IT'S OFFICIAL: Android Clobbering Everyone, iPhone Dead In The Water

Henry Blodget | Apr. 26, 2011, 2:33 PM | 19,326 | 163

Users Will Download 44 Billion Mobile Apps By 2016

Leena Rao
Apr 28, 2011

Like 73 | Send | Tweet 1,033 | 5 | Page 1 | 9 Comments

No shortage of predictions

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- Smartphone use will grow 40% in 2011
- Social networking on mobile devices will grow 240% this year alone (!)
- Tablet sales will double in 2011
- 72% of the U.S. workforce is “already mobile”
- Mobile is expected to “trump laptops and desktops” and become the “first screen” for web access by 2013

Source: Chief Content Officer

Already: iPad eating away at print news

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- University of Missouri survey of 1,600 iPad users
- 84.4% cited “following current events” as a primary use for their iPad [good news]
- Almost half claimed an hour or more per day is spent reading news
- Of those heavy news consumers, 58% said they were likely to cancel print; 10% had already cancelled
- Key factor: price [bad news]

Sources: Journalism Institute at the University of Missouri; Macworld March 2011

Mobile engagement is close to constant

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Platform	Hours per day
Android-based	5.3
Blackberry	4.6
iPhone	4.5
iPad	2.6
E-readers (all)	1.9

Numbers like these make you wonder if they also include time spent sleeping next to the device ...

Source: Outsell, 2010

Mobile reading advantages

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- Portability
- Searchability
- Breadth of selection
- In the moment
- Increasingly “webby”: open, social, linked
- Green?

Keys to mobile reading success

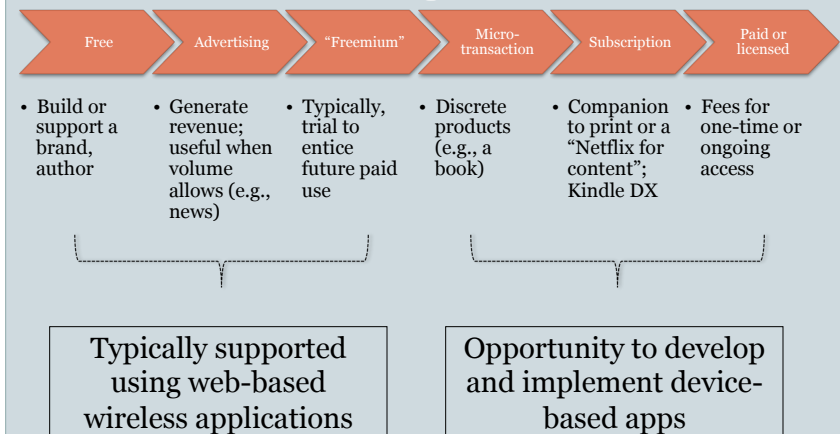
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- Wireless coverage
- Seamless transactions
- Extensive content libraries
- Device reliability
- Content interoperability

Adapted from work by Andrew Brenneman, *Book Business*

A cross-section of digital content models

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Source: Alisa Bowen, Thomson-Reuters; Magellan analysis

A "reverse" generation gap?

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- Average age of today's p-book buyer is 44
- The most frequent p-book buyer is 50
- Over 65 = largest cohort of Kindle users
- First age group to move beyond the desktop for digital content
- "Seniors are leading the way in the digital market"

Source: Bowker presentation at BISG's "Making Information Pay" conference, 2009

Digital devices change the user experience

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- Portrait vs. landscape
- San serif fonts, larger than normal
- Increased leading (4-5 points more than font)
- Linked (when the device supports it)
- Serving images as slideshows in a single window

Source: *Book Business*

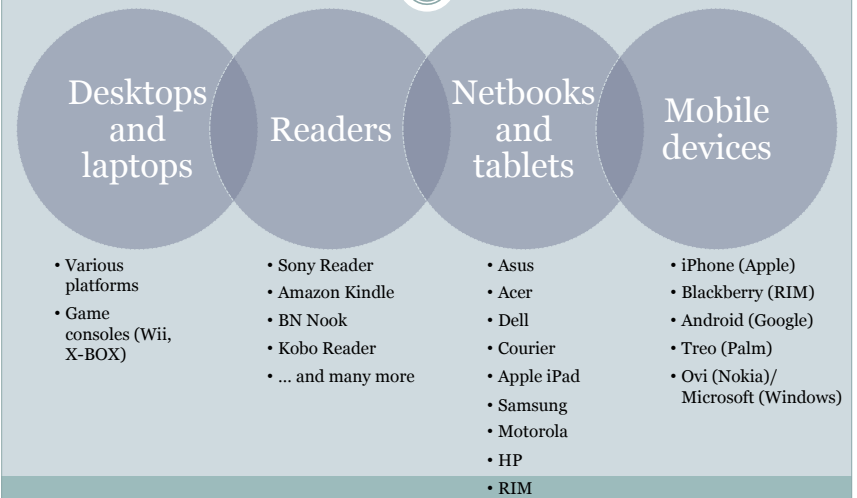
Designing for mobile is even more intricate

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- One user experience across multiple digital channels
- “Fat-finger” challenges
- Search options must be omnipresent
- Speed matters (so, optimize for the platform)
- Sharing matters (“likes”, recommendations, reviews)
- Increasingly, geo-location features matter

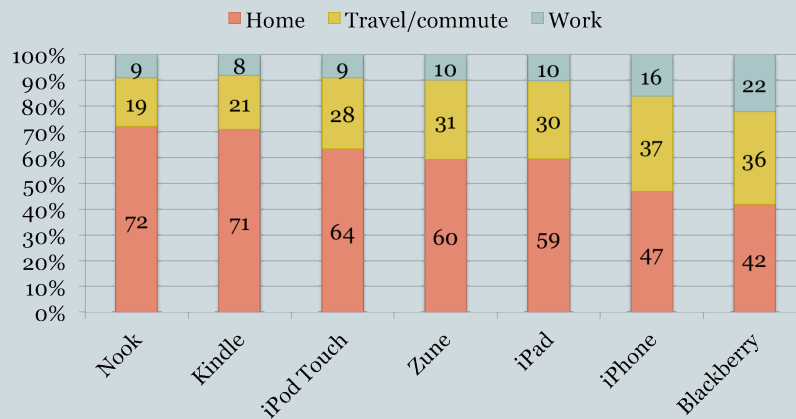
Mobile reading segments: a range ...

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... with differing use profiles

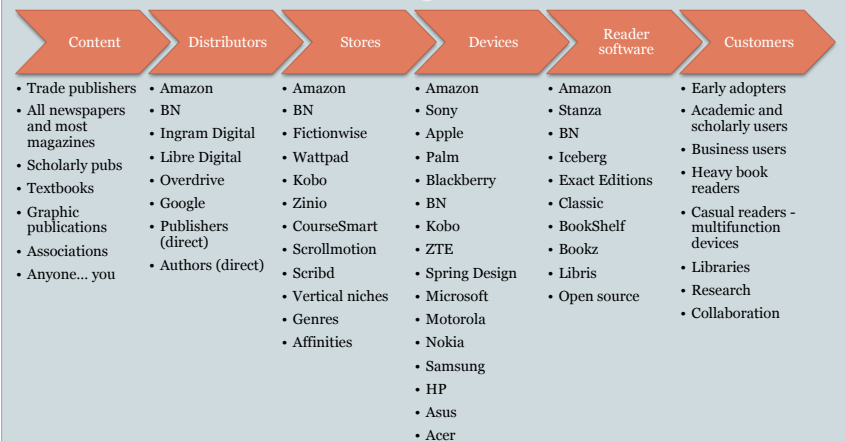
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Source: Nielsen, February 2011

Part of an evolving e-reading value chain

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Source: Forrester Research; Magellan research

Until recently, PDF was the primary format

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Format	All digital reading	Excluding PDF
PDF	60%	--
E-book compatible	17%	42%
iPhone OS	8%	20%
Palm OS	4%	10%
All others	11%	28%

The breadth of content consumption that relied on PDF file formats suggests that readers are willing to forego a lot of bells and whistles just to get content digitally.

Source: Bob LiVolsi, Books on Board, BEA 2009

For mobile reading, laptops play a big part

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Reading device	Overall share
Laptops	35%
Kindle	32%
iPhone	15%
Sony Reader	12%
Netbooks	10%
BN Nook	9%
iPad	9%

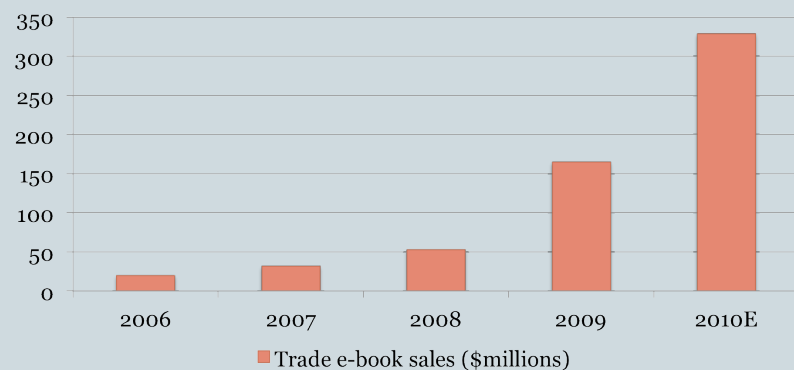
The two studies do not use a consistent methodology, but it appears that mobile formats are taking share from PDF.

Source: Forrester Research, 2010

E-books lead the way in mobile reading

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Annual e-book sales 2006 - 2010



Sources: AAP, IDPF

Book networks are also booming

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- Open, social, linked
- Visual Bookshelf (Facebook): 6 million users, 108 million books
- WeRead: nearly 2 million readers, over 45 million books
- LibraryThing: 750K visits a month; Goodreads: 500K visitors a month
- Announced: Bookish



weRead
the social book discovery revolution

goodreads®



bookjetty

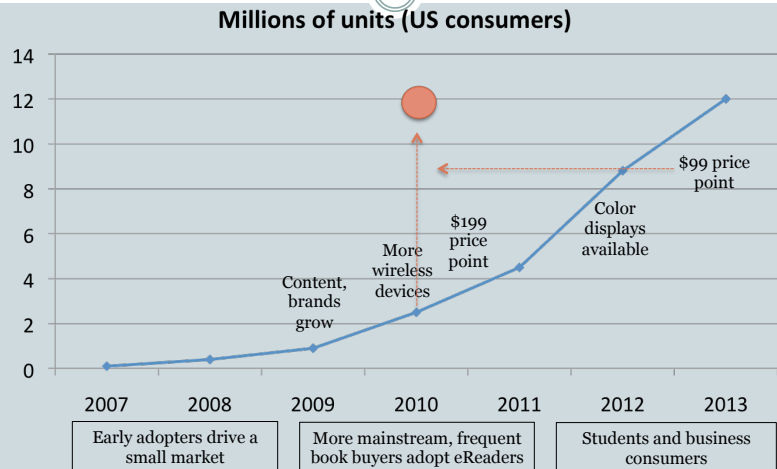
LibraryThing
What's on your bookshelf?



Adapted from Brad Inman, Vook; Magellan research

Sizing the e-reader opportunity

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Sources: Forrester Research (2009); InStat (2010)

Demographic differences in e-reading

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- 5.9 million adults own an e-reader (Mar – Oct 2010)
 - 51% female (shift from a year earlier)
 - Men more likely to use it to read a newspaper
 - Women more likely to use it to read a book
 - Includes Kindle, Sony; excludes laptops, smartphones, tablets
- 75% have used the device to read a book
- 15% have used the device to read a magazine

A significant challenge: formats

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Device + Format +
Discovery +
Acquisition +
Installation + DRM =
“Confusion”

“Confusion” courtesy Peter Brantley, Internet Archive

Proliferation of file types and DRM options

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Segment	Options
File types	RTF and PDF BBEB .lit, mobi and AZW PDB and FB2 HTML, RB, CHM and OEB ... and EPUB
Digital rights management	Microsoft Reader Adobe Digital Editions eReader Mobi Apple FairPlay DNL ... and others

Adapted from work by Neelan Choksi

A format/DRM example

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FAQ	Explanation
“What formats are available for Secure Mobipocket Format eBooks and what devices can I read them on?”	“EBooks marked [Secure Mobipocket] are available as encrypted Mobipocket files. Mobipocket is a free reader application that is currently available on these platforms: Personal Computers Palm and Palm compatible; PocketPC; Franklin eBookMan; Symbian OS, including the Psion5, Psion5mx, Psion Revo, Psion Revo+, and Diamond MAKO organizers, and the Nokia 9210 (European model), 9290 (American model), Ericsson R380, R380e and R380 Smartphones.”

Source: Fictionwise.com

One more “FAQ” ...

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FAQ	Explanation
“How do I set my Secure Mobipocket Personal ID so I can read Secure Mobipocket Format eBooks?”	“Before downloading a Secure Mobipocket Format eBook file, you must set your Secure Mobipocket Personal ID (PID) in your Bookshelf. This is a code number that you can find by using the "About" menu item in the Mobipocket application on your device. (It) is used to encrypt the file so it is only usable on your PDA. (A future version of Mobipocket will allow you to read your eBooks on more than one device that you own.)”

Source: Fictionwise.com

Salvation in the cloud (?)

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A growing mobile market

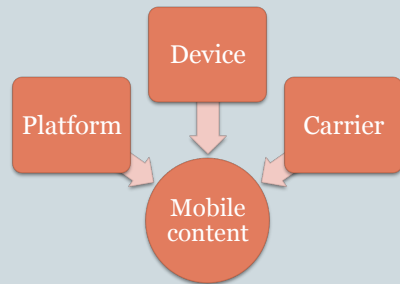
28

Function phones	Smart phones	Rich media devices
<ul style="list-style-type: none"> • Most common • SMS-enabled • 286 mm units • 170 mm units unlimited text (up 43%) 	<ul style="list-style-type: none"> • Treo • Blackberry • E-mail, some web access • MMS-enabled • Mobile web (73.7 mm) 	<ul style="list-style-type: none"> • iPhone • Android • iPad, Samsung, Motorola • E-mail, web access • Commerce • Reading
“Reach”	“Exchange”	“Engagement”

Source: Magellan research

Platforms, devices and carriers

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Leading platforms

- Apple iPhone OS
- Android
- Symbian OS
- Windows
- Blackberry

Market share for smartphone platforms

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Platform	Nov 2010	Feb 2011	Change
Android	26.0%	33.0%	+7.0
Blackberry RIM	33.5%	28.9%	-4.6
Apple iOS	25.0%	25.2%	+0.2
Windows Mobile	9.0%	7.7%	-1.3
Palm WebOS	3.9%	2.8%	-1.1

Because mobile devices are replaced often, market shares can shift quickly...

Sources: Business Insider, Nielsen

Platform share among “recent acquirers”

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Platform	Share of recent acquirers
Android	50%
Apple iOS	25%
RIM Blackberry	15%
Windows Mobile	7%
Palm WebOS	2%
Symbian	1%

Shifts like these can affect the willingness of app developers to work with a given platform.

Source: Business Insider, Nielsen (March 2011)

Android vs. Apple: Behind the scenes

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Measure	Android	Apple
Number of devices	170	5
App developer gets	70%	70%
Carrier gets	30%	0%
Platform gets	0%	30%

As a result, Apple’s lead in apps sold has diminished from 50:1 (2008) to an estimated 4:1 (2010) in a quickly expanding market

Mobile platforms vary widely by country

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Platform	USA	Canada	UK	France	Spain	Germany
Apple	35%	77%	42%	64%	56%	59%
Blackberry	28%	8%	35%			
Android	27%	8%	12%	19%	20%	21%
Nokia				6%	14%	8%
Other*	11%	7%	12%	11%	9%	12%

These figures reflect operating systems for all mobile devices in use. "Other" includes Nokia and Blackberry in markets where they are not broken out.

Source: iCrossing, February 2011

Market share for leading devices

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Device	Nov 2010	Feb 2011	Change
Samsung	24.5%	24.8%	+0.3
LG	20.9%	20.9%	None
Motorola	17.0%	16.1%	-0.9
RIM	8.8%	8.6%	-0.2
Apple	6.6%	7.5%	+0.9

Although Apple trails in the share of leading devices, it outpaces all providers in revenue earned from its mobile devices.

Source: Business Insider, Nielsen

Four carriers dominate the U.S. market

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Carrier	Market share (2010)
AT&T	34.8%
Verizon	32.5%
Sprint	13.2%
T-Mobile	9.1%
All others	10.4%
Total mobile subscribers	290 million

AT&T and T-Mobile have announced that they intend to combine operations, pending regulatory approval.

Source: Wireless Industry News

Portable computing is also growing

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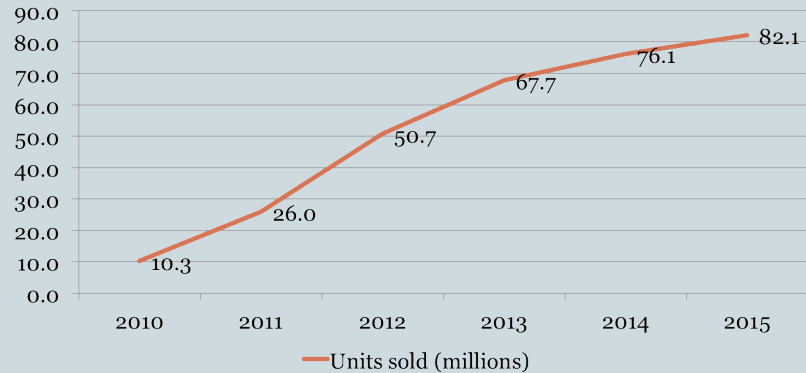
Product category	Examples
Netbooks	Asus Eee PC (\$300, Linux, now Android) Acer (\$100 with a 2-year AT&T contract) Mac Air
Tablets	Apple iPad Samsung Galaxy Motorola Xoom HP Slate Blackberry Playbook

Source: Magellan research

Expected growth in tablet sales

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Tablet sales 2010 – 2015E



Source: Forrester Research, 2011

Rich-media devices: powered by apps

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- A mix of carrier and device stores*
- Multiple rich-media readers
- A growing number of books

*In the United States, Apple, Android, RIM, Microsoft and HP/Palm are the primary players.

Top paid iPad apps (downloads)

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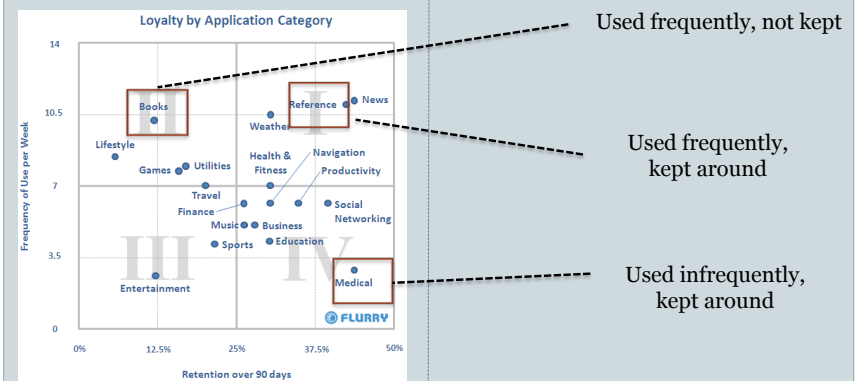
Top 5	Next 5
Games	Celebrity news and entertainment
Books	Location and direction
Music	Movie schedules and ticket purchase
Shopping	Magazines
News and headlines	Banking

The average rich-media device has 30.9 apps, of which 5.2 are used daily, 8.7 are used weekly and 17.0 are used infrequently or not at all.

Source: Nielsen Company survey, 2010; Outsell

Book apps: popular, not persistent

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Source: Kara Swisher, All Things Digital; Magellan research

Behind the persistence “issue”

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Category	30 Day Retention	60 Day Retention	90 Day Retention	Frequency of Use / Week
News	74%	67%	43%	11.0
Medical	72%	66%	43%	3.0
Reference	70%	66%	42%	10.7
Productivity	72%	38%	35%	6.0
Navigation	73%	33%	30%	6.0
Health & Fitness	66%	36%	30%	7.0
Education	72%	34%	30%	4.0
Weather	74%	38%	30%	10.6
Business	71%	33%	27%	6.0
Music	66%	32%	26%	6.0
Finance	71%	33%	26%	6.0
Sports	73%	30%	21%	4.0
Travel	61%	26%	20%	7.0
Utilities	66%	19%	17%	7.7
Games	72%	23%	16%	7.4
Social Networking	61%	19%	14%	6.0
Entertainment	61%	16%	13%	2.6
Books	72%	23%	12%	10.0
Lifestyle	60%	8%	6%	8.0
Average	67%	32%	25%	6.7

- Each book its own app
- Downloads are read using Stanza, Kindle etc.
- Readers stay, books go
- “Disposable” books may pressure publishers to open formats or lower prices

Source: Kara Swisher, All Things Digital; Magellan research

If you really want to create an app ...

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- Leverage the capabilities of the mobile platform
- Recognize and satisfy segment-specific (market) requirements
- Develop and refine your app business model (scenario planning is useful)

Source: Andrew Brennenman, *Book Business*

Full web access = digital editions?

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- Exact Editions
- Texterity
- Nxtbook
- Zinio
- Imirus
- ... among others

Publisher options for rich-media strategies

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- Consider using one of the digital magazine vendors
- Market broadly (print, digital mag, app) and let the audience choose the format
- Don't just give away content
 - Limit web-based content to a subset until registered
 - Limit app-based access until log-in/subscribe
- Where applicable, sell advertising across platforms

Source: *Publishing Executive*

Practical implementation advice

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- Know the devices your audience uses
- Track usage behaviors and be ready to adjust
- Create and align user-experience “maps” across platforms (web, mobile, apps)
- Set use and engagement goals that track across multiple platforms
- Remember that a bad app is worse than no app

Source: *Publishing Executive*; Association Media & Publishing

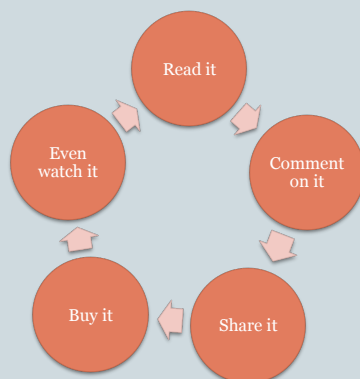
Mobile growth creates possibilities

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Trends	Examples
Current	Shorter-form reading “Interstitial” reading Bundling content by genre Digital reading as part of a conversation
Evolving	Selling content in chunks “Licensing” vs. “owning” Impact on (and from) library lending Roles that libraries play (both positive and challenging)

Digital content as a part of a conversation

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- On demand
- Personal
- Engaging
- Networked ...
- Global

Source: Carolyn Pittis, HarperCollins; Troy Gibson; Magellan analysis

Other trends to watch

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Category	Trends
Participants	Digital-only (ebook and POD) imprints The Internet Archive’s BookServer (OPDS) project Google eBooks; integration with booksellers, libraries Integrated selling with bricks-and-mortar outlets
Market developments	Dynamic pricing App store backlash (censorship, business models) Concerns about uptime (service reliability) Publishers developing their own devices and services Applying semantic tools to qualify long-form content

Mobile content consumption: core take-aways

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- Expanding rapidly
- Dedicated and multi-function devices
- Netbooks, tablets squeezing smartphones
- Content forms evolving
- Global implications

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Looking ahead

“What matters is trying to figure out how to work with the audience and how to help them find out what it is they want to find. People, I think, will pay for that.”

- Nick Bilton, NYT.com

Source: Associations Now

For more information

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- Book Industry Study Group (www.bisg.org) ,
“Consumer Attitudes Toward Digital Publishing”
 - Two-volume study
- A mobile bibliography: <http://bit.ly/jdH6os>
- brian.oleary@magellanmediapartners.com

