

# The Smartphone Choices for Media Companies

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The International News Media Association (INMA) is the leading provider of global best practices to grow revenue, audience, and brand for news media companies. With nearly 6,200 members in 80+ countries, INMA provides media executives with unparalleled access to ideas and peers to help grow their business in transformational times. For complete information on INMA membership, go to [www.inma.org/membership](http://www.inma.org/membership). The 83-year-old INMA has offices in Dallas, Antwerp, New Delhi, Panama, and São Paulo.

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Axel Springer, Germany

Condé Nast, United States

The Dallas Morning News, United States

Fairfax Media, Australia

GFR Media, Puerto Rico

O Globo, Brazil

Göteborgs-Posten, Sweden

Grupo Nación, Costa Rica

The Guardian, United Kingdom

The Irish Times, Ireland

Lawrence Journal-World, United States

Media24, South Africa

Postmedia Network, Canada

The Register-Guard, United States

The Sacramento Bee, United States

Schibsted (Aftonbladet and VG), Sweden and Norway

South China Morning Post, Hong Kong

# Executive Summary

In the next seven years, a tsunami of eyeballs will hit the Internet. This will have a profound effect on the audience and revenue of media companies. Those eyeballs will be glued to a device that fits in the palm of your hand: the smartphone.

Pageviews from smartphones are skyrocketing and engagement intensifying due to relevance, personalisation, and the geographical context that surround the smartphone.

Media companies are faced with a series of choices that, taken together, add up to an emerging strategy for developing audiences and products, and for monetising for the smartphone. Those choices are whether to:

- ▶ Pursue new audiences or add value for existing audiences.
- ▶ Prioritise the mobile Web vs. app development.
- ▶ Emphasise the smartphone over tablet development.

These choices will depend on whether:

- ▶ The smartphone is a complement to other platforms or its own unique experience.
- ▶ The smartphone's value proposition is audience volume or a tightly defined audience.
- ▶ The smartphone should be used for the core news brand or smaller passion niches.

The media company's choices add up to its strategy.

While early media company adopters of the smartphone conducted many experiments to see which products stuck with readers and advertisers, there is an emerging strategic approach that yields better results derived from data.

The audience for smartphone products is young, on-the-go, upwardly mobile, and urban. The audience is particularly willing to engage with news brands on smartphones, notably because it loves breaking news and frequent “snacking” on content throughout the day.

The shift to news consumption via smartphone is dizzying for publishers, who are frantically aiming to parse what they've learned by time of day, age, profile, what gets consumed, and synergies with other media.

Knowledge of the smartphone audience is driving product development. Across 18 publishers interviewed for this report, key themes emerged in product development:

- ▶ HTML5 and/or responsive design-driven mobile Web sites are the emerging choice for the primary smartphone platform due to the complexity of devices emerging.
- ▶ Apps are best for evergreen passion niches that require high functionality or interactivity.
- ▶ Location-specific content is a ubiquitous smartphone function that stretches across all product ideas.
- ▶ App ideas — close to the core product and away from it — are emerging from hackathons, ideas laboratories, and other ideation methods.

From the development of audiences across platforms and devices, publishers are monetising the smartphone via traditional banner, or display, advertising that is being given new value with rich media and geo-location. Various experiments by publishers are paying off, notably the tie-in of real media creative either owned or controlled by the media company.

Media companies are betting big that the next big innovation in monetisation will be location-based advertising, though early experiments are only inconsistently successful. Other methods of monetising include reservations, video, transactional purchases, developing apps for clients, subscriber content services, couponing, and QR codes and Augmented Reality.

As global best practices and benchmarks become clearer and clearer, media companies are bullish on smartphone prospects. The new eyeballs coming on board are one indicator, while the other major indicator is under-performance of advertising on smartphones relative to audience size. ▲