

Philly papers offer Android tablets with paid apps

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Philadelphia Media Network CEO Greg Osberg, makes remarks during a news conference Monday, July 11, 2011, in Philadelphia. Philadelphia Media Network, the owner of the city's two major newspapers, announced Monday that it plans to begin distributing Android tablet computers preloaded with their content in a digital venture designed to shore up readership and finances nearly a year after the publications emerged from bankruptcy. (AP Photo/Matt Rourke)

The city's two major newspapers announced Monday that they will give free Android tablet computers to paid digital subscribers as part of a new venture designed to shore up readership and revenue nearly a year after the publications emerged from bankruptcy.

The [pilot project](#) slated for launch in late August will provide about 2,000 tablets to customers who buy long-term subscriptions to The Philadelphia Inquirer or Philadelphia Daily News, according to publisher

Greg Osberg.

It's the first time a major U.S. media company will bundle its content with a device, said Osberg, who is also the CEO of Philadelphia Media Network, which owns the papers and their joint website philly.com.

"Somebody needed to step forward and stimulate this market," Osberg said. "There's going to be a tablet explosion in terms of consumer adoption and we wanted to be out in front and learn as much as we can as early as we can."

The initiative comes amid widespread declines in the newspaper industry, which for years has battled decreasing advertising and [subscription revenue](#) as readers consume more information online.

Industry watchers were intrigued but skeptical. Bill Grueskin, dean of academic affairs at Columbia University's Graduate School of Journalism, wondered how loyal subscribers would be after being given a device with access to every news source in the world.

"That's not to say that it's a terrible idea. It's an untested one," said Grueskin, lead author of a May report titled, "The Story So Far: What We Know About the Business of Digital Journalism."

Osberg, a former [Newsweek](#) executive, has been pledging online innovations since taking the helm of the papers and website last fall. On Monday, he said the "Project Liberty" initiative would turn "a local media company into a local digital media company," though his analog news conference had no demonstrations of the apps, device or content.

The tablet initiative aims to convert young professionals who are active on philly.com into paid subscribers of digital content, Osberg said in a later interview. The newspapers currently have 35,000 subscribers to

Web-based digital editions who pay about \$155 a year, he said.

Tablets would be given to those who buy the company's four news apps: two that offer replicas of the papers' print editions, one with additional Inquirer content, and one for philly.com.

Osberg wouldn't disclose the tablet manufacturer or information on the pricing packages, which he said are still being determined. Customers would probably need to buy a one- or two-year subscription to get the free computer, he said.

The venture's overall cost to the company would be six figures, he told Adweek in a story posted Monday.

Though the iPad dominates the tablet market, Osberg said the company went with Android so it wouldn't have to share its app revenue and customer metrics with Apple. He noted, though, that the Inquirer will soon launch an iPad app.

Osberg said the tablet initiative does not herald the death of the print product, instead calling it a way to "preserve paid content on any platform that we go forward with."

The biggest question will be whether advertisers will support tablet news apps, said Ken Doctor, an industry analyst with Outsell Inc. He also questioned whether platform-specific apps for iPads and Androids will be replaced by next-generation Web apps, which can work on any device with a browser. The Financial Times launched a Web app last month, Doctor noted.

There is only a small chance that the Philadelphia venture would be a game-changer, said John Morton, an industry analyst and president of Morton Research Inc.

"Like most of the digital initiatives, it will bring probably incremental gains, not wholesale gains," Morton said. "If newspapers are dying by a thousand cuts, they're going to be restored by a thousand incremental advances. This is probably going to be one of them."

Also Monday, Osberg announced the company will [launch](#) an in-house incubator for tech start-ups beginning around Labor Day. Four companies will take up residence in the newspapers' headquarters and free space, equipment and mentoring to develop and market new media, mobile and e-commerce technology.

Philadelphia Media Network is a consortium of hedge funds and creditors that bought the newspapers for \$139 million at a bankruptcy auction in September.

The company has about 1,750 employees.

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