

Mobile operators around the world are making it easier for brands to target their customers on their phones



SUBSCRIPTION SALES

Mobile operators around the world are opening up their customer databases to advertisers. **David Murphy reports**

Mobile operators have sometimes been accused of merely paying lip service to mobile marketing. With their traditional revenues from voice and text dwarfing those from mobile advertising and other mobile marketing activities, there's a school of thought that says that it's really not something that's worth investing too much time and effort in, not until it can prove its long-term worth at least.

If there's one sure sign that things are changing in this

respect, it is the number of mobile operators around the world who are now opening up their customer database to advertisers. Customers are invited by the operator to opt in to receive marketing messages on their phone, incentivised by the promise of free talk time or texts, or simply by the chance to receive offers that are relevant to their declared interests.

"There are lots of operators doing this across Europe and globally" says Stephen Upstone, VP, Sales & Business

Development, Europe, at mobile marketing firm Velti. "In the mobile advertising game, permission and preference are becoming strategic value lines for the operator, as they join up the knowledge of what the customer wants and what they are prepared to receive."

Velti supplies a mobile marketing platform to enable operators to manage the process, and Upstone says the company deployed the platform with eight different mobile network operators during 2009.

Saverio Romeo, Industry Analyst, Telecoms Europe, at Frost & Sullivan, says there are good reasons why mobile operators are going down this route. "Operators in Western Europe are constrained, they are operating in saturated markets and churn is scary thinking for them," he says. "The intelligent use of their customer database as an analytical tool is quite new to the industry. It enables them to reduce churn and empower marketing activities, so it is something they have to do."

This sentiment is echoed by Dr. Vinod Vasudevan, Group CEO of mobile marketing technology provider Flytxt, who has first hand experience of the mobile operator business, gained over the past 20 years.

Declining revenues

He notes that operator revenues have been flat in the US for the past couple of years, and that even in India, where operators have been reporting quarter-on-quarter revenue increases since 1994, the last two quarters have seen declining revenues.

“There was a time when you could value a mobile operator by assigning a dollar value to each subscriber, but this equation does not work any more,” he says. “Adding more subscribers does not give them additional revenues, and that has led the operators to focus on how they can get more revenues out of their existing subscribers.”

As a result, he says, operators have taken their traditional expertise in slicing and dicing the data they have about the network in order to manage it most efficiently, and applied the same process to their subscribers.

“We are seeing significant renewed effort among operators now to build operational data stores and data warehousing solutions,” he says. “Until recently, data was archived by operators for legal compliance; now it is to enable them to understand subscriber behaviour.”

Poster child

If there’s a poster child for this type of activity, it would have to be the Turkish operator, Turkcell, always one of the most innovative of operators, which launched its opt-in database in 2005. As of December 2009, there were 9m people on its database. Consumers are targeted not only based on demographic information, but also on their needs and declared interests.

“The permission database application creates a win-win situ-

ation for all parties involved,” says Turkcell Head of Mobile Marketing & Advertising, Melis Turkmen. “The consumer wins credit and airtime by joining the permission database and also receives relevant advertising messages with great offers and benefits from advertisers. It also offers a cost-effective communication solution to the advertiser in terms of return on investment, high response rates, accountability, real-time response rate information and decreased acquisition cost.”

Turkmen adds that because subscribers receive marketing messages that they are interested in, response rates are high, averaging 9.2% and peaking at a remarkable 25%. “The permission database consumers and



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Melis Turkmen, Turkcell

response rates are analyzed frequently,” says Turkmen. “If consumers do not respond for a specific category, then they are not contacted on similar categories. We also analyze our consumers, and if they do not respond for a specific category or sector in a certain time, we do not contact them for the same category again for a specific period of time.”

In 2009 alone, Turkcell ran 590 mobile marketing projects with 400 brands across 29 different industries. The operator offers members of the database an easy opt-out mechanism via SMS, the web or a call centre, and carries out customer satisfaction surveys each year. “The results are exceptionally positive,” says Turkmen. “Consumers are highly satisfied. They are aware of our products and want to continue to be a part of our permission database.”

Personalised advertising

Last December, the UK operator, O2, launched its offering, which is called O2 More. Shaun Gregory, Managing Director of O2 Media, says that O2 More is a key step in the development of the operator’s mobile advertising offering to brands.

“We believe that mobile advertising has been slow to deliver on its promise, but O2 More will take it beyond the banner, delivering truly personalised advertising for the first time,” says Gregory. “O2 More will allow us to match customers’ opted in preferences with the data we hold on them to deliver highly targeted advertising. The benefit for customers is relevance, and for advertisers, the ability to target individuals so specifically.”

Customers are incentivised to join O2 More by the promise of ‘deal-based’ advertisements, offering them money off items that O2 More knows they are interested in. So if a customer says that they are interested in sports and O2 knows that they



Mobile operators are waking up to the revenue potential of mobile advertising.

roamed in Switzerland over the winter, they could be offered a deal on a skiing holiday through O2 More. There is a limit of one message to each customer per day, and early advertisers on the service include brands such as adidas, Cadbury Gifts Direct, Interflora and Blockbuster.

You could be forgiven for thinking that the last thing consumers would want would be to be targeted with ‘push’ advertising on their mobile phone. But as Turkcell already knows, and O2 and others are finding out, if you’re transparent about what you are offering, and don’t overdo things, people are happy to receive it, much to the delight of brands everywhere. ■