

FEATURE | XIAM TECHNOLOGIES

HOW CAN MOBILE OPERATORS MAKE ADDITIONAL REVENUES, INCREASE SUBSCRIBER COMMITMENT AND USE TV AS A DIFFERENTIATED SERVICE?

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Sitting on a Goldmine

For a new service that has yet to have standard delivery and viewing technologies decided upon, and is only currently live in Korea, Mobile TV has set itself up as the must-have for every mobile operator within the next 18 months. Moves are being made in a range of directions around the world at the moment, 3 in Italy have recently purchased Channel 7 and NTL have made a clear move to acquire Virgin Mobile in the UK.

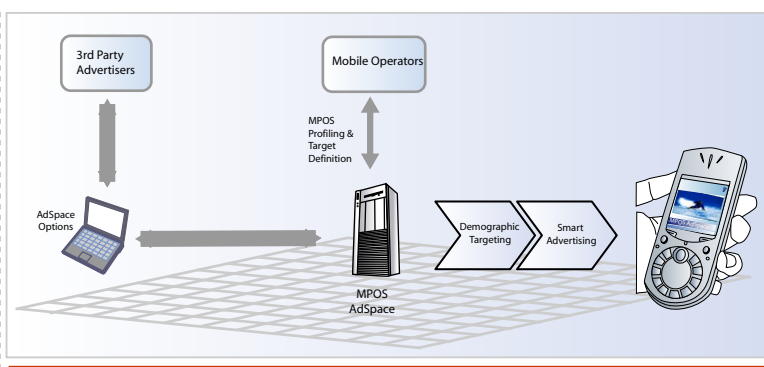
So what's happening today to convince everyone this is the hot service to offer? Will it be the new must-have service and will it have stamina and lasting impact, or just a cool new thing you can do on your phone, wow your friends and then never touch again? Most importantly for the operators, how can they make additional revenues, increase subscriber commitment and use TV as a differentiated service?

Subscriber commitment and differentiation are going to come from two factors, the 'watchability' of the service and the cost.

Watchability concerns the entertainment quality of the programming being offered and whether the picture and sound quality delivered to the handset is good enough to truly watch for 30 minutes while waiting for a train. These are questions based on the media partnerships and the final technology solutions decided upon, but let's assume these will happen for now.

Which leaves us with the biggest question, cost. How do the operators make money out of this service and how do they stop it from eroding traditional income?

Let's look at the potential downsides first. Could this become a new service that reduces operator ARPU after a costly implementation phase? Let's look at the case of a typical commuting subscriber today, spending every morning and evening waiting for delayed trains and sitting in traffic jams on buses. These are the times that mobile devices come in to their own. They offer the perfect distraction, talking to friends, planning your evening by text



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message, browsing a bit of content from the portal. 30 minutes passes in a flash and the operator's ARPU is safe for another month. Now let's look at the situation where the subscriber has TV services on their phone. With current streaming capabilities, they can watch whatever they want whenever, so the temptation to pass the time watching the news or the latest soap is going to be very strong, losing the operator potential traditional traffic and revenues.

The challenge then is to find the price point that is acceptable to consumers. How much is someone really going to be prepared to pay for the convenience of TV in their hand, a service with potentially high demand but low perceived price point? Why such a low price point? Traditional free to air TV services for home and low cost cable and satellite packages with hundreds of channels ensure consumers put a low price pain point on any TV services.

What's the upside then and where can the operators make significant incremental revenues? The answer is TV's traditional strong point, advertising.

Mobile operators are sitting on a goldmine of information about their subscribers, what they do, who they talk to and at what time. This information is being augmented all the time. When a subscriber visits the operator's portal,

they provide information about their likes and dislikes, when they vote on a reality TV show or enter a competition, more information about them is captured. The challenge for the operator is to turn all this data into a true profile of the subscriber, viewing them as people rather than SIM cards.

The traditional methods employed by operators is segmentation of the subscribers into broad groups, e.g. high spending prepaid youth, corporate user and low spend. Typically a subscriber can only be in one of the 10 to 12 defined groups. This is a good approach for targeting subscribers for call plans but misses out on the opportunity to sell to them as individuals.

This is where newer concepts about how to profile individual subscribers becomes important, gathering all of the data from around the operator and turning it into a single view of the individual, their interactions with the network and other subscribers. This means individuals can belong to multiple interest groups and can be looked at and grouped in an unlimited number of ways making true targeting capabilities finally a reality.

Once this profile information is available true one-to-one targeted marketing opportunities open up to the advertisers. They can get their message in front of the specific audience they want to target their products to, at the time they

want, even based on their physical location. Instead of a scatter gun approach currently used where a program that may have an audience of 5 million of which say 80,000 are potential customers, and all 5 million people are presented with the advert, now just those 80,000 people can be targeted.

The next step now the 80,000 people have been identified is to understand that the message being used to sell them the same product would be more effective if it could be tuned to different subgroups. For example, if the product were a new car, the key features that appeal to different groups could be focused on, with adverts leading on different areas, such as safety, performance, reliability and prestige.

To achieve these levels of targeting and to gain these results and better, fully automated systems that manage the profiling of the subscriber, understanding how every interaction with the operator effects their preferences and intelligently and accurately matching them in real-time to the massive number of potential products vying for their attention. From the advertiser's perspective, they can monitor how many people have seen the advert that matches their criteria, how many have followed an interactive link to the operator's portal to find out more information or enter a competition based on the ad.

This approach enables the advertiser to get the maximum effect from each potential customer. The mobile operator being able to offer this level of one-to-one marketing enables them to charge the advertiser a premium for the service and the end consumer will be less irritated by the adverts as they are all relevant to them and their interests.

Thousands of potential targeted adverts can be delivered precisely to millions of potential customers, the right advert, the right messages, the right time, the right product. Intelligent real-time automated profiling and decision systems are a requirement and are now a reality, with XIAM's MPOS AdSpace solution. ■