

Donning a New Hat

The number of mobile subscribers is way exceeding that of Internet users. This is turning the third screen into a personalized marketing device

Business has only two functions—marketing and innovation—the famous management guru, Peter Drucker once said. And if we analyze the ambit of mobile marketing, it seems to encompass both these objectives.

In the bleak economic scenario where marketers are battling to get people to open their wallets, utilizing digital channels to reach consumers, in an innovative manner is gaining huge significance.

Currently, India boasts of over 370 mn mobile users (which is expected to double in the next three years). Approximately 30 mn of these users access mobile Internet—the largest in Asia. Considering this, the country offers huge potential to marketers to reach their audiences in a direct and personalized way.

Today, the number of mobile subscribers has surpassed that of Internet users. This is fast turning the mobile device into a vital marketing medium. Particularly significant for operators in India as ARPU is relatively low and they are banking upon alternative channels to increase ARPU in rural and semi-urban markets.

“The concept of mobile marketing holds the promise of providing an additional revenue stream to operators who are looking for ways to deal with continuously declining ARPUs,” says Sunil Rajshekhar, president & COO, Times Internet.

“Although cellular numbers are increasing, ARPU is declining as voice rates continue to fall. Mobile operators are looking at VAS to augment their ARPUs,” adds Vish-



wadeep Bajaj, co-founder and CEO, ValueFirst.

Watch this Space

In February 2001, when London staged the world's first conference to discuss mobile advertising, not all were convinced about its prospects.

Mobile Marketing: The New Mantra

- More economical
- Interactive and possibility to engage the consumer in a dialog
- Greater reach
- Advertising can be targeted and personalized
- On the spot information and involvement of fun factor

However, as cellular subscribers started to outnumber TV sets and desktop/laptop population, operators and advertisers realized significant buoyancy in its effectiveness to promote their products and services.

“With almost every third person in India being mobile now, mobile marketing becomes the most effective channel to reach the end user,” says Madhusudan Gupta, senior research analyst, Gartner.

In a recent survey carried out by Telenity, over 51% consumers were willing to receive push advertising of preferred categories. The survey was done in eleven key markets which also revealed that majority of consumers liked mobile marketing

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Date: 12-05-2009 | Edition: National | Page: 48 | Source: Bureau | Clip size (cm): W: 19 H: 25

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if it enabled them to keep service costs down. "When it comes to TV or radio, no one is sure about the end consumer, however in mobile, we can identify our target consumers and can get the best juice out of the campaign," says Zubin Dubash, AVP, VAS, TTSL.



"There has to be innovative business models otherwise RoI is not going to be an easy cakewalk"

—**Krishna Durbha**, head, VAS business & marketing, Reliance Communications

The Problem

So far, mobile marketing in India has not been able to pick up as compared to the western world. The approximate budget allocation for this medium as of now is 2-3% of the total advertising budget in India.

"The main obstacle is that this is a very new media channel. And hence the advertising ecosystem is not fully conversant about the technicality and functionality of this channel," says Debasis Chatterji, CEO, Netxcell.

However, with easy accessible services and Internet on cell phones, it is witnessing a growth rate of over 200% per annum and is poised to reach greater heights in the years to come.

"Mobile marketing is a nascent but rapidly growing industry in India. In the last one year we have seen the market more than double, given the efforts of all key components of the mobile media ecosystem," says Anuj Kumar, executive director (South Asia), Affle.

Aakash Moondhra, head, telecom and retail verticals, Baring Private Equity Partners says, "At present the market is small, somewhere between Rs 50-100 crore. However, as the benefit per rupee spent is on the higher side in this space, the medium holds a great potential."

The concept has already grabbed enough eyeballs in matured markets. For instance, in Spain 76% of mobile phone owners receive ads; in France over 62%; and in Japan 54%. More importantly, the estimate suggests

that as the concept of mobile marketing matures so does the user involvement. In Japan, nearly 45% of mobile phone owners are believed to click on ads they receive on their phones today.

In the US, brands hold mobile property which is urbanized along with data-rich network and hence, has more prospects for advertisers. However, in the UK, revenue generation is comparatively low because of lingual challenges.

Says Anil Sardana, MD, Tata Teleservices, "In the coming days, targeted advertisement will emerge as a big ticket application. For example,

the Big Bazaars of India want to announce a sale where the customer will get 50% discount if he/she gets to the store within six hours or so. We can offer such Big Bazaars an advertisement application that follows a highly segmented approach and which would be delivered to the customers living within, say, 5 km of the stores."

Trendy is In

Besides people in the metros, people in rural area are also recognizing the potential of a mobile phone. And it has undoubtedly become the single largest platform to reach an individual in an effective and personalized manner. In the last couple of years, many new players have mushroomed in this space. However, not many have been able to generate significant margins.

"If mobile service operators are to leverage this opportunity they

would have to rapidly provide wider spread mobile packet access. Also, they have to enable interfaces that advertising value added application infrastructure providers can leverage to access subscriber profile and location information," says Sajal Gupta, VP, Aricent.

"The prospects of mobile marketing are huge in India. However, it has yet to take off in a splendid manner. There has to be innovative business models, otherwise RoI is not going to be a cakewalk," says Krishna Durbha, head, VAS business & marketing, Reliance Communications.

The company has recently implemented an integrated carrier-class mobile marketing software platform termed Neon on its network as part of its tie-up with Flytxt, a mobile advertising and marketing technology provider. Apart from using mobile marketing for existing products, it also offers mobile advertising solutions for other companies as well.

Among various mobile marketing channels globally, SMS is the trendiest because of its ubiquitous nature. Also, mobile coupons are gaining recognition as part of the overall marketing campaign; the coupons are emailed and then can be redeemed at specific vendor machines. There is growing interest in location in terms of time, place and occasion where people shop, and experts believe that mobile is an ideal medium for this.

Other marketing media holding strong appeal include MMS, Bluetooth, adver-gaming, full-screen interstices and audio advertisements that can take the form of a jingle before a voicemail record-

ing. While Bluetooth marketing has been around for quite some time, MMS is still in its early days and yet to make a strong statement.



"Bluetooth could be a niche segment that can do well at high foot-fall areas but interactions have to be continuous when customer is out of its coverage"

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“Bluetooth could be for a niche segment that can do well at high foot-fall areas. But it would have to discover methods where the interaction is continuous once the customer is out of Bluetooth coverage. It would have a limited scope in India for niche segments,” states Rajiv Madhok, director, One97 Communications.

Security is another pitfall in the way of successful marketing campaigns using the technology. “As people tend to keep their Bluetooth off due to the fear of transmission of spams and viruses, it really can’t become a mass marketing instrument,” says Tim Williams, co-founder & executive VP, worldwide sales, Flytxt.

At present, companies like Cafe Coffee Day, Pantaloon, Levis, Adidas and Pepsi have offered mobile content free of cost and discounts via Bluetooth in India.

Among new segments, in-game advertising is one of the fastest growing areas. According to the Yankee Group, revenues are predicted to grow from \$732 mn by 2010, up from \$56 mn in 2005.

USSD services are another area gaining traction in the market. It includes subscription alerts, prepaid recharge services, etc. Location based advertising is another very relevant technology to which enables reaching the right customer, at the right time and location.

“This is a push service that is event driven where the user receives a notification (IVR, SMS, USSD, MMS) based on his preference, location or movement. For example for a person who has chosen “restaurants” for receiving mobile advertisements will receive a mobile coupon alert giving him discount information as he passes near a McDonald’s outlet,” says Yogesh Bijlani, vice president, sales, Asia Pacific, Telenity.

There is also another business



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model where companies such as mGinger, mGarlic, YouMint, 160by2, etc, are providing—SMS advertisement services in which a consumer will receive ads of only those particular products or services that he is interested in buying. Interestingly, it also pays the consumer depending upon the ad he receives in a particular day. However, most of these companies have not been able to succeed in a big way.

“Although it is interesting to see what the

global trends are, it is important that operators focus on channels and needs of their own country. For instance, implementing a mobile email based campaign may not be suitable if the majority of your subscribers are avid SMS users,” underlines Ronan Casey, CTO, Asia Pacific, Acision.

Forward March

The success of any mobile marketing initiative solely depends upon the end user who also expects to make interactivity selections as per his decision.

“User privacy should be the key concern for all service providers. At any level it should not be compromised and an effective mechanism should be in place for the same,” says Kiran Konduri, co-founder, AskLaila.

Agrees Jagdish Mitra, CEO, Canvas M “Advertisements should be specific to consumer interests and demographics mentioned during sign-up.”

While mobile marketing does seem like a possible cause of the breach of privacy, it does not necessarily have to be so. The key to this in opting for DNDs (do-not-disturb) and DNCs (do-

not-call) registry which give the option of not receiving promotional messages and/or information. Therefore, to reach consumers without breaching their privacy, companies will have to look for more innovative models.

“Like all other forms of marketing, there are things to keep in mind: online, which includes email spam, display advertising, pop ups; offline, which includes junk mail reaching your home. Hence mobile marketing will also have its share of junk. Responsible companies however rely on options when it comes to direct marketing,” says Ashish Gupta, managing director, Helion Advisors.

Further, rural segments also represent a vast opportunity for personalized advertisement. As this space is maturing, marketers can actually educate farmers and villagers about the best quality seeds, ways to keep crops healthy and so on. However, barriers related to language and education would be a key concern here.

“Today most advertisement campaigns are in SMS in English, which rural India cannot easily understand. Voice adverts is the future, where this dependency would be removed. But voice calls are still not as cheap as SMS,” says C Mohan Ram, managing director, Lattice Bridge Infotech.

In a country that represents over one third of the mobile subscriber base with an average balance of Rs 10, there is still a huge demand for infotainment. People also want to connect to the third screen and want selected ads and

alerts but for free.

The major challenge is to build an ecosystem with constructive partnership to communicate with highly targeted and profiled users for mobile marketing.

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