Report
Summary, Verbatim Output and Votes

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Event Designed & Facilitated by Telco 2.0 from STL Partners, for GSMA

Report Contents

1 Background & Agenda

Welcome, Agenda, Introductions and Warm-Up

- **Henry Stevens** *Director of Media and Entertainment,* **GSMA**
- **Brian Fetherstonhaugh,** *Chairman and Chief Executive Officer,* **OgilvyOne WorldWide**
- **Simon Torrance,** *Chief Executive Officer,* **Telco 2.0 Initiative** and **STL Partners**

Session 1: Mobile as a Marketing Channel - What real opportunities does it create, for whom, why, and when?

Stimulus Presentations from x 3 key stakeholders:

- Major Brand - **Mike Gordon**, Deputy Managing Director, **News Group Newspapers**
- Major Operator - **Richard Saggers,** *Head of Mobile Advertising,* **Vodafone**
- Major Content/Internet Player – **Sunil Gunderia,** *VP Mobile,* **Walt Disney Internet Group**

Panel: Above + 1-2 others (representing other stakeholder groups)

Hari Haran, *Senior Vice President, Worldwide Field Operations,* **Openwave**
Matt Champagne, *Director Mobile Product Management MSN, Live,* **Microsoft**

Session 2: Sizing the Commercial Opportunity for All Parties

- **For brands, content owners, and merchants** – What assets and capabilities do mobile operators really have, which are under-exploited and how could they be leveraged to more efficiently and effectively reach consumers?
- **For mobile operators** – Where is the real friction in the marketing, advertising and content value chains, and how could operators improve the economic returns on their asset bases by helping to remove this friction?

Stimulus Presenter: **Chris Barraclough,** *Managing Director*, **STL Partners**, *Co-Founder,* **Telco 2.0 Initiative**
How money could flow in a new value chain (New Telco 2.0/GSMA Research)

Panel: 5 x stakeholder representatives

John Giere, *Chief Marketing Officer,* **Alcatel-Lucent**
Ashraf Halim, *Director, Commercial Strategy,* **Orascom Telecom**
Andrew Osmak, *Senior Vice President of Business Development,* **Lavalife Corporation**
Joan Casaponsa Sitjas, *Managing Director,* **POKSMEDIA**
Simon Nelson, *Controller for Portfolio and MultiPlatform*, **BBC Vision**

Session 3: Realising the Opportunity – Three Critical Issues

Stimulus Presentations x 3 covering:

- Extracting and Abstracting Data
  Omar Tellez, *Chief Marketing Officer and Executive Vice President,* **Synchronoss Technologies, Inc**
  Roger Sole, *General Manager & Vice President, Premium Segment & VAS,* **Vivo**

- Turning Data into 'Currency'
  Johan Wickman, *Head of Research & Development, Business Area Mobility,* **TeliaSonera**

- Independent Measurement and Reporting
  Mark Donovan, *Chief Marketing Officer,* **M:Metrics**

Panel: Above + 3 others (representing other stakeholder groups)

Tony Riley, *Chief Executive Officer,* **Mobile Enterprise**
Richard Wheaton, *Managing Director,* **Neo@Ogilvy**
Carl Taylor, *Director of Applications & Services Global Technology Strategy,* **Hutchinson Europe**

Session 4: Realising the Opportunity – Practical Examples

Case Study Stimulus Presentations x 3:

- Creativity in mobile consumer engagement
  Jessica Greenwood, *Deputy Editor,* **Contagious Magazine**
- Lessons since launch of an advanced new business model
  Pekka Ala-Pietilä, *Co-founder and Chief Executive Officer*, **Blyk**
- Five Key Principles to Create a Successful Model for Mobile Marketing
  Rick Joubert, *Executive Head,* **Vodacom South Africa**

Panel: Above + 2 others (representing other stakeholder groups)

Laura Marriott, *President,* **Mobile Marketing Association (MMA)**
Paran Johar, *Chief Marketing Officer,* **Jumptap**

Closing Remarks:

Rory Sutherland, *Vice Chairman & Creative Director,* **Ogilvy Group**

2 Summary Analysis

Henry Stevens of the **GSMA** kicked off proceedings on a positive note by announcing that the five major operators in the UK (Vodafone, O_2, Orange, T-Mobile and 3) had agreed to collaborate on developing a common set of standards for customer profiling and metrics.

The full import of this became apparent during the first session when Mike Gordon of **News Group Newspapers** and Sunil Gunderia of **Walt Disney Internet Group** indicated that standard approaches to marketing and advertising across network operators were critical for the mobile platform to develop into a major channel for brands and content players. Both Mike and Sunil were positive about the opportunity in mobile but felt that substantial challenges remained. Mike illustrated this point by explaining that it had taken News Group two years to conclude deals with the five UK operators.

Another speaker pointed out that it would have taken him only a few hours to have developed marketing campaigns for News Group across Google's entire web footprint! Sunil pointed out that, although the walls were crumbling around many operator gardens, closed portals remain in too many markets to make mobile a truly global opportunity for content players. He also pointed out that too many operators still discouraged off-portal downloading of content through punitive data charges and that flat rate data pricing was critical if the industry was to move forward.

Prior to the first session, Brian Featherstonhaugh, Chairman and CEO of **OgilvyOne**, had challenged delegates to think differently in the digital age. He explained that the 4 P's of marketing – Product, Place, Price, Promotion – were outdated in the digital age and suggested their replacement with 4 E's:

- From Product to **Experience**: It is no longer sufficient to focus on product features, instead marketers need to focus on the full brand experience associated with a product or service. The digital age with its greater interactivity enables marketers to achieve this in ways that have not been possible in the old static mediums.
- From Place to **Everyplace**: Mobility has enabled consumers to experience products and services anywhere, anytime. No longer is the consumer confined to store locations or other static locations when buying or using products – they can be anywhere.
- From Price to **Exchange**: The digital world is increasingly about consumer control and intervention. End users don't just pay for things with cash; they may offer value in the form of attention, participation or information. Thus the digital age can lead to more complex exchanges of value which the marketer needs to consider in product and service development and promotion. And talking of promotion….
- From Promotion to **Evangelism**: There is a need to unite people around what Ogilvy term 'The Big Ideal' – something which inspires people and causes them to evangelise a brand. Brian noted the success Dove has had with its concept of women feeling good about themselves for what they are rather than aspiring to model-like proportions.

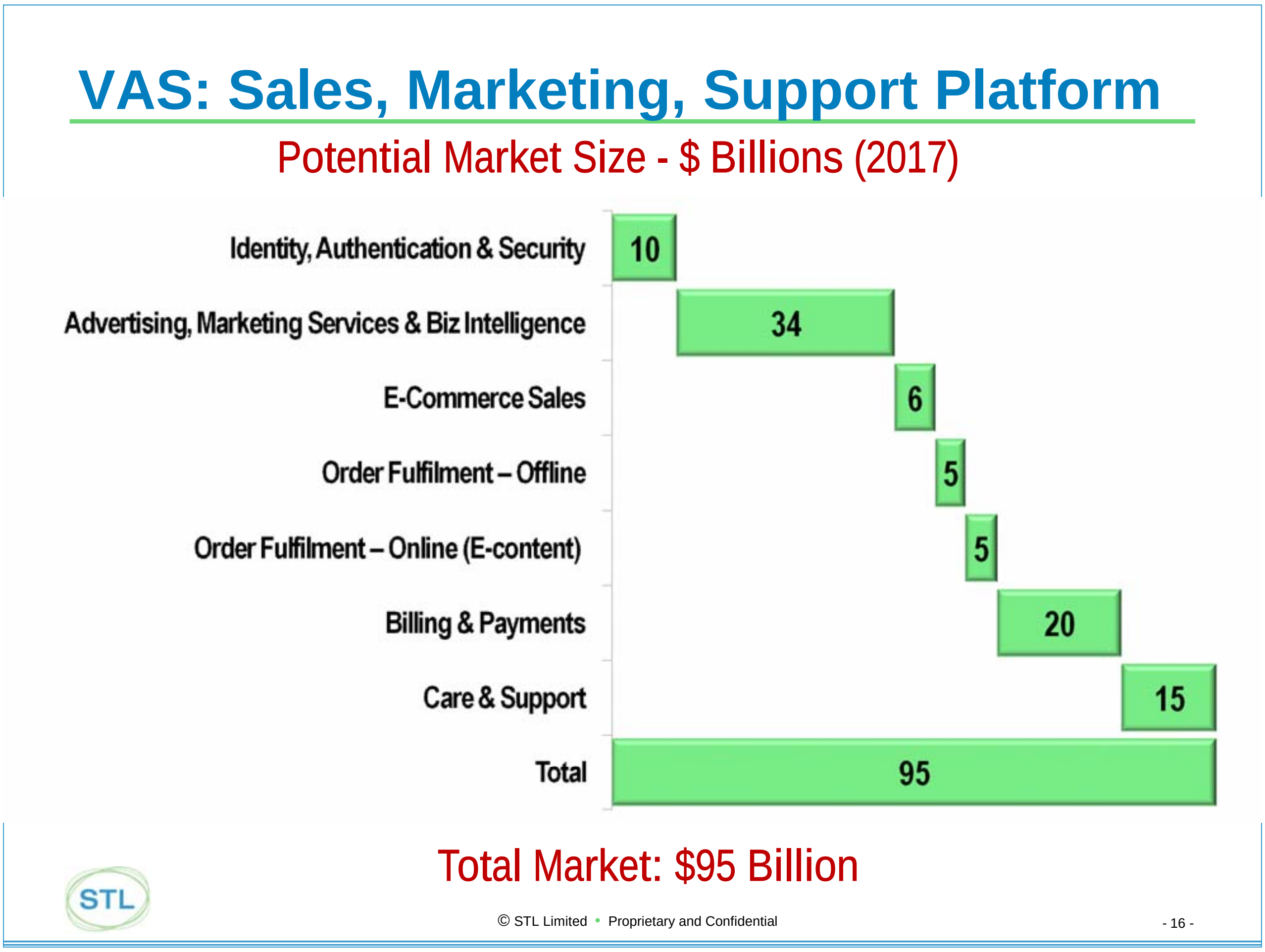
Richard Saggers of **Vodafone** focused on the opportunity for the mobile industry in advertising and the steps Vodafone is taking to realise the dream. He focused on the opportunities that the mobile gives for brands to interact with their customers and the successes mobile has achieved already compared with other media – banner click throughs of 2-3% versus 0.2% on the web.

Chris Barraclough of **STL Partners**, founders of the **Telco 2.0™ initiative**, explained that marketing and advertising is only a small part of a much bigger opportunity for telecoms operators. He introduced the **Two-Sided Telecoms Business Model**, explaining that operators have a huge opportunity from enabling 'upstream' parties (advertisers, retailers, application service providers, governments, developers, etc.) to better interact with their customers. He focused on the wide array of latent telco assets, particularly around data, which will enable operators to help upstream parties:

1. Identify and Authenticate end users safely and securely
2. Market and Advertise to end users in a more effective manner by making marketing more targeted and relevant
3. Transact more easily with their customers
4. Fulfil on-line (e-content) and off-line (physical goods) orders more cheaply and effectively by leveraging QoS, presence and location capabilities
5. Charge for goods and services using Telco pre- and post-pay billing and payments services
6. Support their customers better using Telco-enabled call centres and customer care facilities

Chris presented highlights of new Telco 2.0™ research (run in partnership with GSMA and others) which showed that the opportunity for operators to support upstream customers as being a potential new **$350 billion per annum market** in 10 years time (in mature markets alone). He suggested this number should attract the attention of senior management!

Around $95 billion of this was from specific Business-to-Business Value-Added Services (VAS). Advertising, Marketing Services and Business Intelligence formed one ‘VAS’ with the potential to be worth around $34 billion in 2017:



He went on to say that this was not a certainty but required operators to work together more effectively to realise this.

After lunch, the debate turned to 3 critical areas for turning the theoretical opportunity into a reality:

- Extracting and Abstracting Data – from data to information
- Turning Data into 'Currency' – making information valuable to brands and other third parties
- Independent Measurement and Reporting – measuring success consistently

Omar Tellez of **Synchronoss** proposed a simple extraction process for data which focused on 3 key pieces of data (and explained that these accounted for a large proportion of the information required for personalisation and targeting of media. He co-presented with Roger Sole from **Vivo**, the Brazilian operator, which had tested the solution on its own customer base. There were some mutterings from delegates that such an approach was very interesting and practical but unlikely to become a cross-industry standard if it was seen as a Synchronoss proprietary solution.

TeliaSonera's Johan Wickman argued that ads on the mobile were inevitable in the near future and that operators had a valuable role in ensuring that ads remain relevant to users. He felt that operators must use their data assets to help personalise advertisements. He went on to show some results from a TeliaSonera pilot showing how targeted ads can increase attention and interest from users with only 10% of users responding positively to non-profiled ads compared with 80% for profiled ones.

Mark Donovan, CMO at **M:Metrics** focused on the need for simplicity and standardization if operators are to make their data. He proposed that operators should make everything available to the ecosystem as this would maximize value. However, it was not quite so clear how operators (a) realize value from such openness and (b) protect their data assets and customers. He shared M:Metrics data showing combined behavioural and demographic mobile user profiles and explained how valuable this is to media planners and buyers seeking to target certain segments with their brands.

The final section focused on specific case studies for mobile marketing and Jessica Greenwood of **Contagious Magazine** kicked off proceedings with several examples of 'best practice' mobile campaigns from the creative standpoint.

The final two presenters were from operators: Pekka Ala-Pietilä**,** from **Blyk** and Rick Joubert, from **Vodacom**. Both presentations were fascinating and contained two overriding messages for the operator community:

1. **Do something now!** Learn by jumping into mobile marketing. Too much analysis and planning won't help when operators are seeking to develop something so new and so different to their core business.
2. **Keep things simple.** There is a temptation for operators to try and offer a full suite of marketing capabilities now. This is unnecessary as value can be created for both brands and end users through a simple approach.

The Blyk approach has been to simplify things by focusing on a tight demographic (16-24 year olds) which immediately limits the types of marketing message required. Further targeting has been achieved by asking end users ('members' in Blyk parlance) specific questions about their interests when they join Blyk. They are only marketed too via SMS and MMS – two media that the youth segment is very familiar with. In return for receiving up to 6 SMS or MMS per day, members get up to 217 texts and 43 minutes free. Blyk explains that this is sufficient to cover the usage of two-thirds of all 16-24 years.

In reality, it is likely that Blyk will benefit from additional paid-for usage from members as well as inbound termination. The ad-funded model therefore fits with the standard MVNO subscription model nicely. And the results of the marketing are very impressive: an average click-through rate of 29% from the first 116 campaigns compared with 0.1% for email and 0.02% for banner ads. The click-through rate will, no doubt, go down but is still likely to remain far in excess of other media and demonstrates the potential opportunity in mobile for brand advertisers.

The success of Vodacom's foray into mobile marketing can be gauged by a few key stats that Rick relayed:

- Having started commercial operations in October 2007, mobile marketing revenues at Vodacom have nearly outstripped on-portal content revenues already;
- Some inventory is sold out 2 months in advance;
- 75% of brands have re-booked second and third campaigns after an initial trial
- Excellent results from recent campaigns: 100,000 leads per month generated for life insurance company; 84,000 downloads of Nike branded content; increased calls to National Aids (HIV) Helpline by 150% (crashed the 100 seat call centre!)

When asked about the dangers of alienating customers with spam, Rick responded that they did not think of the marketing as spam but as a service. He suggested that the critical thing for end users is to provide them with value in return for the marketing. In South Africa, they have had particular success with a free text service, 'Call Me', which enables mobile users with no credit to send a free text asking the recipient to call them. The cost of the text is covered by an advertisement appended to it. This is relatively unobtrusive for the recipient and is more than outweighed by the value of receiving the 'call me' message.

Such a service may not be directly relevant to mature markets but something similar could be. Most operators already send free alerts to customers when someone has called them and they have missed the call. Why not add an advertisement to this free service?

Rick came up with 5 key lessons from launching the service at Vodacom:

1. **Focus and invest.** This is a new business not a new product and requires commitment and dedication from top management and staff.
2. **Take direct responsibility for revenue.** Don't expect agencies to do the hard work for you – establish relationships with brand managers directly and educate them.
3. **Align incentives to traditional media incentives.** Ensure agencies are not disintermediated but are rewarded appropriately for placing business with you.
4. **Create end-user value.** Build value in to the marketing channel – the 'Call Me' service is a good example of this.
5. **Create ubiquitous mobile media.** Don't just focus on mobile internet and rich media. Build mobile marketing into mass-market products and services (SMS and voice) and so develop scale.

Summary

Overall, it seemed that 6 key messages came from the CMO Forum:

1. Brands and content players feel that mobile has great potential but far more needs to be done to create a platform which is large scale and cost-effective. It remains too fragmented and too difficult to merit being a core part of a brand's or content player's strategy.
2. The potential opportunity for the operator community is huge. Advertising is a small part of a very attractive **'Two-Sided Telecoms Business Model' opportunity** which reduces friction in the wider digital economy and encompasses Identity, Authentication and security; Marketing and Advertising ; E-Commerce; On-line content delivery; Off-line (physical goods) order fulfilment; billing and payments; and customer support and care.
3. This opportunity will only be realised if operators add data mining to their core skills. They possess the data assets to enable upstream customers to interact more successfully with end users but do not yet possess the skills to exploit these.
4. A standard approach to customer profiling and metrics is required and the recent announcement from the 5 UK operators is a positive move.
5. Planning is too often used as an excuse for procrastination. The best way to learn is to enter the market.

6. A successful mobile marketing (or 'Two-Sided') play for operators requires a separate business unit:

    a. **Board Level Support** – this is a big strategic play
    b. **Joined-up Business Case** – think beyond advertising
    c. **Separate Dedicated Organisation** – so the parent company cannot swamp the baby
    d. **CRM & Data Mining Expertise** – Google currently do far more targeting than operators with far less data
    e. **Collaborative Processes** – no operator is big enough to go-it-alone; there is a need to work together (as operators did in developing the GSM standard 20 years ago)
    f. **Business Model Development** – a rate card for advertising is the starting point but the business model for a 'Two-Sided' platform is complex. Determining who to charge what will take significant thought and testing.

3 Feedback to Session 3: Realising the Opportunity, Key Issues

In this activity delegates were asked to vote on this question:

“Telcos know a lot about customers; How much would partners pay for the following customer information:-

Rating the following areas: either nothing, a little or a lot,

Customer information on:-

Who you are?
Where you are?
Are you available?
Who you know and what you do?
How much you can pay?”

The results are shown in the graph below.