

What's Next For Mobile?

While the world remains engulfed in an economic “Perfect Storm,” the full potential of mobile marketing will not be achieved until a “Perfect Calm” occurs, in which the vision that mobile operators and marketers have for the mobile phone lines up with the reality of what the device means to consumers. As to when and how this may occur, emerging markets that are home to three in four of the world’s mobile users may provide critical clues.

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A “Perfect Storm” requires a certain confluence of events to transform something that is merely bad or unpleasant into a disaster. A “Perfect Calm” is no different, and a Perfect Calm is what is needed to fulfill the potential of the mobile phone as a branding and marketing platform. People everywhere — especially in developing markets — rely on their phones for communications, transactions, and the management of their personal business. But in treating mobile as just another marketing tool to be parked alongside TV, print, and online, marketers and Mobile Network Operators (MNOs) are undervaluing the potential of the channel. While there are many examples of effective mobile campaigns, some of which have been described in previous Millward Brown POVs,¹ the development of mobile marketing will remain limited until MNOs and marketers recognize the significance of mobile phones to the lives of more than 3 billion people around the world.

Among the developing regions, Africa provides an especially fascinating context in which to observe the evolution of mobile communication and marketing. Not only is the overall media infrastructure relatively underdeveloped on much of the African continent, but in many countries, more fundamental types of infrastructure are lacking. Roads, electrical lines, and other physical infrastructures exist only on a piecemeal basis, and offer uneven levels of quality and reliability. Thus in Africa, a unique situation exists: The mobile phone is Africa’s only true Pan-African infrastructure. While some pay-TV networks do have Pan-African broadcasts, only the more affluent households receive them. Radio delivers considerable reach, but is fragmented and limited when compared to the one-to-one interactivity of mobile. And on a continent where scores of languages are spoken, mobile offers advanced targeting and segmentation possibilities.

Mobile phones have been instruments of transformation on the African continent, delivering not just communication but access to markets, health care information, and emergency services. Thus in the emerging markets of Africa, the mobile phone is both a media channel in which a brand has a “share of voice” and a phenomenon that commands a “share of lifestyle.” This is also true, though to a lesser extent, in other more developed markets around the globe where people have come to rely on their mobiles for various lifestyle enhancements and diversions. This POV will seek to build on what we already know about mobile marketing and anticipate the ways in which marketers in Africa and elsewhere might capitalize on mobile as the most intimate, pervasive and engaging media channel yet devised.



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What We Know

Great expectations have existed for mobile marketing since its inception, particularly in the highly developed Western markets. But in those markets, many early mobile offerings irritated consumers by crashing into what they perceived to be their private space. After those initial missteps, a few basic rules of mobile marketing were defined. On mobile, by virtue of its being a “lifestyle” channel, advertisers must have **permission** to reach consumers, and they must offer consumers something **relevant**. Advertising that is irrelevant, unwanted, or intrusive will produce a more negative reaction in this medium than in any other.

By the same token, it is the very personal nature of the mobile device that is fundamental to mobile marketing’s potential. While people feel guarded and wary of marketers reaching them through their phones, the special status of the phone may also enhance the value of a relevant message. For marketers who can harness this potential to engage consumers and build brands, the rewards promise to be great. And because the mobile phone is having such a profound role in improving the lives of those in developing African

countries, marketers in Africa may get to grips with its potential sooner than their Western colleagues.

A Myopic Focus: Price

MNOs in Africa believe that the name of their game is price, and it is easy to understand why. Most Africans **are** price conscious and anxious to minimize cash outlays; the vast majority of mobile subscribers (about 90 percent) have prepaid plans. In many markets, price seekers use multiple SIM cards, swapping out cards on a regular basis in order to get the best pricing on the calls they make and receive.

The downward pressure on prices is relentless because as mobile penetration extends beyond the relatively well-heeled population in each country, each new wave of subscribers has less disposable income than the last. Africa and India already have the world’s lowest Average Revenue Per User (ARPU). The combined impact of

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these trends is a constant focus on tactical price promotions. By attempting to monetize every new tariff plan and service, MNOs try to preserve or grow market shares. The net impact is an increase in marketing clutter, diminishing returns, and continuation of heavy price competition that not only devalues the power of the offer but also erodes brand equity. SMS is a prime example. Mobile users in Africa rely heavily on SMS as an economical means of communication, but as a result of constant price promotions, MNOs have conditioned consumers to expect to get the service for little or no cost.

The Bigger Picture

While MNOs are, for good reason, preoccupied with price and the bottom line, mobile consumers are increasingly engaged with their mobile devices and the human connectivity benefits they provide. A recent immersion study conducted by Millward Brown across

seven sub-Saharan African countries demonstrated the intimate, “always-on” nature of mobile phones. On average, respondents interacted with (that is, used, touched, looked at or looked for) their phones 82 times

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per day. The activity engaged in next most frequently — just 37 times each day — was the act of female subjects touching their hair.

The same study revealed that seven out of ten people first experience the Internet via mobile, and for six out of ten, it remains the main mode of access. While these proportions may change over time, home-based PC penetration is so low in East and West Africa that it seems likely that mobile will remain the main mode of Internet access for the foreseeable future.

Because in many parts of Africa, the mobile phone provided the first reliable and immediate long-distance communication, it has empowered people and

businesses as never before. But the phone offers more than communication to this population. For example, Africa is home to the world’s largest mobile-based payment system, M-PESA, which allows customers to send money to any cell phone number in Kenya. The two-year-old service already has over 6 million users, more than double the number of Kenyans who have bank accounts. Westerners who have access to checking accounts, ATMs, and wire services may not understand the significance of this capability, but to the unbanked masses of workers who would otherwise have to endure long bus trips to deliver money to their families in rural areas, this service represents significant empowerment.

We should expect that MNOs will come to recognize that they are not just selling airtime or minutes but are enabling communication and commerce via mobile technology. As such, their marketing approach will evolve from its current focus, the acquisition and retention of subscribers, to a broader one, providing services and applications that capture a greater share of consumer lifestyles. In reality, MNOs are media owners who possess the most intimate, pervasive, and engaging media channel yet devised. As such, they must work with marketers to leverage the capabilities of the channel to avoid the outcome they most fear: becoming the so-called “dumb pipe” utility that merely transmits voice and data rather than selling truly relevant products, services, and content that consumers value.

At least one MNO, Vodacom in South Africa, has shown that they understand the unique opportunity offered by mobile marketing. South Africa exemplifies the complexity and contrast that exist in Africa, with a highly developed “first-world” market alongside a developing mass market. To serve this mass market, Vodacom presented a free callback service called “Please Call Me.” Using this advertising-funded, text-based service, a subscriber can send a message across any cellular network requesting a call. This system is ideal for South Africa because it allows a person with low income to contact someone more affluent, such as an employer, who can absorb the cost of the call.



Implications For Marketers

In South Africa, Vodacom is doing its part to hasten the arrival of the Perfect Calm. However, many more MNOs will need to reach a similarly enlightened state before the calm encompasses the continent. Until that occurs, smart marketers must be creative and proactive in collaborating with MNOs to bridge the gap between current mobile tariff and service offers and consumer needs.

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Marketers in Africa and other developing markets have the same opportunities as their colleagues in the West to leverage the unique targeting power of mobile. For example, by taking advantage of mobile location-based services, marketers can target consumers with advertising messages that are tailored to the socioeconomic profile of a particular geographic area. But the real opportunity in Africa, which may also be the key to unleashing the full potential of mobile in developed Western markets, is in acknowledging the powerful emotional connections that people have with their phones — connections that result from the phone making a material difference in daily quality of life as well as enhancing and enriching lifestyles.

Many of the benefits provided by the phone in Africa are related to basic human needs. For example, workers can deliver cash to far-off family members, and farmers can check local market prices to determine the best places to sell their crops. There are medical applications as well. In South Africa, mobile technology allows doctors traveling to remote villages to record patient data and send it to a central database. In Uganda, the results of HIV/AIDS tests can be sent directly to mobile phones, ensuring privacy and eliminating the necessity of a follow-up visit with a doctor.

In areas of political or social instability, the phone can be used to inform people of dangerous conditions due to outbreaks of violence. This type of information is transmitted through tools such as the Ushahidi Engine. An outgrowth of the Ushahidi Web site, which was developed to map reports of post-election violence in Kenya in 2008, the Ushahidi Engine was conceived as an open-source platform that would enable any person or organization to gather and map crisis information. Since its initial release, the Engine has been used on a wide variety of projects, from tracking swine flu reports to following the general election reports in India.

Brand owners might keep the Ushahidi example in mind as they consider smart phone applications they might develop or sponsor. Within major cities, where traffic congestion seems ever present, advertisers might produce or sponsor route finder applications. Outside of the cities, African citizens could benefit from information on road conditions (since dirt roads can be flooded out or destroyed by landslides) and weather. The location of basic travel services, such as petrol stations or sources of water, could also be valuable material for mobile applications.

Conclusion

While marketers around the world have been working hard to develop and leverage the mobile phone as a marketing tool, they have not yet come close to realizing its full potential. The under-utilized power of mobile marketing lies in the possibilities it offers for reaching people on a level that is deeply personal and meaningful. Through the mobile channel, marketers can tell people, “We understand the challenges you face every day, and we can help you meet those challenges.” In Africa and other developing regions, where the daily challenges are many and basic, marketers have a unique opportunity to make a difference and, in so doing, may set the standard for mobile marketers everywhere.

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