

Ensuring your customers show up at the party, and come back for more

When you've got the user ready for action, how do you stage your store for success? As many operators have discovered the harsh way, successful launch of a data service is as much about understanding and managing the customer as it is about getting the technology right.

YOU HAVE PROBABLY heard the story about the data service with the flawless back-end that sat around futilely waiting for people to arrive at the front door. Why didn't they come? Is it because they didn't want to, or simply that they didn't get the invitation? Maybe they got the invitation but the directions were obscure. Or maybe the music just wasn't hip enough, so nobody rang the doorbell.

So if you're going to set the date, write a shopping list, and hire the DJ, how do you create a sensation?

What's the point of the party?

Put first things first: Define your objective for the service before making any development or implementation decisions. Do you want increased Average Revenue Per User? Increased market share? Differentiation? To keep up with the competition, or to establish brand awareness and perception?

Answering the question at the beginning of the process will provide a base for defining your strategy. Operators who want a data service merely to embellish their portfolio need only to implement the technical solution. But if you want your service to be a party that people keep coming back to, you need a vision to guide your plan.

Vision and strategy should be determined not only by the operator, but by all stakeholders – including other service providers, content providers, manufacturers, and designers. Oftentimes, these groups are working on their own solutions, more or less isolated from each other, and when brought together, their ideas and services don't match. As well, operators tend to bring in the other parties too late (particularly designers, who are usually engaged at the end of the process to determine only how things look). This results in a service that is not exactly what any of the stakeholders envisioned, and certainly not optimal in the eyes of the end user.

According to Sofia Svanteson, CEO of Stockholm-based design firm Ocean Observations, "A common understanding and direction needs to be established at the concept stage, and this may be achieved by means of a kick-off workshop involving all relevant parties."

AT&T in the US has a similar mantra, involving design from

the idea-generation stage, and working with all parties through each stage of the process. In conceptualizing a new service, the User Experience Design group considers unmet user needs, business drivers, and technologies available, with each as important as each other. Thereafter, all groups work together in the service's development with end implementation in mind, whereby the output of one step is the input to the next.

Once you have an explicit strategic direction in hand, you need a clear picture of the market. By performing market research before developing and launching a service, you'll be able to identify user needs, define your addressable market, and segment the users, while analyzing the market window and competitive landscape. This will then provide key input for all marketing activities undertaken during the launch, as well as improving design and usability.

Getting the setting right

The next step is to ensure proper usability of the service. Secure device readiness, visibility of the service, and optimal design during the prelaunch phase.

The convenience of a mobile terminal means that when users decide they want to use it, they want to use it immediately. Ordering a service and waiting around to be provisioned are not part of the mobile mindset. Your handset must come ready for data download, or to support exceedingly easy setup. Swisscom launched preinstalled handsets and defined bookmarks in handsets for its music service, to position the service as visibly as possible for end users. As was shown in several cases in varied geographies, traffic is largely driven by the number of available preconfigured devices.

A certain amount of flexibility and customer understanding is required, to account for the widely differing behavior between business users and consumers. For business messaging services, the most important factor is to have the client preinstalled on the device, or to support a clientless application such as push e-mail based on MMS. Users are not willing to try out these services unless they are in place waiting to be used. Automatically configuring devices is a good way of mitigating this



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problem. For a branded service such as Skype or Google, the key is to have an easily downloadable client.

Just as visibility is key in directing customers to the correct aisle in a store, placement of your service on the portal will be a deciding factor in whether they click through. Dobson in the US understands this: When launching its Napster Mobile service, the company carefully placed the service in prime position on the WAP portal to ensure easy access to all visitors.

Once you get your visitors there, don't make them work too hard. If they have to click too many times – often three will be the tolerable limit – you'll probably lose customers who were willing to pay. Don't make them struggle because of technical glitches or confusing paths.

In the grander scheme of things, there are a few issues that operators need to bear in mind from the start. First, consider usage scenarios – how and when the service will be used – and design the whole package accordingly. Second, consider developing and producing branded handsets that not only guarantee specifications are set based on the service concept, but also allow for increased value-chain control. Polkomtel in Poland, as part of its major data service relaunch in October 2007, released a competitively priced branded phone that was designed specifically for these services, and has experienced promising uptake for both the services and the device. Third, in usability testing, extended trials should be considered in addition to short tryouts. During development, AT&T conducts lengthy trials in which users have sufficient time to surmount the “wow” factor of a new service or device, and use it as an integrated part of their daily lives.

Showing what a splendid time is guaranteed for all

Generating awareness, enticing new subscribers, driving traffic, persuading repeat purchases, and creating “stickiness” – all are primary goals in marketing a new data service. You can follow the road to success by getting the price right, running fitting campaigns, and conveying the right message to the right people at the right time.

Pricing

Pricing is an art, with different variants needed for different markets. Nonetheless, the market has demonstrated a few key learnings. For instance, charging for data usage when the user is not expecting it does not make for a happy customer. In some cases, traffic following the initial month of a data service has dropped dramatically after users received their bills, along with a surprise that their EUR 0.99 song actually cost EUR 10 or more. Even if data pricing is clearly stated in the rules and conditions, this is not an acceptable approach. Increasingly, operators have waived the charges or found other ways to ease the pain. KDDI in Japan bundles the data charges with the price of the song; 3 UK introduced monthly flat-fee pricing for data; Vodafone New Zealand has sold data capacity in bulk to content providers so the end users don't have to pay for it. So while it is important to keep the price relatively low, it's more

important to give users absolute visibility into how much they will have to pay for the transaction.

Setting the price per song or other item should be considered carefully and adjusted based on constant market feedback. 3 UK increased its music sales by 300 percent after dropping the price per song from GBP 1.50 to GBP 0.99; Polkomtel negotiated a deal with a major label to offer the Top 10 at a price of PLN 1, compared with the usual per-song price of PLN 9. Not only does this drive traffic, but it also provides an opportunity to up-sell more content.

For business solutions such as push e-mail, flat-fee pricing is seen as the most effective pricing model, and is chosen by many operators globally.

While your specific pricing model (per-download fee, subscriptions, bundles) may vary, you can bolster success by allowing dual downloads to the phone and PC, and supporting easy transfer between them.

Promotion

Much of the promotion of new data services should stem from established marketing practices; however, varying levels of success of different approaches have been observed. Two key messages have emerged: vary your methods of reaching the customer, and sustain the efforts long after you see success.

A good starting point is to offer a free trial as soon as the service launches. Swisscom noted a 30 percent conversion rate after a free subscription promotion for their music service. Following the success of this promotion, Swisscom is once again offering users free subscriptions during the Christmas and New Year period. In addition, a US-based operator saw traffic increase 40-50 percent and gained new subscribers after a free ringtone promotion.

During recent service launches, Polkomtel conducted test campaigns with target groups, although the services were available to all users. In general, the conversion rate was 5-10 percent, compared with 2-3 percent for the non-target group.

Working with special events

Polkomtel's conversion rate was even higher for some services, and around Christmas. An operator in the US also saw increased uptake around Christmas following a holiday-specific marketing campaign. Besides holidays, operators must be aware of local events and make sure the appropriate content is available and visible. Swisscom and 3 UK have gone one step further and sponsored concerts and other music events to raise brand awareness and image.

Elisa offered free full audios (including the national anthem) on Finnish National Day. This not only increased the awareness of the service and brought new users, but also increased usage by 300 percent compared to the days before. Elisa also ran a promotion during the Finnish Idols show, increasing sales of Idols content by more than 300 percent.

For video/TV services, sports and other special events provide good opportunities for promotion and increasing uptake.

During the FIFA World Cup 2006, a European operator saw a 50 percent increase in its video/TV service usage due to football content.

One European operator reported a 5 percent conversion rate (a 30 percent increase in uptake) from a WAP push campaign. Another cited a similar result from its SMS campaigns – a spike in traffic that then leveled off with higher usage than before. However, the effect of each subsequent campaign declined. An additional success factor with SMS marketing can be individual targeting – for example, by alerting previous purchasers to the availability of a new version of a game they bought, or a new song from their favorite artist, which encourages repeat purchasing while building positive customer experience.

Handsets are an effective way of promoting different services and increasing uptake. 3 Italy launched handsets with pre-configured e-mail clients, including detailed information about the e-mail service on the handset boxes; this resulted in a significant increase in the number of users. Elisa bundled free downloads and vouchers with sales of their music-enabled devices to promote their music service.

Promoting through stores

Promoting the service through operator sales stores is also an efficient way of reaching consumers. Many operators have their own stores, providing not only an opportunity for them to inform and educate users about new services, but also a good environment for promoting these services. Leaflets with subscriptions, window ads, and handset box promotions are just a few examples of how operators can leverage these stores. Swisscom and Polkomtel attribute much of their success to this channel.

Traditional marketing can have a significant effect on uptake if combined with sustained nontraditional efforts such as SMS and MMS pushes. One operator that ran TV ads without pushing out via other media had a very low response to the ads, while others that invested significantly in TV, radio, and outdoor advertising along with mobile advertising have seen favorable uptake. Initial traditional campaigns should focus on promoting general availability of the services around the launch, whereas subsequent promotions should focus on the specifics.

Marketing alliances

Pricing and promotion can be greatly complemented by appropriate alliances that work to the advantage of both the operator and the content or media provider. Verizon Wireless in the US and SK Telecom in Korea have entered into partnerships with MySpace, creating an entire music experience. Verizon has used innovative ways of interaction and driving traffic, such as “pick the next single” from specific artists. Operators that have launched a branded service such as Napster Mobile have stated the importance of the brand, and included the logo as much as possible in marketing materials and on the portal.

SK Telecom has also created a joint venture with Warner

quote

» Don't rest – it is crucial to establish continuity in user tracking and the resultant marketing activities «

Interface design/usability of the portal

You will need to adapt the experience to what users are familiar with. Understand what they expect in the transition from PC interfaces. Emulate how it's done already on popular phones. (Note that while the interfaces of some popular handset manufacturers are scientifically “unintuitive,” it's futile to try and change the layout, rather like the persistence of the QWERTY keyboard in the face of vastly superior designs.) That said, there are several rules that should always be observed.

Front-end

- Minimize the number of clicks.
- Support automatic login.
- Ensure user-friendly registrations.
- List the price at the first opportunity.
- Allow previews.
- Be consistent with layout and labeling.
- Classify content into easily scannable groups.
- Keep critical information high up on the initial pages.
- Give users two or three different ways to locate a desired item.
- Suggest alternatives for obvious misspellings.
- Allow users to “select all” within certain search parameters.
- Include a “back to top” link on long pages.

Back-end

- Monitor download/response times after any changes.
- Track a sample of abandoned transactions from beginning to end to understand where you lost the customer and why.
- Periodically test for broken links.

purely to focus on mobile music, while SFR in France (co-owned by Vodafone and Vivendi) has entered into agreements with multiple major labels, including Vivendi's Universal. Universal is also actively backing Vodafone UK's new MusicStation service, a GBP 1.99-per-week subscription service aimed at the mass market.

Swisscom secured exclusive rights for Swiss band Myron's

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content from SonyBMG, and provided the content for free. Warner launched James Blunt's new single in digital format only in Switzerland, and the track took the top place in both Swisscom and the Swiss charts.

One US operator promoted content from a single provider around Halloween, offering free holiday ringtones. This resulted in traffic increase of 63 percent, which leveled off at about 20 percent higher than previously. Similarly, Elisa in Finland ran an exclusive promotion for one of their content partners, focusing only on that provider's content for a limited time. This not only secured reduced prices for end users, but also increased the number of paid transactions for both Elisa and the content provider.

What tunes do these party animals move to?

When launching a data service such as music, video, or TV, one of the key components is the content that will be available. To start with, it is crucial to have the right people and competence in place; they must have a good understanding of your service, and sufficient market knowledge to be able to respond quickly to the latest trends, and manage the service through its lifecycle.

It is imperative to present the right content to the right audience and refresh it regularly. Repeat purchasing is driven considerably by new content being available each time a user visits. For many mobile music services worldwide, Top Charts is the most common channel for selling content and is the most visited section by users. By making sure this section is always up to date and reflects the latest trends, you can ensure a positive impact on traffic and number of transactions.

The popularity of certain services and content types depends highly on geography. As such, your understanding of local needs can increase value for the end user. In certain regions such as Poland, Finland and Greece, local content downloads can represent up to 70 percent of transactions, whereas in other regions there is stronger interest in international content, and downloads follow the charts more consistently. In Finland, users expect to have Finnish content available to them, so Elisa sees it as key to fulfilling user expectations.

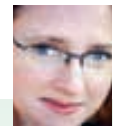
You can improve user interest via event-specific content that coincides with local events and holidays. If Kylie's in town, orchestrate a virtual shrine to her on the portal. Don't just include her songs – be innovative and offer a chat room for devotees, or live backstage footage. On December 30, replace the "Jingle Bells" ringtone with "Auld Lang Syne." If the Eurovision or Idol final is going out live, have a finger clicking the Publish button before the TV credits are rolling (Elisa's greatly increased traffic during Finnish Idols being a case in point). Remember, mobility is about convenience, and users want it now.

Watch out for who stays, who leaves, and why

Once you have the service up and running, don't rest – it is crucial to establish continuity in user tracking and the resul-

tant marketing activities. After your launch, analyze usage- and transaction-based behavior. Having the data mining tools and processes in place will enable you to better understand your customers, the impact of marketing activities and to gather knowledge to drive future decisions. For example, analyzing per-category hits per portal page will let you to see the best place to position promotion materials. Investigating failed search attempts will help determine which new content to bring in. Analyzing overall user behavior will support the creation of target groups. Many successful campaigns have segmented users based on lifestyle rather than the traditional factors of age, gender, and income. The latter are not seen as good indicators of whether a user will buy these services.

So, you've thrown your bash and nothing got broken since you party-proofed everything in advance. Now, will people rave to their friends about what a blast they had? Will they be eagerly awaiting an invitation to the next one? Will they go so far as to – gasp! – pay to attend future festivities *chez vous*? You surely hope so, so don't get complacent. Keep them excited. Keep them informed. Keep it simple. And keep with it. ■



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