

# The “free” trend — how to make someone else pay

If consumers won't pay, why not just give it to them and make someone else pay? This can be done in many ways — let's look at some recent examples.

**DOES ANY YOUNG** person still pay for phone calls? Free telecom, pioneered by the likes of Skype, is moving from cumbersome computer-calls for the internet-savvy to regular handsets, fixed and mobile. “Free” is rapidly coming of age, and as something more than simple voice-calls.

Internet-based telephony is nothing new, but fresh initiatives from Microsoft and new approaches such as Voixio's Flash-based system indicate that integrated communications are set to expand into the mainstream. Voixio has developed an internet telephony system that eliminates the need to download a separate application for making calls by employing Adobe Flash. This facilitates voice and video calls directly from a web browser and to 3G video mobiles, as well as fixed calls to landline and mobile phones. Users also have the option of diverting calls to a landline or mobile number when not logged into the site.

They can make calls to standard domestic and international, landline and mobile telephone numbers, or other Voixio users, or any Session Initiation Protocol (SIP) address. Voixio also allows free conference calls between Voixio users, including the ability to add callers to an existing conversation (or conference) by making a call to another user, thereby inviting him or her to the conference.

## We just want your profile

Talkster, headquartered in Toronto, Canada, provides free long-distance, international, and conference calls from cell phones, landlines, computers, or VoIP phones. No registration or credit card is required and callers won't need any new software or downloads to use the service — only their existing phone. A short advertisement or special personalized offer covers the cost of each call without being disruptive.

The local numbers that Talkster assigns to users in order to access the service are regular landline phone numbers. In a disclaimer Talkster adds: “We don't charge you for calling your Talkster number from your landline or mobile phone, but your phone provider may charge you something for this call.”

Much-discussed Blyk was launched in September 2007 in the UK and describes itself as a pan-European free mobile operator, funded by advertising. Blyk operates as a mobile vir-

## quote

» Because prices move inexorably toward the free, the best move in the network economy is to anticipate this cheapness. « KEVIN KELLY

(Internetfilosopher, founder of Wired magazine and author of the best-selling “New Rules for the New Economy,” as well as a classic book on decentralized emergent systems: “Out of Control”)

tual network operator, meaning it will buy wireless services from an existing operator and resell them under the Blyk brand. Or give them away to the users and instead charge the advertisers.

Blyk targets exclusively 16- to 24-year-olds, who receive up to six advertising messages per day and in return are given an allowance of free text and voice minutes (presently 43 minutes). When they sign up for Blyk, users must fill out a questionnaire that includes questions about their interests. Blyk uses the information to target users with relevant advertising messages, enabling advertisers to market to very specific groups. Users are more likely to be engaged by advertising if it's relevant to them.

The format that advertisers start with is short message service (SMS), and then multimedia messaging service (MMS). Messages can then be linked to the Web.

Blyk claims to build on deep customer research programs, which explains its high response rates: on average, 29 percent.

Mosh Mobile plans to offer a similar service in the US, though users will be asked to reply to sponsored messages. On its homepage, Mosh announces that “up to three times a day we may open a dialogue with one of our sponsors. You may



There are numerous ways to leverage the added value of customer knowledge and interactivity in the networks. Some use it to give the basic service away for free.

receive one-sentence surveys to help us get to know our members better, you may get exciting videos delivered to your phone about things you like, you may get free downloadable games from our sponsors, coupons you can present to stores for discounts and much more. Each day if you complete the actions you get more free service. Want even more — you can request more dialogues and receive even more service credit to use.”

Another variant on the free-calls theme is Pumbby, a Brussels-based operation. With Pumbby, users get paid to watch ads regardless of which mobile network they subscribe to. When they sign up on the homepage, they indicate which network they use and how many ads they are willing to receive each day, out of a maximum of 10. The ads are then sent as Wireless Application Protocol (WAP) links via SMS to their mobile phones, and for each one that gets displayed, the users get credited with EUR 0.44. The money can be applied toward to the mobile bill, put in a bank account, or used to purchase any of the advertised goods.

California-based Jaxtr was launched in March 2007 and calls itself the world’s largest social communications company.

Jaxtr works with any mobile or landline phone. When members add their Jaxtr link to their e-mail signature, friends and

family can call them from their regular phones from anywhere in the world without paying international toll charges. They simply click on the member’s Jaxtr link to generate a local number in their country.

#### **Free community calls**

Jaxtr allows users to link their phones with their online social networks to hear from callers worldwide, while keeping their phone numbers private. There are no requirements to have a phone that provides Wi-Fi access or includes an internet plan. Callers simply use the minutes included in their domestic calling plan to make international calls from their mobile phone. Jaxtr is currently used by over 5 million people.

Another Californian start-up, Pudding Media, is offering an ad-supported VoIP service that is free as long as users are willing to allow their calls to be monitored. Voice calls are scanned by a machine that attempts to pull keywords out of the conversation in order to generate relevant ads. According to the company: “When certain keywords are spoken, interesting and timely news, entertainment, and offers are displayed on the screen.”

The idea is to enable brands to display contextually relevant information and offers in real time to consumers. This in turn





PHOTO: STOCKSPERT

will allow any communications provider — mobile carrier, internet telephony service, even web publisher — to offer new ad-supported calling plans.

#### **Why not give away the content too?**

Ad-funded content offers new ways of reaching audiences, along with the potential to generate new business models within the industry. Orange UK is running a trial of new advertisement-supported content on its mobile internet platform, Orange World. Some 800,000 of Orange's 15.6 million mobile customers have been given the option to download a variety of music content (urban, pop, rock and dance) to their mobile handsets for free or for half price. This may be the largest trial of its kind in the UK.

Orange will make more than 500 music tracks available on the service. The idea is to allow brands to have their advertising banners displayed prominently as customers download music. This offers advertisers a unique opportunity to interact with a captive audience via their mobile phones.

The mobile advertising company in charge of managing and delivering the ads for the trial is reported to have already signed up several advertisers including Paramount Pictures and Ford.

Orange said in a statement that it believes the ad-funded content model will drive adoption and usage of services, and deliver better value content to its customers; also, it will give advertisers a great opportunity to reach a new audience, providing a route into the mobile experience for brands that previously had little familiarity with the medium. ■

#### **Incumbents likely to launch free IP voice**

Leading carriers will soon launch their own IP telephony competitor to Skype, essentially writing off voice revenues entirely while moving customers to data, wireless and IPTV services.

In a research note, investment banking firm ThinkPanmure predicts that a group of 10 to 15 incumbent global operators like AT&T, BT and NTT will launch a competitor to Skype by 2009, with the motivation of keeping voice subscribers from “completely disappearing, reducing win-back marketing costs. These incumbent operators will join together in the launch of their own de-facto Skype competitor, so that they may keep as many customer relationships as possible,” according to the research note. “The service would be free when calling any other subscriber of the consortium, consisting of perhaps 10 to 15 incumbent carriers around the world.”

Beyond retaining those customer relationships, ThinkPanmure thinks incumbent providers could insist that users access the IP service through a telco-provided broadband connection, such as DSL or 3G/4G mobile broadband. Operators would be able to uniquely brand their IP telephony offering and would need some level of technical coordination to ensure basic levels of service.