

How Mobile Carriers Can Leverage Mobile Advertising Platforms to Increase Revenue

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With the increased demand of mobile video, mobile music, data, and the convergence of these services with social media platforms, the mobile phone market is growing rapidly. But the move toward these services leaves mobile carriers struggling with falling ARPU and the potential of being relegated to bit-pipe providers.

The good news is that by launching innovative value-added services (VAS) that can be accessed on any handset or device, the mobile carrier can drive incremental and additional revenues. VAS solutions are simple to launch, and they take advantage of the carrier's network assets to deliver a richer customer experience. Whether the VAS service is messaging on any network, personal ring-back tones or a branded VoIP application, every additional service drives new revenue and strengthens its relationship with the customer.

One of the most successful VAS solutions for increasing revenue is mobile advertising. In 2010, eMarketer estimated mobile advertising spending in the U.S. to be at \$743.1 million.

And it projects this number will increase to \$2.5 billion by 2014 in the U.S. alone. The explosive growth of mobile phones and as a result, increased online mobile activity, is undeniably linked to the growth of mobile advertising. According to Mobile Marketer's 2011 State of Mobile Advertising report, "The rate of global mobile Web content growth over two years has outpaced the growth of the desktop Internet over that same period, according to dotMobi's Mobile Web Progress study. DotMobi's 2008 study showed 150,000 mobile-ready Web sites, while the 2010 study showed approximately 3.01 million sites, representing an incredible two-year growth of more than 2,000 per-cent. And that growth level significantly outpaces early desktop growth."

The numbers speak for themselves. There is an obvious opportunity for carriers to capitalize on this growing mobile advertising market. That being said, there is a lot carriers must know in order to properly leverage the opportunity. In this article, we'll take a look at the different types of advertising services that will enable carriers to maximize revenue as well as what technologies carriers need to deploy these services, while keeping costs down. Let's take a look.

Mobile Advertising Services

It's important to first understand the various types of mobile advertising services that are currently available. These services include many different advertising formats, from straightforward insertion into existing network notification messages, to the delivery of mobile Internet based advertising, inbound and outbound campaigns and Ringback Tone advertising.

- Straightforward Insertion into Existing Network Notification Messages: Including advertising into messages such as voice mail or credit level notifications;
- Mobile Internet Based Advertising: Full screen advertisements being shown as the Internet is being loaded. This also includes banners at the top or bottom of the screen during Internet use;
- Inbound and Outbound Campaigns: Generally using SMS or MMS capabilities to deliver direct advertising, or to provide access to special offers;
- Ringback Tone Advertising: - Advertisements played to the subscriber as they either make a call, or call another subscriber of the service;
- Pre-roll, post-roll and overlay for video streams such as movies or TV receipt;
- QR-Code use: Associated with print advertising and delivering access to websites, videos and special offers by using QR-Codes to access them using a mobile device.

Whatever the service, they all have the ability to provide the same benefit to carriers, increased revenue. Now, let's look at how carriers can implement these services efficiently and profitably.

How to Set Carriers Up for Mobile Advertising Success

In order for carriers to offer mobile advertising services, they must first plan and define the system they need. They must ask themselves a few important questions - what type of advertising will be done, what methods are needed, will video be used, will the advertising take advantage of knowing a customer's location or previous preferences to deliver more pinpoint advertising for that user? When selling advertising capabilities to 3rd parties the more targeted advertising is changed at a higher rate. As such, it can deliver a better return. While it is evident that deploying mobile advertising services will enable carriers to increase ARPU, it will only do so if they keep their deployment costs down. In addition, once carriers deploy a mobile advertising platform they must be able to keep up with ongoing changes in the mobile ecosystem while continuing to tap new revenue streams effectively and efficiently.

To do so, carriers should leverage the expertise of a mobile VAS provider that specializes in mobile advertising, as well as other mobile VAS solutions. This addresses the first challenge by enabling carriers to keep costs low by using a single provider, with a single platform. It also allows the carrier to consider other VAS solutions now, or in the future, so they can continue to tap into new and additional revenue streams. Lastly, it allows for a single point of integration and a rapid launch, ensuring fast time to market.

The following are several important factors to consider prior to selecting a mobile

VAS provider, and deploying a mobile advertising platform.

- **Scalability:** Scalability is one of the most important factors to consider when looking at a mobile VAS provider. As discussed previously, mobile phone usage is exploding. Those numbers will only continue to increase, so it is important that carriers have a platform that will scale now and with future growth, without requiring additional equipment to do so.
- **Flexibility:** Flexibility is a critical aspect to deploying a mobile VAS platform. As carriers migrate from 3G to 4G networks in the U.S., it is important that carriers deploy a platform with the flexibility to work on any network – and meet any networks' needs.

When looking at this capability, it is important to take a closer look at the signaling and media equipment a mobile VAS provider often uses to gain this flexibility. If a mobile VAS provider isn't using this equipment, it is important that the carrier implements it to gain the necessary flexibility.

Signaling and media equipment essentially enables mobile VAS providers and carriers to meet the highest demands of its customers. In doing so, they are able to understand and manage media solutions like SMS, mobile video and more, then deploy their solutions on any network type and meet any network needs. Take an SMS-based mobile advertising solution for example. Without the signaling and media equipment, it may only be able to interface with one type of network using E1. However, when using the underlying signaling and media equipment, the solution would be able to interface with networks using E1, T1, J1 TDM SS7, SIGTRAN M3UA, M2PA, SUA, and SIP. In addition, with the independent module layers of the signaling and media equipment, these underlying network interfaces can operate in any MAP environment such as GSM or ANSI.

- **Future Proof:** As networks continue to advance, it is important that the VAS platform is able to keep up with the times – without having to rip and replace hardware. Also critical is the ability for a carrier to add new VAS solutions like mobile video incrementally, or as new solutions become available.
- **Optimal Resource Usage:** This enables carriers to keep CAPEX to a minimum by sharing resources such as network interfaces across all of a mobile VAS provider's applications.

Case in Point: African Mobile Carrier

Now that we have taken a look at the different types of mobile advertising services,

as well as the challenges and solutions required for deployment, let's look at a real-world example. This particular business case describes an organization that achieved outstanding revenues by enlisting a mobile VAS provider to launch a ringback tone service and promoting it via SMS-based mobile advertising.

The customer is an African mobile carrier with 2,800,000 subscribers. One year ago, it enlisted the help of a mobile VAS provider to launch its software-based ringback tone service. The mobile VAS provider used signaling equipment to provide both flexibility and reliability, and to ensure that the service was able to interface with any type of network across the globe. Since deployment, the carrier has sold ringback tone subscriptions to 800,000 people – more than 28 percent of its total customer base.

The promotional strategy for the service was mostly via mobile advertising: 80 percent of promotions were done via an SMS campaign, and the remaining 20 percent via newspaper and radio advertising. The carrier's promotional strategy also included upsell efforts in retail outlets, expiry alerts sent to subscribers 2 days before ringback tones expire, and complementary jingles gifted to lapsed subscribers valid for 3 days.

This communication strategy returned constant monthly growth and revenues currently estimated to be more than USD \$200,000 on average per month. That translates to over USD \$2.4 Million a year for a small carrier.

The Bottom Line

At the end of the day, consumers are demanding richer services faster than carriers can provide them, especially those carriers with worldwide customers. Carriers are in a unique position to capitalize on the explosive growth of the mobile market, and mobile advertising services are an effective and profitable way to do so. Before deploying a mobile advertising strategy, it is important that they take several factors into consideration – most importantly, the products and technologies available that will enable them to deploy these services quickly and successfully. By leveraging the expertise of a global VAS provider as well as the right signaling equipment, mobile carriers can deliver high quality customer experience and successful mobile advertising services – while increasing revenue.

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