

**ARGELA**  
**Multimedia Sponsored Call**  
**White Paper**

**“The Ultimate Advertising Media”**

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# 1 Executive Summary

There is nowadays a big buzz around the Mobile Marketing and Mobile Advertising arena, and with just cause.

Mobile phones have become an inseparable tool for the modern world. This tool is getting more and more powerful, from the early bricklike transportable phones to the current highly powerful multi-media supporting smart phones we have become accustomed to have it on us at all times and ask more from it every day.

Mobile digital media shall become the prime choice for the advertisers of today because it combines:

- the reach of television,
- the power of direct marketing and
- the measurability of internet.

We are definitely clear on the advantages to the advertisers and even understand the operators' stand point but what's in it for the end-users?

This logic was at the origin of the "Sponsored Call" concept, a customer centric approach that offers what the end-users are looking for, namely free communication.

When this new business model is detailed there appears to be a range of advantages but they can be attained only if the approach is right, the pitfalls avoided and ultimately supported by an appropriate systemic solution.

## 2 The Dawn of a Promising New Market

### 2.1 The Operators' Struggle

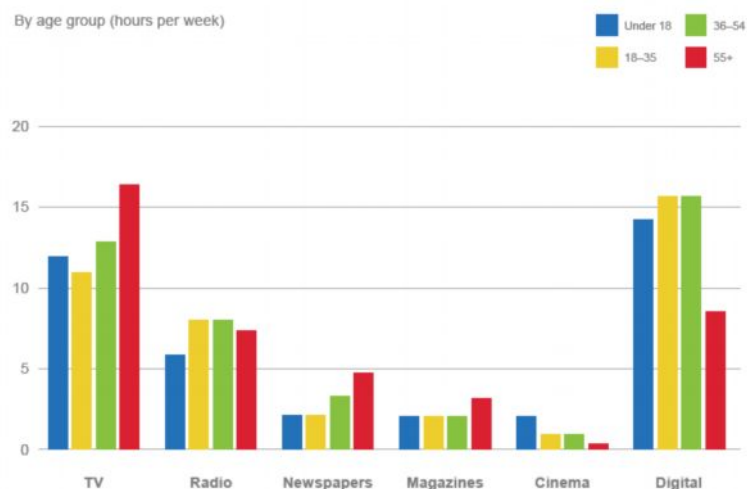
The telephony service is very competitive in today's marketplace. Telco's or VoIP operators are constantly developing and announcing new calling services and offering ever-decreasing communication costs for existing services provided to business and residential customers. Due to intense competition, there is a continuing need for telecommunication companies to provide customers with new value-added services or to reduce the cost of existing services. Intense competition pushes the operators to offer discount packages to their subscribers to avoid churn. Due to this reason, most of the operators suffer from ARPU drops dramatically. Operators look for alternate ways to re-claim the reduced income by packaging services.

### 2.2 Mobile Advertising: "Right on Target"

On the other hand, advertisements through telecommunication channels are a virgin area and it offers to advertising companies full direct marketing possibilities. Different than the common traditional advertisement channels (newspapers, TV, radio, billboards, etc), telecommunication channels provides direct marketing possibilities as long as the end-user can be classified in terms of age, gender, level of income, location, etc.

The importance of mobility and the mobile phone penetration has long been established. Nowadays, especially for the young market, digital media is becoming the prime choice, as seen on the statistics.

According to a recent market research by ABI Research, the global mobile marketing and advertising market is expected to be worth about \$3bn by the end of 2007, and, the market will reach a value of \$19bn by 2011. "For this market to reach its full potential, carriers, advertisers and marketing companies must utilize multiple technologies and business models to bring their messages to mobile consumers," the report said.



Sources: FT August 2006, from Nielsen/Net Ratings and Credit Suisse

Figure 1 - Preferred Media

"The objectives of mobile marketing campaigns are straightforward: increase brand awareness, generate a customer profile opt-in database, drive up attendance to events or visits to a store, improve customer loyalty and increase revenues." Mobile Marketing Association

89% of Major Brands Planning to Market via Mobile Phones by 2008; Mobile Marketing to Accelerate with More Than Half of Brands Planning to Spend up to 25% of Marketing Budget

## 2.3 The “Sponsored Call” Concept

We have grown accustomed to watching ads on TV, listening to them on the radio and browsing around banners on web pages without realizing anymore that it is those advertisers that pay for these services that we are enjoying.

Until today, mobile advertising was mimicking the web world, limited to the delivery of context based advertising while the end-user accessed services or internet through their mobile devices. Slowly but surely, the providers of these services are now tending to share the revenue generated by these advertisements with their customers by offering them these services for a minimal fee or even free. Ultimately the most basic of these services, voice and video communication should benefit from the same funding.

Why should you pay for your phone call when the advertisers should be paying for you?

## 2.4 The Win-Win-Win Scenario

### 2.4.1 Operators: Tapping into new revenue streams

Today, the operators are faced with a big dilemma in order to keep the levels of ARPU (one of their most important KPI's) that they want. Either they decrease the price of communication to stimulate air-time or, as explained earlier, they need to offer ever more interesting and entertaining new services to stimulate the customers and reduce churn resulting in increased expenditures.

There is however a way to combine these aspects, offering the subscribers entertaining and appealing services and lowering the communication costs to the customer while maintaining or even increasing the ARPU. The secret lies in advertising; as it is those advertisers who will fund the communication of the subscriber. The operator then becomes not only the carrier of voice or video but also a select media for the marketing world.

### 2.4.2 Advertisers: Targeting power

Advertisers have always been in search for more direct, targeted and personalized delivery of their messages. Mobile advertising offers them the ultimate media to pinpoint exactly the audience that they want to reach and make sure that the message was delivered and received.

If you add to this the fact that the targeted audience is not only receptive to the message (it is of interest to him) but the message is delivered to a tool that he almost constantly carries on himself, at home, at school, in the office, on the road... his mobile phone.

Knowing the demographics, the interests and preferences, the behavior and even the location of your target audience makes mobile advertising the next best thing to “word-of-mouth”.

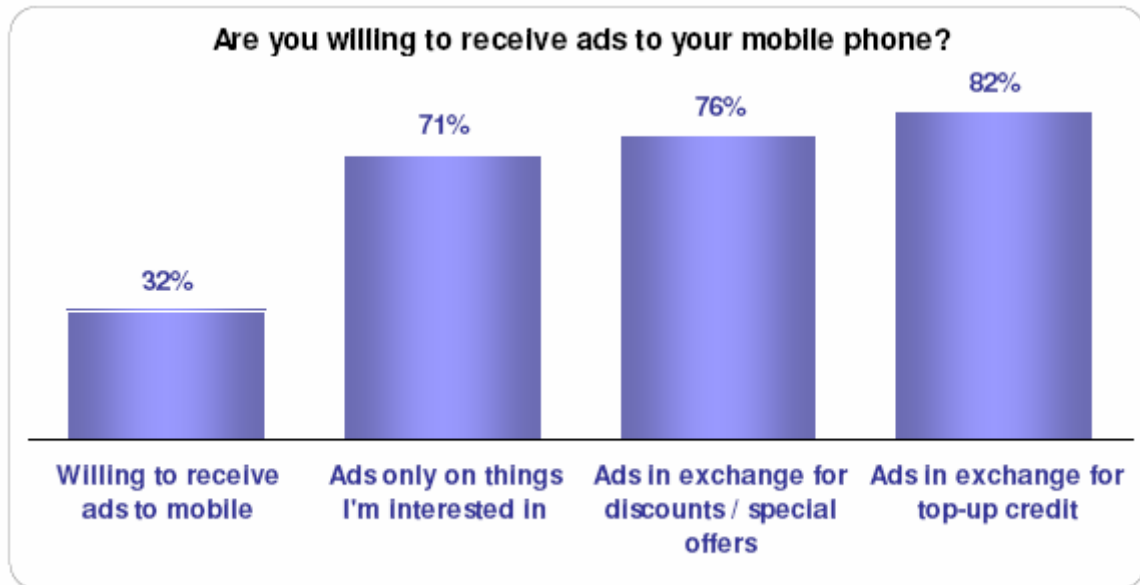
For privacy advocates, though, this combination of behavioral and geographic targeting is an Orwellian nightmare. We therefore need to be very careful that the system put in place should not be intrusive and should be respectful of the individuals' privacy. The safest way of achieving this is of course to put the subscriber in the drivers seat and enable them to chose weather they want it or not.

### 2.4.3 The subscribers: Cheap communication

Instinctively, one might consider that the willingness to view or listen to advertising on mobile phones would be quite low. And it is the case. This hypothesis was initially confirmed in the first part of an interesting survey from Q Research (reported in the New Media Age of April 19, 2007). When asked simply - do you accept ads to your mobile, the survey found a mere 32% willing to accept.

However, the research became interesting when they dug a little deeper. The hypothesis was more than challenged when the question was - would they be willing to accept ads that are about their areas of interest, and the response jumped to 71%. When asked if the ads offer discounts and coupons, it went up again, to 76%.

And eventually when asked if the ads would give them top-ups to their prepaid phone accounts, 82% say yes, such ads would be welcome...



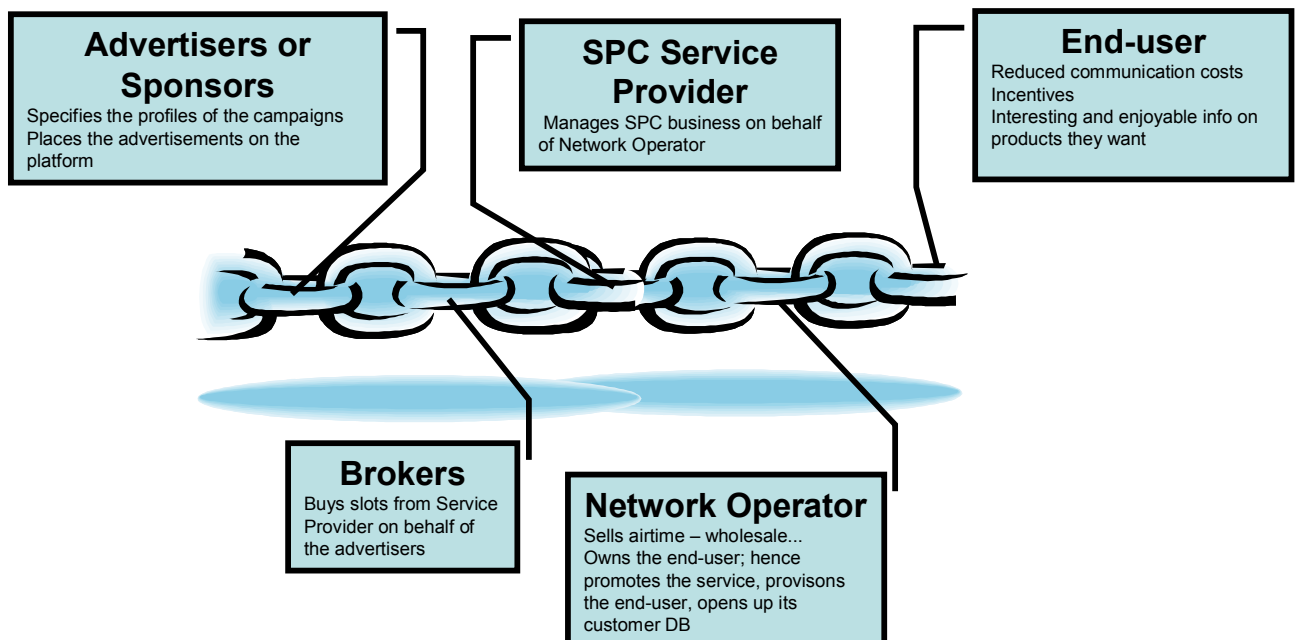
Source: Q Research Advertising & Mobiles Report

Figure 2-The subscribers' view

## 3 Multimedia Sponsored Call – Tips & Tricks

### 3.1 Managing the Value Chain

Within the mobile marketing ecosystem, the value chain is becoming increasingly trickier to manage, with a multitude of actors and complex interactions. Each of these players, with their separate interests and expectations has to carefully interlinked and managed in a systemic approach.



**Figure 3 - The Value Chain**

A well designed comprehensive solution is direly needed to run and control this value chain.

### 3.2 Profiling & Targeting

Maybe the most appealing aspect for the advertisers is the possibility to know your audience and the ability to deliver the messages to the chosen ones.

As the end-users will be the subscribers, most of their demographic data such as age, gender, city, etc. will already be available. This information is already very valuable but should be complemented with their areas

of interest. This can easily be achieved at the subscription stage or later on with a small incentive. The operator will also have behavioral information on the users in terms of communication habits.

Exact location of the user at the specific time of the delivery of the message can also be used in the selection of the message.

### **3.3 Non-Intrusive Advertising**

Not more unsolicited SMS'. We all have been at one point or another irritated by those SMS advertising messages that we receive. We did not ask for it, we are not even interested in it and when we are roaming, we pay for it. Although a powerful tool for the advertisers, this kind of unsolicited push messages can even back-fire.

What makes Sponsored Call different is that the users will have subscribed and expect to view the advertising that will enable them to receive discounted communication. This highlights the importance of "provisioning" and the triggering method that will be used to serve the advertising.

### **3.4 Respect of Privacy**

A major concern in such a system will definitely be put forth as the respect of privacy and the sharing of the subscribers' data. With many parties involved and "communities" being one, if not the most valuable asset nowadays, operators will be reluctant to share the subscribers' data with the other participants.

This issue is easily mitigated by using "Blind-ID's". The subscribers' identity will not be divulged to anybody but the demanded targeting will still be applied. The user will be able to receive information and advertising that is of high interest to him while being certain that no spam or privacy issues will come out of it.

### **3.5 Interactivity & Incentives**

Unlike the classical media such as TV, radio or billboards, Internet and even more so the mobile digital media offers the possibility to interact with the receptor of the ad. From end of call surveys to direct access to the companies hot-line, there are endless possibilities to the use of this feature, limited only by the creativity of the marketing minds.

Another powerful practice will be to provide coupons, discounts and other incentives to both enhance the effectiveness of the advertising campaign and to gather more info and insight on the audience.

### **3.6 Unleash the Power of Buzz Marketing**

When you see a commercial that you enjoy or that is of high interest to you, wouldn't you like to share it with your friends, especially if they share your interests.

Word-of-mouth is the oldest and without a doubt the most effective form of marketing. Mobile advertising should therefore be ready to leverage on this strength and provide the alternative to share the messages that were sent with others who might enjoy them as much.

Just imagine the number of e-mails forwarded to friends and families and add to that the mobility factor. You can easily see the potential of creating buzz over the mobile media as long as the content of the ad is appealing and interesting.

At the next level, if the ingredients are good enough and the recipe is successful, this method might be even in the realm of “viral marketing”.

### 3.7 Text is Boring... Go Multimedia

The type of advertising to be served with this media will be key in its success. The target audience will be receptive not only to the content of the advertising but more so to the presentation. It has been established that video and images will be much more effective in terms of grabbing the attention of the user.

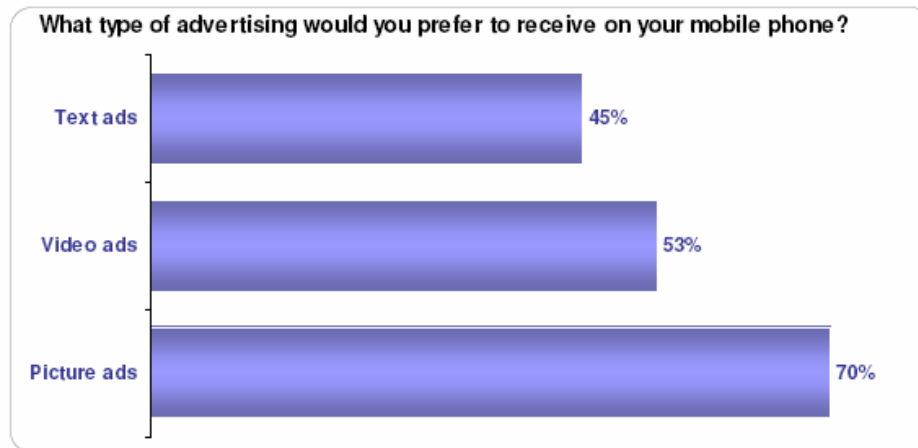


Figure 4-Rich media wanted

### 3.8 Campaign Lifecycle Management

The mobile advertising campaigns should be carefully managed. The systems to manage the said campaigns should therefore be flexible enough to offer different possibilities to shape the campaign. Alongside the profiling aspects, they should be able to orchestrate numerous arguments such as length of the campaign, timing and frequency of the ads, sequencing of the ads, etc...

### 3.9 Measurability, the Power of Reporting

Better and better defining the target audience and effectively reaching them is essential. Today, with the rapidly changing trends, you might constantly be shooting at a moving target. Multimedia Sponsored Call offers the possibility to know the audience’s profile exactly with the statistics that it can generate.

What advertiser wouldn’t dream of knowing exactly how many potential customers have seen his/her advert, what profile did those viewers have and if there was any feedback from them? One of the major advantages of using such a media for delivering your messages will undeniably be the possibilities to get immediate and detailed feedback. The system should enable the owner of the campaigns to see immediately the exact number but also the detailed profile separation of the customers they have reached.

This gives an unprecedented power to assess and adjust the campaign effectively and immediately...

Yes you might still be shooting at a moving target but this time you are not shooting blindfolded and you have the opportunity to move with the target.

## 4 ARGELA Multimedia Sponsored Call unveiled

### 4.1 It Is Possible...

Taking into account all of the above mentioned opportunities, requirements but also pitfalls and best practices ARGELA Technologies has engineered, designed and developed its innovative new solution, ARGELA Multimedia Sponsored Call.

The Sponsored Call service operates with IMS, VoIP and legacy network so that it can be access independent. The Sponsored Call enables callers from any networks to use network-provided telecommunication services free or at a subsidized rate. The sponsored call service allows a third party sponsors to convey their audio or visual advertisements to and interact with a caller prior to the caller's access to the network-provided services.

Sponsored Call applications, designed for IMS, VoIP and legacy operators, benefit all parties involved — sponsors, subscribers, and service providers. Sponsors get a new targeted multimedia channel for advertising, promotions, campaigns, and surveys. Subscribers save money and receive useful promotions. Most importantly, carriers get increased air time and new revenue streams from the sponsors.

### 4.2 The Right Technology

#### 4.2.1 Message delivery

For the operators working mainly on 2G, ARGELA Multimedia Sponsored Call offers the possibility to play a short jingle to the end-user and give a chosen portion (e.g. the first minute) of the call for free. With video capable devices (3G for GSM operators) the operators can enhance this by showing a short video or images to the end-user

#### 4.2.2 The right management tools

The solution has user-friendly and intuitive user interfaces to manage, administer, run and control the system. A user portal, that can easily be integrated to the operators portals enable the provisioning of the subscriber.

The advertiser portal enables the advertisers to manage their campaigns, post their content and follow-up on the effectiveness of the campaign.

The management portal enables the operators or MVNO's to have full control of the system.

#### 4.2.3 Industry Standards used

ARGELA has chosen to follow the industry standards in all the protocols used in their systems such as SIP. This enables the tool to be very easily integrated to the different operators.

## 5 CONCLUSION

Mobile advertising is definitely one of the most innovative and interesting new developments in the marketing world. The appearance of new business models such as the one offered by the Sponsored Call solution will positively change and reshape the mobile communication world.

Although still being at its early stages, mobile marketing, mobile advertising and especially multimedia sponsored call have the opportunity to leverage on the experiences of the internet advertising and taking it one giant step further. They will surely make the difference for early adopters. And we will definitely be reading more and more about them.

## 6 NEXT STEPS

For more information on ARGELA Multimedia Sponsored Call, visit [www.argela.com/](http://www.argela.com/)