



Telecom Branding

Employing the TeleCompass in a Converged World

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Mobile Connectivity has been redefined. Long gone are the days when the only novelty of the mobile phone was being able to talk or message while on the go. Today mobile telecommunications are offering an integrated lifestyle combining work and play in ways never experienced by any previous generation.

Now picture this typical day in a converged world:

- Checking e-mails without a laptop, PC or an internet café
- Making gift buying decisions on the go by taking pictures from the mobile phone camera and sharing them as MMS messages instantly
- Watching streaming videos on YouTube or better yet, watching Live TV over DVB-H
- Capturing something unusual instantly and sharing it with the world using Flickr on the mobile phone, geotagging them with GPS coordinates for added perspective
- Meeting new people through Bluedating whereby a Bluetooth-enabled network (Scatternet) matches and connects people in the vicinity based on preset preferences
- Downloading RSS feeds onto your mobile and catching up with the latest on the web from hot new music to stock market updates to favorite blogs
- Instantly micro-blogging and updating your boss, your friends or your family on whatever you are doing now using Twitter or Facebook, from being stuck in a traffic jam to making a stop at Carrefour updates can be instant and continuous
- Traveling to new places and navigating through voice-assisted GPS on the go in a car or on foot.
- Sitting on a beach apparently alone but connected through fring, Instant Messaging away or better yet playing a multiplayer game like "Call of the Pharaoh" with a bunch of friends
- Downloading and listening to music as soon as you hear it on FM using the built-in mobile phone radio
- Tracking miles walked or run using an in-built pedometer
- Using Location Based Services or an integrated GPS device to locate ATMs or restaurants or simply keep track of friends
- If that is not enough, using services like EDY (Euro, Dollar and Yen) to make transactions at select stores, activate vending machines or buy train tickets, all using a mobile phone, replacing the need to carry cash or all kinds of credit/debit cards

Wait a minute! Are we forgetting something? Using mobile phones to make voice calls of course!



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Telecom Brands of the World – Are You Ready?

The telecom sector is one of the most rapidly evolving industries in the world. The convergence of mobile technologies, the media and the internet is creating enormous possibilities for what one can do on a mobile phone. And considering the monetary size of the industry, US\$2 trillion, it becomes clear that the stakes are as high as the pace of change.

Are classic telecom branding drivers still relevant? As connectivity gets redefined is current brand thinking on the category keeping pace with the developments in technology? I feel the answer is a resounding 'No.'

While a lot of technical literature is available on the subject, there is no framework to guide strategic brand thinking for telecoms. This paper is an attempt to devise a framework that is dynamic enough to act as a navigation tool for at least the short to medium term if not the long run. Before we look at this tool it would be good to look at the category as a whole and get a feel for the broader dynamics at play.

Internet Everywhere...

What is driving this change? First and foremost, it is the impact of the internet – from its pervasive influence on our daily lives to the technologies that permit our ubiquitous access. Approximately a quarter of the world is connected to the internet today, through over 1.4 billion PCs, mobile phones or other online devices. While only 10% of these worldwide internet connections are broadband, 50% are broadband in the US, about 36% in the EU, and nearly 90% in South Korea!

The exponential growth of mobile phones around the world, in concert with expanding mobile internet access, especially broadband, is creating a world of new opportunities in mobile communications. This is redefining the business of mobile phone operators.

Commoditization of Voice

What is happening and why? The global rate of mobile phone penetration is phenomenal. Up by 24% in 2006, it has become the fastest growing technology platform in the world. It is outpacing fixed line by a ratio of 2:1 today, jumping to an anticipated 4:1 in about five years. More than half the world now carries a mobile device and annual production is estimated at 1.29 billion units in 2008, greater than the annual production of wristwatches, also about a billion-unit-a-year industry!

What's the implication? As the technology matures, more and more players are entering the lucrative telecom market, bringing prices down across the category. And lower connectivity charges for users means declining revenues per user for the mobile operators.

Also, as internet access gets faster, cheaper and more wireless, it will become easier and easier for users to talk via VoIP. Mobile phones, laptop and desktop computers can all be used to bypass the traditional fixed/mobile telephone lines and make voice calls through fixed (DSL, cable etc.) or wireless (WiMAX, HSPA+) broadband internet connections. This is turning voice into a commodity and makes a strong case for mobile phone operators to think in new directions beyond voice.

Data = All in One

The internet is changing the world with a universe of applications mashed up with multiple technology platforms that is creating unexpected user experiences. Everything is becoming a data stream, not just voice. Even broadcast TV is now a digital data stream being delivered over the internet to upward of 20 million subscribers using a format known as Internet Protocol TV or IPTV. For some time, the 2.5G SMS mobile network has been the driving source of data revenue – currently generating about 12% of total mobile phone operator revenues, nearly \$80 billion globally. However, this is about to change!

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The World of Data

Mobile video is one area of data transmission that is forecast to grow significantly. Online video is already growing at over 50% and will soon to be the fastest growing emerging media, with YouTube leading the way at 90 million unique visitors a month as of September 2008. According to a KPMG survey on the category, 90% of venture capitalists believe a mass adoption of mobile video is expected over the next five years.

Nokia is planning to capitalize on its handset leadership as it continues to invest in a single point mobile video service. By aligning with leading channels, like CNN and Sony Pictures among others, and merging multiple delivery formats like DVB-H, 3G and Wi-Fi to deliver mobile video, Nokia's Video Center aims to be the focal point of all video viewing on the mobile from live TV, video on demand to video to go.

Music is another popular mobile usage segment – from ringtones, which are expected to become a \$6.6 billion industry by 2009 according to Juniper Research, to full-track music downloads. Last year mobile music downloads accounted for a 12% share of the total 1.7 billion single tracks downloaded. These downloads will become even more popular as the next generation of mobile phone handsets will run on higher speed networks and offer gigabytes of storage.

Similarly, ringback tones are another music-based data service gaining in popularity. IDC reports that ringback tones are expected to overtake ringtone downloads by 2010 and become the single largest revenue source for mobile entertainment. As an indicator of things to come, NTT DoCoMo teamed up with Napster to launch an unlimited mobile music service. For a low monthly fee, users can access full-length music tracks and ringtones for immediate listening and downloading.

Mobile gaming is also creating huge swarms of worldwide interest. A \$5 billion global industry in 2007, mobile gaming is expected to triple by 2012 according to Juniper research. This growth will parallel the advancement of handset technologies and new features which may offer everything from 3-dimensional gaming, to multiplayer games over high speed networks, to even motion sensing and location based games. Electronic Arts, a leading games publisher, plans to invest heavily in this segment, as indicated by their recent integration with Google's Android. Currently the Asia Pacific region is driving the industry with 58% of all users, followed by North America at 21%.

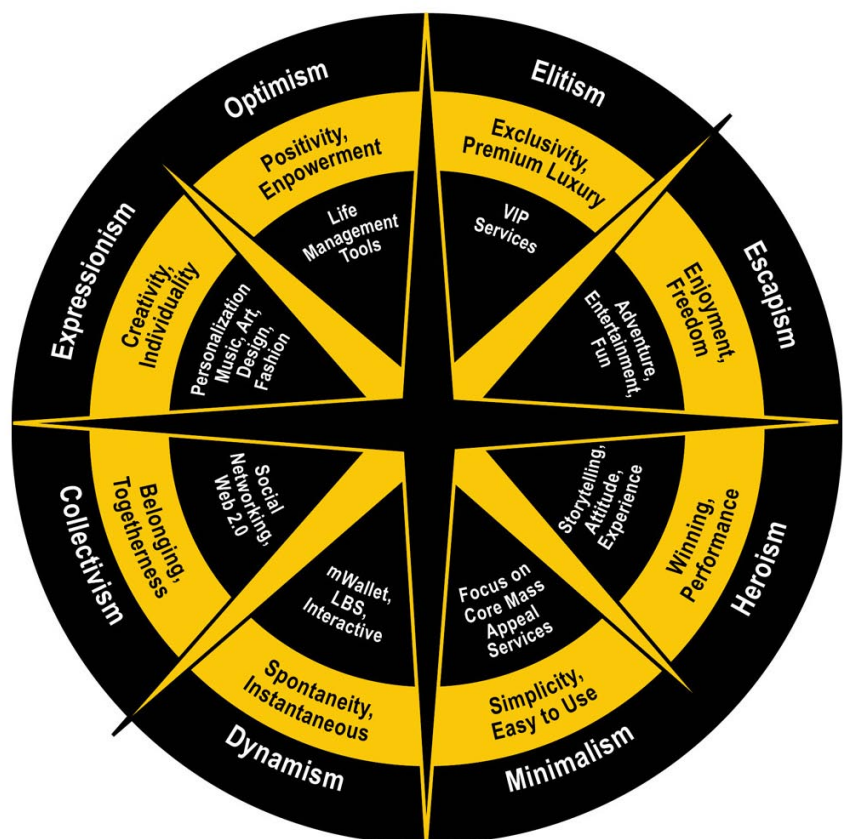
Finally, these new mobile phone capabilities, combined with Web 2.0 internet advancements, are fostering a whole new set of social media habits. As handsets add features like cameras, GPS and high speed internet access, the mobile experience becomes much more interactive. Mobile micro-blogging on Twitter and Facebook, Instant Messaging (IM) on MSN or Google, uploading photos to Flickr or making videos and uploading them to YouTube, are evidence that social media is becoming a significant part of the mobile internet experience. All this activity is estimated to have generated revenue of about \$5 billion in 2007 and is expected to grow to around \$13 billion by 2011, according to Informa Research.

Introducing the TeleCompass

So what is this leading to from the perspective of a mobile operator? How should a telecom brand position itself in a converged world? As an example, Blyk, a Mobile Virtual Network Operator (MVNO) built on the Orange Network, is experimenting with a unique ad-based business model offering their target segment (aged 16-24) free usage in return for receiving daily advertising messages. This is just one model for a different kind of telecom brand. As the world converges we can expect many more such examples and newer kinds of brand experiences.

TeleCompass is a tool devised to help telecom operators navigate the branding challenges in today's complex telecommunications industry. It works on a laddering principle with three levels:

- **Level 1:** Service Features and Product Experience (Inner Circle)
- **Level 2:** Key Brand Personality (Middle Circle)
- **Level 3:** Driving Brand Value (Outer Circle)



The principle of this model is to look at new ways of defining the business, integrating the vast potential of Web 2.0 applications and handset innovations into an operator business and branding strategy. The goal is to craft an integrated business model that can create significant differentiation at both the product and brand levels. Looking at each of the eight quadrants of the TeleCompass model, we can see how a branding idea can be supported at the product level and, vice versa – how product innovation can be laddered to create a relevant and engaging brand story.

Optimism – This branding model builds on the larger role of technology to empower and enable its users. There is an opportunity for mobile phone operators to look at all aspects of life – work, personal and social – to create an empowering life management system that delivers at the product level and also conveys positivism and optimism at an emotional level. For example, this could be achieved through integration of possible applications like SecondBrain, Soocial, Rudder, MotorO, etc., to manage different aspects of one's life – from expense tracking to keeping track of contacts to managing task lists, to car maintenance scheduling etc., among many others.

Elitism – This branding model is driven by the need for pampering and exclusivity. This route enables extending the brand experience beyond mobile phone technology and taking a larger view of possible services – including anything from a personal relationship manager à la priority banking services to exclusive membership deals and privileged experiences. This is more of a premium-service-oriented approach analogous to what Vertu is to Nokia. An example of such service is seen with Zain in Saudi Arabia, which is offering special numbers tied to an exclusive club with elite services. Their top tier package comes with a personal assistant that can take care of anything from paying your bills to buying gifts to managing travel plans, thus taking the customer service experience to a whole new level.

Escapism – This branding model is built around the desire to be free, to be adventurous and escape into another world. It builds on experiential applications like games, live TV, video and music to create a unique brand experience that is all about adventure, entertainment and fun. The mobile phone operator could be an entertainment portal that not only creates direct user experiences through the mobile phone but also provides other offline entertainment apertures, from a reality based game show using mobile phones to exclusive brand sponsored events.

Heroism – This model explores the attitudinal side of a telecom brand. It is a strategy based more on creativity than on the product experience, one which reinforces reliability and performance by creating a brand story around winning and heroism. For example, the story of the brand could translate into mobisodes that users can download and watch. The same appeal can be extended to other features of a mobile phone, perhaps to create competitions and engage the consumer by bringing out the hero in everyone.

Minimalism – This model is the anti-convergence route from a positioning standpoint. The main idea here is to reduce complexity and simplify usage based on the premise that convergence-based applications can get quite complicated for basic users. The challenge is not the expression of simplicity but actually making an effort to simplify apparently complicated tasks. This route would appeal to a broad audience and thus the product focus would also be on simple mainstream services.

Dynamism – This model is built on the key brand attribute of spontaneity, targeting the 'Always On' consumer. In his book, BrandChild, Martin Lindstorm describes the current generation as being 'instant', 'interactive' and wanting everything fast and now. The idea here is to integrate applications like M-Commerce and location-based services, for example, to create a dynamic brand experience where users can instantly plan to go wherever they want or shop for/buy whatever they want – in effect truly living instantaneously.

Collectivism – This model builds on the social networking mindset driven by a series of Web 2.0 applications where users connect and engage with their peers, friends and family. The mobile phone operator can capitalize on this 'need to belong' by creating brand touch points at popular social networking portals or by providing Facebook applications, Twitter widgets and other social software that can be used to bring people together.

Expressionism – This model is driven by individuality and creativity. The idea here is to provide apertures that encourage self-expression among users: from the vast amount of personalized options available, like ringtones, ringback tones, wallpapers, screensavers etc., to the more intricate customization of features and usage at the product level, to expressionism at an emotional level. The brand can look beyond product features and explore a larger brand platform based on self-expression. Various creative forms like art, music, fashion, design etc. could be used to build the brand and create consumer engagement. Similarly, activities that capitalize on the growing popularity of User Generated Content (UGC) could also be created.

The idea behind the TeleCompass is twofold. First...simplify the complexity. Second...kick-start strategic thinking for telecom brands today.

The idea behind the TeleCompass is twofold. First, the goal is to simplify the complexity inherent to all technology based industries. The framework is based on larger consumer truths that can drive the category in a converged world. With time we will see more innovations at all levels. Hopefully the framework will be dynamic enough to help simplify and make sense of new innovation as it develops.

The second objective behind TeleCompass is to work as a navigation tool that can kick-start strategic thinking for telecom brands today. The idea is to use one of the eight key driving values to create an inspiring telecom brand; the power will come by linking a value to the set of features and services that are most relevant to your market and your consumer.

The net result would be an integrated set of services that not only provide a brand framework for mobile operators but also capitalize on the capabilities of mobile phones today – unleashing the power of various readily available web-based applications to create a differentiated product experience. A good example of this is the iPhone.

TeleCompass can help technology companies develop a distinctive brand promise that delivers both functionally and emotionally. Its eight platforms offer strategic alternatives that can build unique and powerful brands that resonate with the mindset of technology consumers.

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