



PERMISSION, PRIVACY, MEASUREMENT

The Way Forward

*White Paper
May 2011*

EXECUTIVE SUMMARY

Change is the only constant in the fast-paced world of mobile marketing and advertising, and nowhere is change happening faster than in Asia. Asian consumers have taken to mobile advertising at a rate unmatched elsewhere in the world.

Looking at data gathered from Out There Media's opt-in marketing and advertising campaigns in the region, one can see the potential inherent in the Asian marketplace, and to get a glimpse of the steps needed to make mobile marketing an accepted and integral part of the media mix. As more data becomes available and as different parts of the ecosystem share information, marketing efforts can be crafted for the mutual benefits of brands and consumers alike.

Analysis of existing data indicates possible future directions that will help to propel the industry to new levels of growth and public acceptance. Three aspects stand out with glaring clarity: permission, privacy and measurement. These three represent the key to unlocking the potential of the Asian market, while protecting the public interest and raising levels of consumer trust in mobile marketing initiatives.

A CHANGING LANDSCAPE

Over the last five years, the mobile space has undergone revolutionary change. From simple mobile communications devices, mobile phones have become smartphones with extended feature sets, offering mobile access to the web and other functions. The Apple iPad and its successor, the iPad 2, together with a slew of upcoming tablets running on Android and other operating systems, makes tablet computing as another mobile option. Lower broadband costs and technological advances have helped this mobile revolution to happen at an increased pace, and improved mobile infrastructure throughout the Asian region is enabling mobile phone take-up in less developed countries.

ASIA: DIVERSE AND DYNAMIC

Asia's unique position in the world vis-à-vis mobile technology is due to its diversity. Asian countries run the gamut from the highly technologically advanced countries like Korea, Japan and Singapore to developing nations like Laos and Vietnam. Asian giants, China and India have also prospered in leaps and bounds and that economic growth has translated to increased mobile phone usage in those countries.

Key Global Telecom Indicators for the World Telecommunication Service Sector in 2010 (all figures are estimates)									
	Global	Developed nations	Developing nations	Africa	Arab States	Asia & Pacific	CIS	Europe	The Americas
Mobile cellular subscriptions (millions)	5,282	1,436	3,846	333	282	2,649	364	741	880
Per 100 people	76.2%	116.1%	67.6%	41.4%	79.4%	67.8%	131.5%	120.0%	94.1%

The International Telecommunications Union (ITU) estimates that there are 2,649 million mobile phone subscriptions in Asia and the Pacific as of October 2010 (see chart above). That's slightly over half of the total number of global subscriptions (5,282 million) and yet only 79.4% of the population – compared to regions like the Americas and Europe (with 94.1% and 120% respectively)¹. It's clear that Asia is ahead of the rest of the world in terms of numbers.

¹ International Telecommunications Union, **Key Global Telecom Indicators for the World Telecommunication Service Sector**, http://www.itu.int/ITU-D/ict/statistics/at_glance/KeyTelecom.html

THE NEW MOBILE GENERATION

The upswing in mobile technology and use has had other effects as well. The rate at which people access the internet on mobile devices is growing rapidly, that the ITU expects mobile web access (via laptops and smart mobile devices) to overtake desktop access within the next five years.

In March 2010, Strategy Analytics estimated that the number of users accessing the mobile web on their handsets will exceed 1 billion by 2015². Many of these mobile web users only access the internet through their mobile devices. This is particularly true in many developing nations, including Egypt, where mobile-only web use is about 70%; and India, where the rate is 59%, due to poor infrastructure and lack of basic telephony and broadband infrastructure.

THE MARKET FOR MOBILE MARKETING AND ADVERTISING

SMS remains the undisputed leader of mobile messaging, although MMS, email and instant messaging are gaining popularity, thanks to technological advances that allow richer mobile messaging. SMS is still a popular mode for mobile marketing, because it is widely-familiar, easy-to-use and is largely device agnostic. Strategy Analytics estimates that global expenditure on mobile advertising is set to grow to \$38 billion by 2015³. Considering the rate of mobile adoption in Asia, how large a slice of that pie will be in Asia?

PROTECTING THE CONSUMER

Despite the generally positive outlook on mobile growth in Asia, concerns still remain. Governments are looking at consumer protection in the mobile space. The Singapore government has announced plans to regulate the telecom sector more tightly, putting in place more protections against unanticipated data charges or misleading advertising. Other governments are likely to follow suit. Consumer protection, especially issues of privacy, have gained greater visibility in recent days, arising from the discovery that Apple and Google both collect and use location data from their users.

Consumers must feel that mobile marketing provides them with true utility, and that their privacy is not compromised or invaded by mobile advertising or marketing efforts. In order for the industry to grow and progress, consumer and industry protection must be a priority.

² Mobithinking, **Global mobile statistics 2011: all quality mobile marketing research, mobile Web stats, subscribers, ad revenue, usage, trend...** <http://mobithinking.com/stats-corner/global-mobile-statistics-2011-all-quality-mobile-marketing-research-mobile-web-stats-su>

³ Strategy Analytics, **Global Mobile Media Forecast 2001-2015**, <http://www.strategyanalytics.com/default.aspx?mod=ReportAbstractViewer&a0=5367>, as cited by Mobithinking, **Global mobile statistics 2011: all quality mobile marketing research, mobile Web stats, subscribers, ad revenue, usage, trends...**, <http://mobithinking.com/stats-corner/global-mobile-statistics-2011-all-quality-mobile-marketing-research-mobile-web-stats-su>

PERMISSION MARKETING

Popularised by Seth Godin, permission marketing is, “the privilege (not the right) of delivering anticipated, personal and relevant messages to people who actually want to get them”⁴. It recognises that consumers have the ability (and the right) to ignore marketing, and instead, garners attention by treating consumers with respect. Consumers who have chosen to participate in a permission marketing programme have indicated their interest in a brand or product, and have offered to pay attention.

This attention is valuable to the marketer for two reasons: Firstly, it ensures that marketing efforts are targeted at the right audience. Secondly, thanks to the mobile web, the internet, SMS and other technologies, the cost of delivering messages to this audience is very cost-effective, compared to other media. Consumers’ attention is precious – an asset to be valued and utilised respectfully, not wasted.

That consumers must be respected is a cornerstone of the Mobile Marketing Association (MMA)’s Code of Conduct, which first and foremost demands that its membership offer consumers choice and consent – i.e. that permission is to be sought before consumers receive mobile marketing ads.

This is particularly important considering how personal some consumers consider their mobile devices, and the ubiquity with which consumers carry around such devices. Unsolicited marketing messages come across as intrusive, and take on the dimension of spam, which reduces their value as marketing tools.

Permission marketing can take many forms, with the most common being some form of the single opt-in or double opt-in method. Whether registration takes place through SMS or over a website registration or some other means, a single opt-in system requires that the consumer need only provide contact information and permission to be marketed to in order to start receiving messages.

The MMA Code of Conduct prescribes that members offer a double opt-in system, where consumers only consent to a specific program of messaging. Permission must also be sought before they can be enrolled into a second or subsequent program of messaging.

Permission marketing also includes the option for consumers to opt-out at any point, to stop receiving communications from the brand before the end of a specific marketing programme. That consumers should be able to exercise their choice to opt-out from any message and terminate participation in the programme easily is another specification of the MMA Code of Conduct.

⁴ Seth Godin, **Seth’s Blog: Permission Marketing**, http://sethgodin.typepad.com/seths_blog/2008/01/permission-mark.html

Besides the single and double opt-in, there are other means to carry out permission marketing, including subscriptions and other formats. Even within the standard double opt-in process, there can be variations – for example in some cases, the opt-in stage includes profiling, that is, gathering some demographic information about the consumer, to ensure that messages are tailored. Consumers who are only interested in a specific segment of a brand's product offerings are not sent marketing materials for other products.

Combining opt-in with profiling is the one highly-effective way to create a comfortable and trusted mobile advertising eco-system, where consumers give consent to receive valuable information, offers and promotions tailored to their lifestyle. Ultimately, this leads to higher than average engagement rates with campaigns from brands.

EXAMINING THE PREMISE OF PERMISSION MARKETING

In order to gauge the usefulness of permission marketing as a marketing tool, let us consider data provided by Out There Media. Out There Media has pioneered opt-in mobile advertising, combined with profiling, as an effective means of gaining access to mobile subscribers in 2008 in Europe, before successfully bringing their model to Asia in 2010. Out There Media's opt-in marketing and advertising programmes are guided by the four Ps of mobile advertising:

- **Penetration** – Reach out to the focused target consumers
- **Permission** – Consumers to decide what they want to see, receive or engage with
- **Privacy** – Consumers to decide where their information should be and how it is used
- **Preference** – Consumers to decide on what content is relevant to them

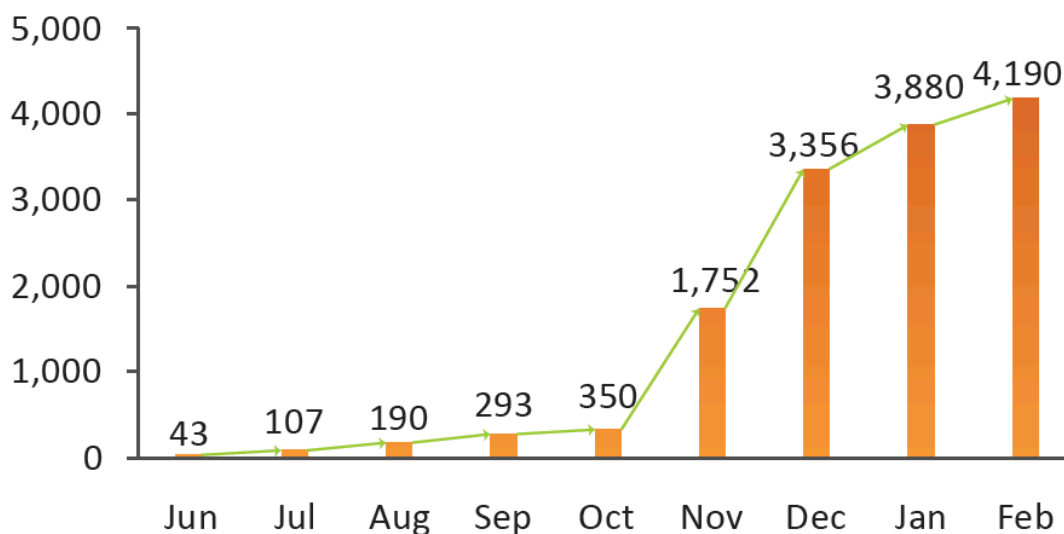


Figure 1 Total opt-in base in South-East Asia

Out There Media's opt-in base in Southeast Asia is 4.2 million consumers, the result of four months of exponential growth (figure 1). There is no sign that this rate is likely to abate – permission-based marketing is enormously attractive to consumers. This growth rate is the result of promotions on several channels, including traditional and online. As mentioned, this opt-in marketing model includes the collection of demographic and other data, in order to more accurately target consumers and minimise unwanted communications. The graph also reflects the growing scope of Out There Media's operations on campaigns offered through local mobile operators in Southeast Asia.

This is a more than healthy rate of growth considering that this is an acquisition rate over a period of only 7.5 months. Of Out There Media's revenue in Asia, the majority comes from opt-in advertising programmes (with the remainder coming from mobile display ads).

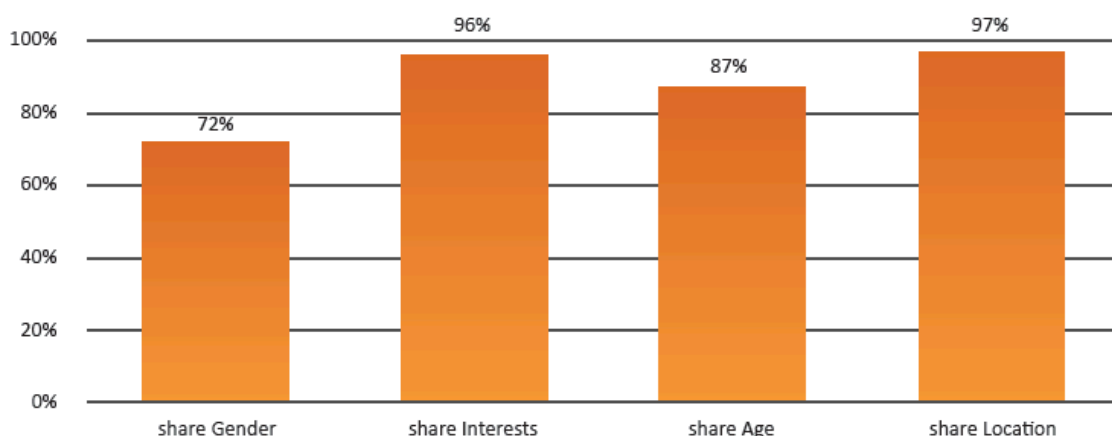
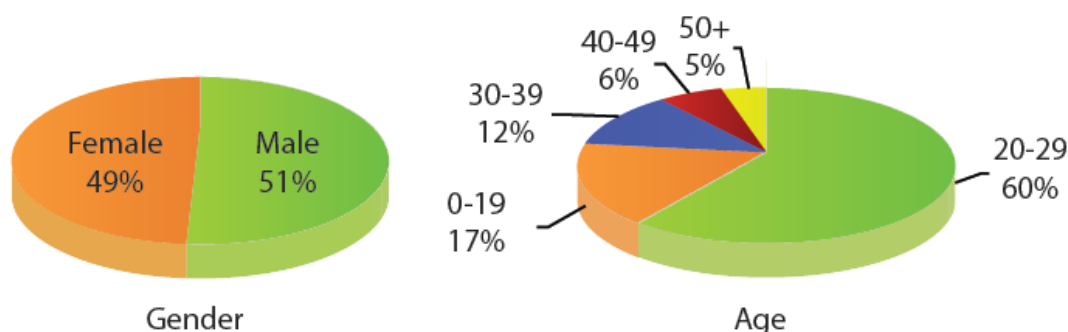


Figure 2 User propensity to opt-in and share profile data

At the point of opt-in, users were asked to contribute additional information. The chart above (figure 2) reflects the propensity of users in providing particular types of information. The response rates, ranging from 72% and above, indicate the willingness of consumers to share information, in return for better-targeted advertising.



While the audience is not particularly divided along gender lines, with slightly more men (**51%**) than women, permission-based mobile marketing has a broad appeal, with **77%** being under the age of 30, and with the clear majority (**60%**) coming from the highly-desirable 20-29 age group. Appeal also extends beyond youth, with **72%** coming from consumers aged between 20 and 39.

The table below indicates (broadly) the types of verticals/brands who have effectively used permission (opt-in) marketing to reach their consumers. As can be seen, the technique has been most popular with FMCG (fast-moving consumer goods), with results that are still substantial. For example, Finance accounts for **18%** of all campaigns undertaken, and those campaigns reached **2%** of the consumer base – which reflects their targeted audience (high-income professionals). Automotive has a wider appeal (**27%**) with a total reach of over three million users.

Opt-in marketing and advertising caters to all verticals. The most actively engaged verticals are FMCG, Beauty & Fashion, Finance and Automotive.

Vertical	% Campaigns
FMCG	26%
Beauty & Fashion	20%
Finance	18%
Automotive	11%
Consumer Electronics	9%
Education (University)	6%
Dining	5%
Travel	5%

The most outstanding finding is the high rate of conversion. At the moment, the average conversion rate for opt-in mobile advertising campaigns stands at **25.15%**, considerably higher than the rate for mobile display ads (in the low single digits), over twenty times the response rate for direct marketing (**1.38%**)⁵ and very much higher than web advertising (where **0.2%** is considered a successful campaign response rate⁶). It is worth noting that, in some cases, the rate of response to opt-in mobile advertising was as high as **50%**. This is the difference between opt-in mobile marketing, which is driven by consent as well as highly targeted and the scattershot approach of web advertising which pushes out advertising banners to large numbers of eyeballs, in the hopes of reaching the right audience.

⁵ Response rate for direct mail (letter-sized envelope) using a prospect list. Direct Marketing Association, **DMA Releases 2010 Response Rate Trend Report**, <http://www.the-dma.org/cgi/dispanouncements?article=1451>

⁶ Mark Suster, TechCrunch, **The Future of Advertising Will Be Integrated**, <http://techcrunch.com/2011/04/29/the-future-of-advertising-will-be-integrated/>

THE WAY FORWARD

The MMA has long recognised the need to manage the spread of mobile marketing and advertising with judicious considerations for consumer rights and attitudes. This is encapsulated in the six C's of mobile marketing:

- **Choice.** The consumer must "opt-in" to a mobile marketing programme. Consumers have a right to privacy and marketers must therefore gain approval from consumers before content is sent, and include clear directions on how to unsubscribe from communication should it become unwanted. This ensures consumer pull rather than consumer push.
- **Control.** Consumers should have control of when and how they receive marketing messaging on the mobile phone and must be allowed to easily terminate or "opt-out" of an unwanted programme.
- **Customisation.** Any data supplied by the consumer must be used to personalise content (eg: restricting communications to those categories specifically requested by the consumer), making content as relevant and useful to the consumer as possible.
- **Consideration.** The consumer must receive or be offered something of perceived value in return for receiving the communication (product and service enhancements, requested information, entry into competitions, discounts etc.)
- **Constraint.** The marketer must effectively manage and limit mobile messaging programmes to a reasonable number of programmes.
- **Confidentiality.** Marketers should commit to refrain from sharing consumer information with non-affiliated third-parties.

While these guidelines work greatly in favour of the consumer, they act as limitations on the frequency and type of communications that marketers can use. Out There Media's data provides several key insights for the industry, the main one being that consumers respond very positively to opt-in mobile advertising. The data demonstrates that consumers respond better to marketing efforts that put them first. The response rate to opt-in marketing is much higher than any other channel.

The success of this method is directly attributable to having an audience that is open to marketing material, because that audience was allowed to choose and control the nature of the marketing material it will receive. As long as an ad is relevant and targeted, it is actually not perceived as an ad, but as valuable content. In addition, opt-in advertising appeals not only to the very young demographic; in fact, 72% are aged between 20-39 years old.

What we gain from this information is an insight into the way forward for the entire mobile marketing and advertising industry, a direction that is best characterised by three things: permission, privacy and measurement.

PERMISSION

Gaining the consent of the consumer before launching marketing efforts ensures that they partner effectively with mobile marketing agencies. The findings demonstrate the effectiveness of having a pool of highly-engaged participants, particularly in terms of response rates. Standard online advertising, which does not include a permission component, has a far lower response rate, compared to permission-based marketing which has an audience that is ready and engaged.

PRIVACY

Considering how public awareness of privacy issues have risen in recent times, it is reassuring to consumers when marketers allow them to decide for themselves whether to receive marketing material or not. Over and above that, opt-in guarantees the privacy of the consumer, and gives the consumer's attention a valuable return that savvy marketers can use to optimum effect. The consumer chooses what and how much information to share with the marketer, although higher levels of sharing can help to ensure more accurately targeted materials.

MEASUREMENT

Because marketers must obtain consent from consumers, the point where that happens is also an opportunity to gather more information. This is useful for targeting campaigns, and also provides a greater amount of information about the receiver. More information about the audience can help in crafting more effective campaigns as well as in measuring the success of recently-run campaigns. Measurement has always been an important concern for mobile marketers, and opt-in marketing addresses this issue to a greater extent than before.

SUMMARY

By first seeking permission, protecting consumer privacy and allowing for more accurate and reliable measurement and targeting, permission marketing represents a clear direction forward for the mobile marketing industry. Working with consumers to deliver content that they desire transforms advertising material into valuable content. It offers the holy grail of marketing: a 360% reach across the vast number of mobile users, combined with one-to-one marketing to a ready audience. In combination with traditional marketing channels (which can point users to the opt-in mechanism), permission marketing looks to be a powerful tool, and one that can provide the impetus for new levels of industry maturity.

ABOUT OUT THERE MEDIA

Out There Media is the international leader in Mobile Advertising. The company is headquartered in Vienna and has subsidiaries in Dusseldorf, Singapore, New York, Moscow, Kiev, Athens and Sofia. Today Out There Media has partnership agreements with 40 mobile carriers across Europe and Asia, reaching approximately 500 million subscribers – 70% of which are exclusive – via its multi-channel mobile advertising marketplace, Mobucks™. Mobucks is a cross-carrier, cross-advertiser marketplace that matches demand and supply for advertising over mobile telephones. Out There Media enables carriers to monetize their inventory, advertisers to engage with their audiences in a targeted and effective manner, and consumers to enhance and improve their everyday lives. The company's website can be found at www.out-there-media.com.

ABOUT MARKETING MOBILE ASSOCIATION

The Mobile Marketing Association (MMA) is the premier global non-profit trade association representing all players in the mobile marketing value chain. With more than 700 member companies, the MMA is an action-oriented organization with global focus, regional actions and local relevance. The MMA's primary focus is to establish mobile as an indispensable part of the marketing mix. The MMA works to promote, educate, measure, guide and protect the mobile marketing industry worldwide. The MMA's global headquarters are located in the United States and it has regional chapters including North America (NA), Europe, Middle East and Africa (EMEA), Latin America (LATAM) and Asia Pacific (APAC) branches. For more information, please visit www.mmaglobal.com.

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