



SPONSORED DATA E MOBILE MARKETING

5th EDITION - 2017

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MMA is the world's leading global non-profit trade association comprised of more than 800 member companies, from nearly fifty countries around the world. Our members hail from every faction of the mobile marketing ecosystem, including brand marketers, agencies, mobile technology platforms, media companies, operators and others. **MMA's mission is to accelerate the transformation and innovation of marketing through mobile, driving business growth with closer and stronger consumer engagement.**

MMA LATAM Team:

Fabiano Lobo, Managing Director Latam fabiano@mmaglobal.com

Thais Schauff, Director Business Development & Operations LATAM thais.schauff@mmaglobal.com

Argentina:

Soledad Moll soledad.moll@mmaglobal.com

Brazil:

Graziela Mazzer graziela.mazzer@mmaglobal.com

Colombia:

Thais Schauff thais.schauff@mmaglobal.com

Mexico:

Thais Schauff thais.schauff@mmaglobal.com

Produção Playbook



Head of Content: José Saad Neto

Editorial: Felipe Turlão

Custom Projects: Fernanda Bottoni e Débora Yuri

Art Director: [JB Junior](#)

www.goadmedia.com.br

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1. INTRODUCTION

DATA, THE NEW UNIVERSAL CURRENCY

Everyone who has a smartphone, anywhere in the world, needs data. As demonstrated by this Playbook, when we say data is the new universal currency we are not exaggerating it.

Sponsored Data is about providing certain amount of data or navigation of a mobile app/site to certain users free of costs because this data is sponsored by corporations. How can consumers benefit from it? By responding to an action requested by the brand that is offering internet access: downloading and using its app, watching a videoclip, filling out a form, purchasing a product.

There is no better time to talk about this since, albeit still expensive, data consumption has been growing around the world. Throughout this Playbook, we will address concepts included in Sponsored Data, Zero Rating, and Data Rewards, which are opening the advertising market to new ways of approaching consumers through mobile devices.

Happy reading!



Fabiano Destri Lobo
Managing Director
Mobile Marketing Association, Latam

2. WHAT IS SPONSORED DATA?



Sponsored Data is about providing certain amount of data or navigation of a mobile app/site to certain users free of costs.

Sponsored Data means providing certain amount of data or navigation capabilities to a mobile app/site to certain users free of cost. As the name indicates, companies sponsor such data. To receive the benefit, consumers are usually asked to act on something requested by the brand that is offering web access, including downloading and using their app, watching a videoclip, filling out a form or a survey, or purchasing a product.

The concept was created a few years ago and it is gaining strength in the market, with mobile phone operators rolling out robust Sponsored Data programs. At the same time, banks, major e-commerce players and retailers are starting to test initiatives in their industries.

What drives this model is very simple: data consumption is growing worldwide, but it is still expensive for most users. Even postpaid consumers are affected by limited plans, with reduced connection speeds after a certain amount of usage. Sponsoring mobile data to consumers then becomes a tantalizing solution for operators and mobile marketing players AT&T, the largest operator in the U.S., has expanded its services in 2016 to companies that subsidize access for

its users. Data Perks is an application through which its consumers receive extra data from partner brands and apps. Verizon has also rolled out its FreeBee Data 360 program, in which content providers pay to sponsor mobile navigation to consumers with postpaid internet plans. They can also subsidize specific actions, such as mobile video and audio streaming and download of apps.

2.1 WHY IS IT IMPORTANT?

Even in developed nations such as the U.S., where most consumers opt for postpaid plans, Sponsored Data is considered a promising opportunity due to data consumption limitations. However, it is in developing countries in Latin America, Africa, some parts of Europe and Asia, that the model represents a huge potential.

In Latin America, mobile internet access usage already surpasses desktop usage. Brazil is an example of a country that predicted digital inclusion would happen via mobile technology, a revolution that started earlier during this decade. Mobile phone penetration is high and grows year to year in the continent, but most users are still prepaid consumers.

Brazilian operators such as Claro and TIM offer unlimited access to instant messengers and popular social networks – WhatsApp, Facebook and Twitter – for both prepaid and postpaid consumers because, in short, consumers can have the best smartphone available but, without data, the device is worthless. That is how the term Sponsored Data sprung up, from discussions on how to productize data and make it relevant to brands.

There are two major models of Sponsored Data: Zero Rating and Data Rewards. A third solution called Free Data Promotions is used by some operators in developing markets. Vodafone and Smart in the Philippines offer limited access to mobile internet via promotions to show how valuable navigation is.

The goal, when distributing these small samples of connectivity, is to convert non-data consumers or increase usage among those who already pay for internet access on their mobile phones.

Consumers can have the best smartphone but, without data, the device is worthless.

2.2 - WHAT IS ZERO RATING?

Zero Rating allows users to access certain content without having to pay for data. Navigation is subsidized by operators, brands, or content providers. The most common examples are downloads and use of apps, video ad viewing, and consumption of proprietary content.

This is the case of operators that offer unlimited access to social networks and WhatsApp. Bradesco has an agreement with all domestic operators so that its prepaid customers can access the bank's app for free. Providing accessibility to digital services and entertainment to the users who don't have a large amount of data can be a two-way advantage, benefitting both end consumers and companies that subsidize mobile navigation.

In a smaller scale, solutions targeted at the corporate market are also becoming popular. In such cases, companies pay for work-related data usage of their employees, who are then responsible for paying for their personal usage.

To some experts, however, Zero Rating is only sustainable in some segments since costs tend to be high. Banks are an example. Studies have shown that they spend on average \$ 4 when customers physically visit their branches. How much does it cost when the same customer carries out a transaction via mobile banking? Only US\$0,8.

The exception is when the brand knows where consumers are and that they are receptive. For example, e-commerce solutions that rely on performance can offer free browsing to users on their app based on their location, time, and consumption behavior data.

Zero Rating allows users to access certain content without having to pay for data.

2.3 - WHAT IS DATA REWARDS?

The growing model of Data Rewards offers rewards to users in the form of data, which they can use to access any type of mobile content. In this case, the brand sponsors the cost of the data.

The idea is for the brand to reward consumers based on response, by downloading an app, purchasing a TV at a physical store, buying airline tickets online, or reaching a certain phase in a videogame. Some companies also use a campaign format to obtain email addresses and other relevant information about certain audiences.

Of all the Sponsored Data solutions, Data Rewards is the most user-oriented. Users are the ones who decide when they want to engage with rewards programs and how they want to spend the data they won.

Another appeal comes from the fact that it is mobile and instant. It represents a quick win because the processes are automated: the available technologies recognize the action while the customer receives a text from the operator. Moreover, it is easy to break down the data: the user can buy a burger now and receive data in exchange a few seconds later. This solution also creates a strong engagement relationship with the brand that is subsidizing the free navigation.

Currently, companies worldwide are testing several Sponsored Data solutions to assess which is the most appropriate type of program based on business, market, and region. •

Data Rewards offer rewards to users in the form of data, which they can use to access any type of mobile content.

3.1 - THE MODEL'S IMPACT ON MOBILE MARKETING

Sponsored Data can also impact mobile marketing. A brand subsidizing connectivity for users can optimize campaigns and investments, create a database about users, leverage customer acquisition and loyalization, and generate high perceived value.

This also becomes strategic and relevant in the market because it is supported by Consumer Data (user information), Context (including geolocalization), and Data (connectivity).

With ad blockers becoming more ubiquitous in the mobile industry, discussions about Sponsored Data have become increasingly important. A survey by Accenture indicated that 42% of consumers worldwide would pay for ad blockers to get rid of interruptions caused by ads, and 61% are aware that there are options to do that.

Certainly, they will not become less hostile toward advertising if they know how it affects their data usage savings. According to The New York Times, U.S. citizens can spend up to \$ 9.50 of their monthly mobile data plan on advertising, especially on video ads.

"Advertising is a vital part of the content ecosystem, but the way it is done needs to be discussed now. It "eats" consumers' data plans. Mobile marketers must understand that it is important not to penalize users. Today, they are being charged for the data they use to interact with ads," says Susie Kim Riley, Aquto's founder and CEO.

Started in Boston, Riley's company specializes in turning mobile data into money that people can make and spend. Some of their clients include Coca-Cola, Disney, Samsung, GM, Toyota, AT&T, Vodafone, and Verizon.

"Advertising is a vital part of the content ecosystem, but the way it is done needs to be discussed now. It "eats" consumers' data plans."

Riley adds, “Brands can provide something in return in the form of mobile data and develop a good relationship with customers. This type of Sponsored Data approach frees users from data limitations and costs while they consume advertising content.” In the U.S., the market already understands that successful mobile campaigns need to offer value in return to consumers, “because mobile phones are very personal devices.”

As it prepares to enter the Latam market, the company has commissioned a mobile audience study in Mexico, where 19.8% of customers claim to have postpaid plans. Nearly 30% said they cannot download bank apps because they do not like to download apps, but, on the other hand, 94% of them use their data on social or gaming activities; 2/3 reported they run out of data “almost always” or “often.” The survey was conducted in December 2016, focused on millennials and their relationship with mobile banking.

“The issue is that most Latin American users either don’t have data or are concerned about data usage. And, if a consumer is not willing to use data, brand monetization is not happening via mobile technology,” sums up Riley. “With Sponsored Data, it is possible to address the most important issue mobile marketing professionals deal with today: mobile connectivity.”

A wide range of data sponsorship solutions are available to brands and they must be selected based on their goals: increase conversion, find new leads, build awareness, or expand customer base using their apps and services.

“Brands can provide something in return in the form of mobile data and develop a good relationship with customers.”

Some examples

TO INCREASE MOBILE COMMERCE SALES:

Providing data to consumers if they make a purchase. In the U.S., according to a study by Aquato, increased conversion can reach 15% with this type of Data Rewards.

TO ENCOURAGE DOWNLOAD OF APPS:

Rewarding users with data when they download certain apps or making it available for free, so that they don't have to use their data to do so.

TO INCREASE APP USAGE:

Making it available even to users who have no data, offering free navigation.

TO INCREASE APP ENGAGEMENT:

Rewarding users with extra data when they reach a pre-determined phase.

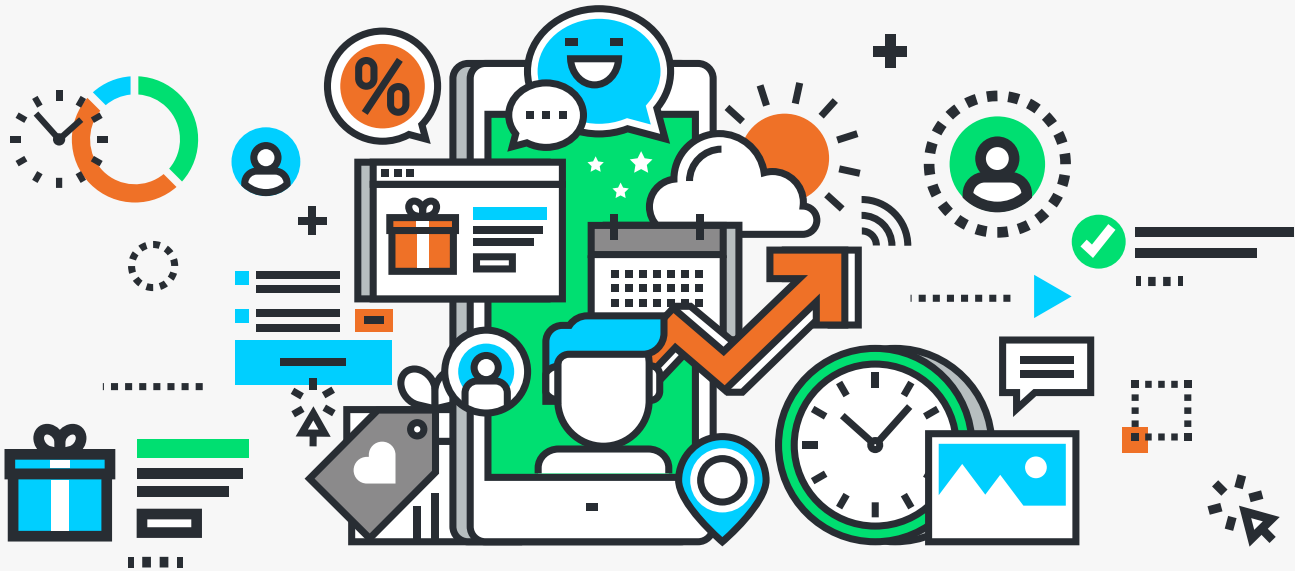
TO BUILD BRAND RECALL:

Allowing consumers to watch a video even if they don't have data, and provide additional data to those who used up all their data. Increased brand recall can surpass 300%.

TO BOOST SALES IN PHYSICAL POINTS OF SALE:

Rewarding consumers with vouchers if they make a purchase at the store. They obtain instant data by redeeming the voucher.

4. BENEFITS TO OPERATORS AND END CONSUMERS



“Data sponsorship programs provide competitive advantages, such as new revenue and stronger brands”

These solutions are considered strategic to operators. Vivo, a leading carrier in the Brazilian market, has been concentrating efforts in Sponsored Data.

It has been working on three fronts. Sponsored navigation, partnering with Bradesco, Netshoes, Mercado Livre and Privalia, which subsidize access to apps or specific mobile sites. Extra data, in which customers who go over their data plan regain access sponsored by a brand if they watch a videoclip or fill out a form. Unilever, Universal Pictures, Gafisa, HBO, Telecine, and Fox have already advertised using this model.

Data Rewards is the third model of solutions offered: a brand rewards data to users who, for instance, are at the supermarket and purchase a certain product. A project with a large consumer product multinational company is being rolled out in January.

Results have been positive for partners. Netshoes, one of the largest e-commerce businesses in Brazil, has increased the time users spend on their mobile site with sponsored navigation in 80%. Conversion rate went up 56%, improving their ROI.

By using Extra Data, campaign recall was 10 to 14 times higher than its competitors, according to Lucas Amadeu, head of Vivo Ads, Vivo's online media platform.

"Data sponsorship programs provide competitive advantages such as new revenue and stronger brands", said Amadeu. "Our initial fear was about it being restricted to banks and e-commerce businesses, but, fortunately, this is not what happened."

4.1 DATA: THE NEW DIGITAL CURRENCY

Ele também aponta que os dados são a moeda digital da atualidade He also highlights that data are today's digital currency, more specifically, data from two categories: the one needed for someone to connect and the one about user information. "You can get very powerful results by combining both. We're living in a new era of advertising. There are 73 million customers and access to relevant information about each one of them, including their smartphone behavior."

This way, it is possible to cross context, personal interests, purchase intention at the moment, and consumer geolocation. For Friboi's line of premium beef, Vivo segmented a target (upper-class men) and sent, via Sponsored Data, a push to the mobile phones of those men who were at the supermarket on Fridays. The click rate was 10 times higher than the average. "A geo-based push with context is different than an ordinary push," compares Amadeu. "And you're also providing a benefit to users when they need data. The relationship established with them is different."

Sponsored Data has a huge potential worldwide according to Amadeu, but especially in regions such as Latin America, due to the population's socioeconomic status. "The first thing people do when they walk into a restaurant is to ask about its wi-fi. Many people prefer to make a phone call instead of using data. Shortage of offers makes people worry about their data, thus using it sparingly." •

"We're living in a new era of advertising. There are 73 million customers and access to relevant information about each one of them, including their smartphone behavior."

5. COMPETITIVE ADVANTAGE



“The main benefit of the model is the democratization of access to our site”

Some of the reasons why Netshoes sponsors data for users include expanding access to products and campaigns and reaching specific regions and audiences.

“The main benefit of the model is the democratization of access to our site, since browsing does not eat the customer’s monthly plan,” says the company’s IT director André Petenussi. “This way, consumers with more restricted plans don’t have to wait for a moment when there’s a broadband available.”

He adds that Brazil is a country with continental dimensions and different realities – in some areas, the main form of connectivity is 3G/4G cellular technology, and a high percentage of Brazilians do not have a desktop or a broadband plan at home.

“They need to seriously control their data consumption because they do not want to be prevented from accessing other services.”

Navegue Grátis (Browse Free) is the Sponsored Data project of the group, which has been investing in mobile strategies since 2011. During Black November 2015, Netshoes was the first retailer in the world to provide free navigation on mobile devices via apps or browsers. The company signed agreements with the country's main operators in order to be able to do that.

5.1 WHY WE SHOULD PAY MORE ATTENTION TO THIS MODEL?

Free access to proprietary channels is maintained, and it is an asset that can be currently reinforced in all campaigns.

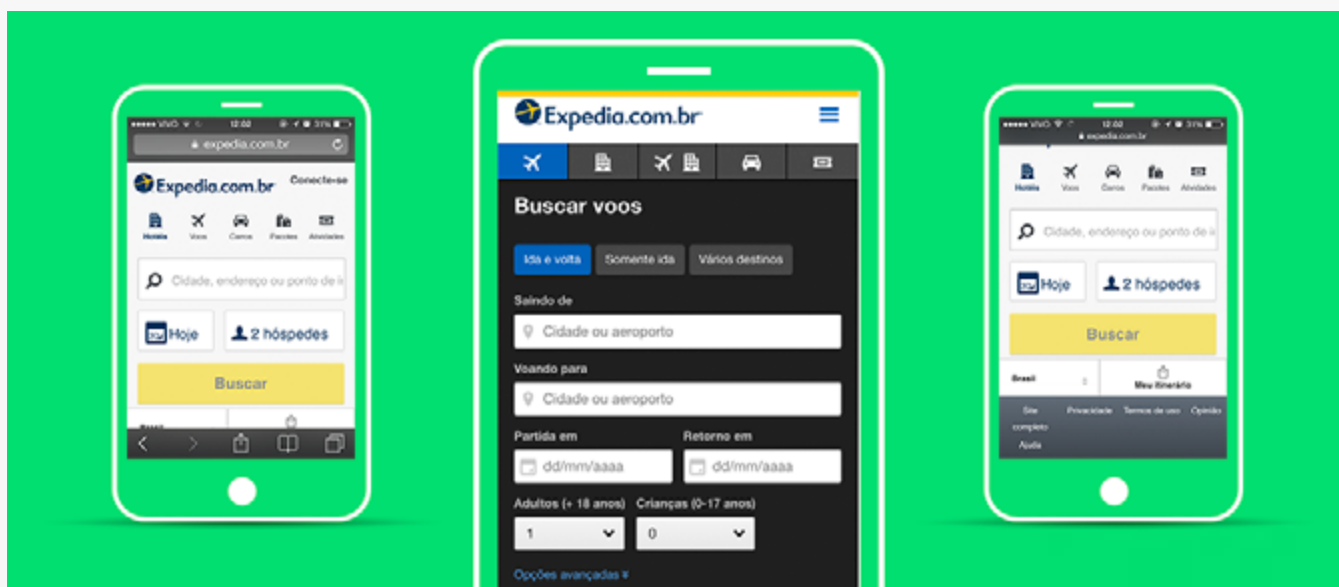
“This represents an important movement in the Brazilian landscape where 80% of the population have prepaid mobile phone plans,” argues Petenucci. “This initiative drives channel traffic, either to check order status, or send personalized offers or mobile targeted campaigns. It also provides localization opportunity and closer relationship with customers.”

He believes that in order to make precise decisions businesses have to use technology. “By knowing your consumer and their preference, based on browsing history and using Big Data, we're able to offer personalized experiences. In return, this increases relevance and assertiveness.” •

“This represents an important movement in the Brazilian landscape, where 80% of the population has prepaid mobile phone plans”

6. BEST PRACTICES

Learn about some global examples of Sponsored Data programs already in use.

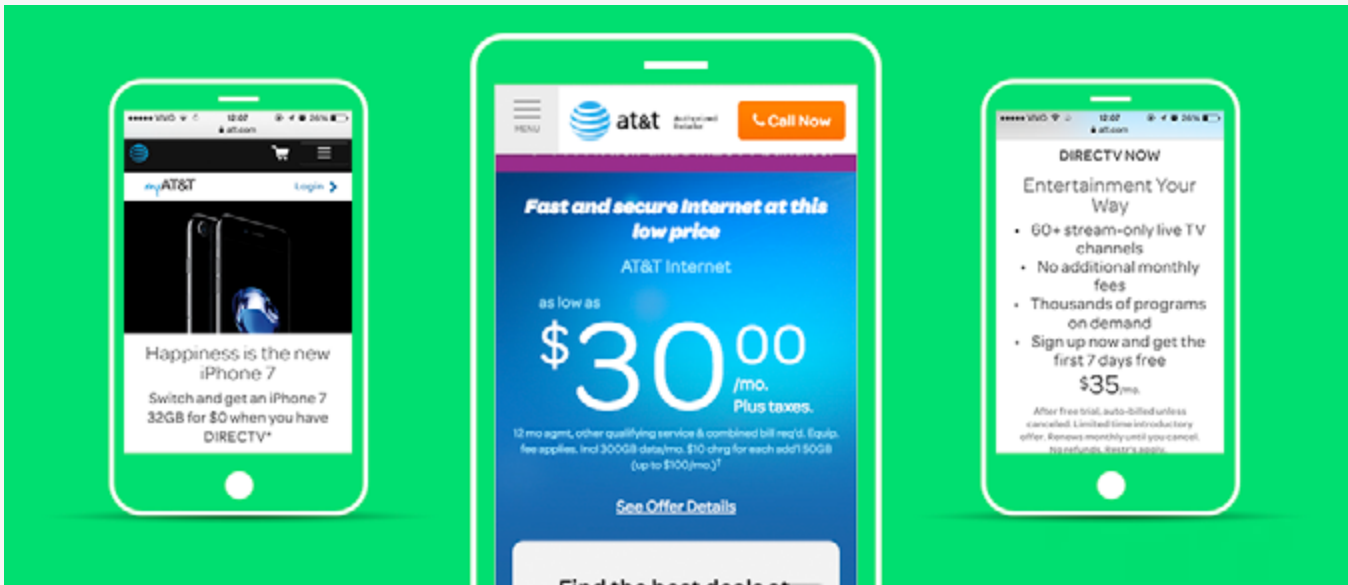


EXPEDIA

The U.S.-based travel and technology company has adopted a Data Rewards platform, which rewards their customers with additional data when they make a purchase or download their app. For the tour industry, this model is especially interesting because data consumption goes up when customers travel – and they are concerned about total costs.

According to the company, the platform is innovative and provides a major value to consumers, helping them address a common issue: running out of data when traveling. Another advantage, according to their marketing team, is that subsidizing users' data helps the website connect with them.

Rewards their customers with additional data when they make a purchase or download their app.

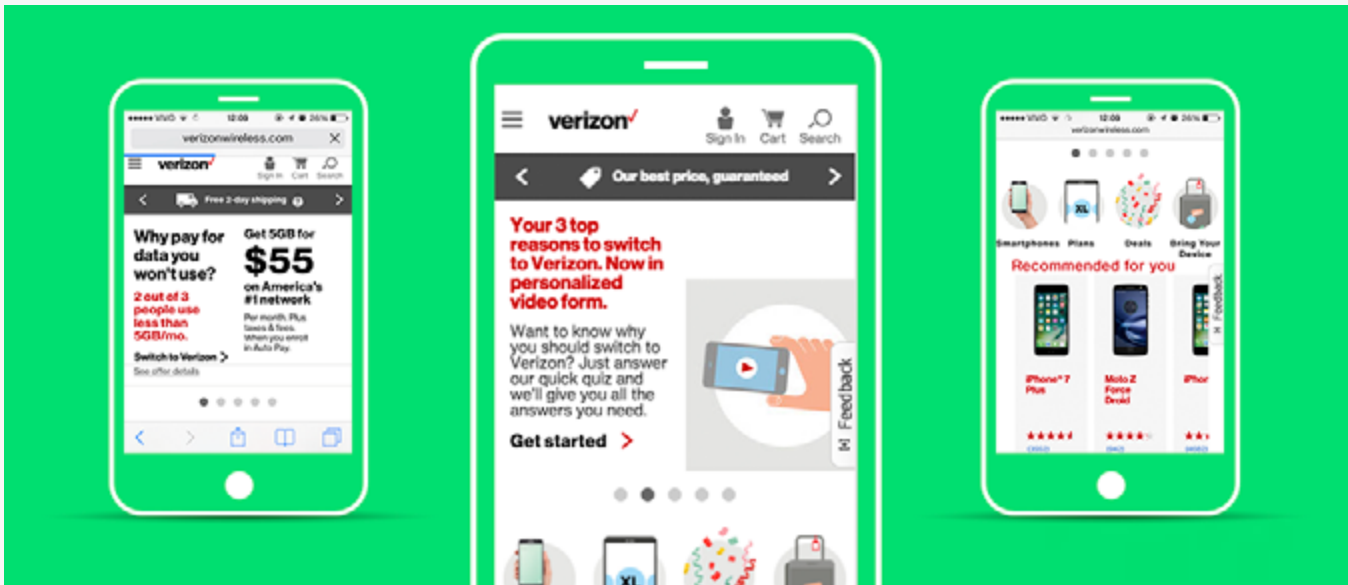


AT&T

Approximately one year after acquiring DirecTV for \$ 49 billion, the U.S. based operator rolled out a Zero Rating program involving TV Everywhere apps. Their wireless customers can now watch DirecTV content via streaming on any device anywhere, without using their data plan.

This is not AT&T's first initiative in the Sponsored Data ecosystem. The company believes in the model and has a Data Rewards app, Data Perks, through which users who accepts offers from partner companies are rewarded with data, which are credited to their mobile phone accounts.

Direct TV streaming
in any device without
using their data plan.



VERIZON WIRELESS

Another U.S. based operator who has started offering sponsored navigation, Verizon allows its customers to access Go90, their online video platform, without being charged for data.

In September, the company expanded their Zero Rating program and started to include the NFL mobile app in their package. Postpaid customers can watch NFL games without impacting their data plan. The benefit includes local and prime time games.

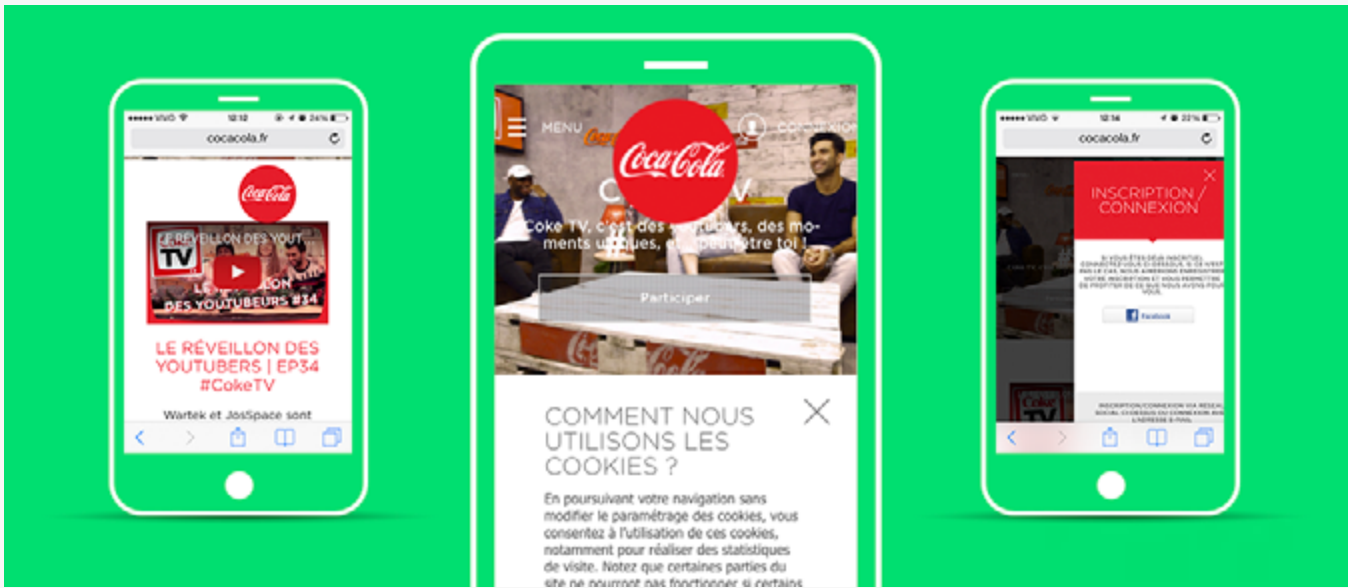
Go90 and NFL
without being
charged for data.



BRADESCO

In Brazil, Bradesco has worked with Vivo, the largest mobile operator in the country, in a Zero Rating project. The bank's goal was to get more customers using their mobile app. So navigation on their app became free for Vivo customers. With the bank subsidizing consumer data, the increased use of their mobile banking was 117%, and ROI reached 300%.

Free navigation only
to Vivo's customers.



COCA-COLA

The multinational company had plans to roll out a video campaign in France in 2015 but knew that users usually skip videos on their mobile phone due to high data consumption. However, in France, 31 million people use their smartphones to browse the web.

The solution was to sponsor data via Zero Rating. Video ads would show up on popular mobile sites and users would get a message that they could be watched for free. Everyone who saw the ads had the choice of watching the video or not. As a result, consumers who knew that they would not be using their data plan were shown to be twice as much inclined to engage with the brand content than the control group. •

Mobile ads sponsored
by Zero Rating.

7. INTERVIEW:

SUSIE RILEY, FOUNDER AND CEO OF AQUUTO



Leader in Sponsored Data solutions, Aquuto is bringing its expertise to the Latin American market.

Leader in Sponsored Data solutions, Aquuto is bringing its expertise to the Latin American market. Based in Boston and with operations throughout the US, Europe and Asia, the company has signed partnerships with operators in Brazil, Mexico, and Colombia.

Founded in 2012, it specializes in sponsored mobile navigation via Zero Rating or Data Rewards. In addition to offering services to advertisers, mobile marketers and app developers, it helps operators develop new business models and monetize data.

According to Susie Kim Riley, founder and CEO, the company's mission is to democratize mobile connectivity worldwide, improving access and affordability through data sponsorship. Read below our interview with the executive, who has several successful startups in her resume.

1] Why did Aquto decide to bet on Sponsored Data?

After selling my previous company, I became an Entrepreneur in Residence at Matrix Partners, a successful Venture Capital investment company that funded my previous startups. I took this time to learn a lot about mobile advertising and business model monetization for publishers, and met many entrepreneurs specialized in mobile monetization. It was a new area for me and I was excited about learning more about the market because I wanted to use that knowledge in my new startup. At the same time, my two children were always on their smartphones, using a lot of mobile data. We always ran out of data and had to pay extra to acquire more. I didn't like the experience and started to research more about mobile connectivity, here in the US and other countries. I wanted to understand how data scarcity impacted businesses that really depend on mobile.

This was the inspiration behind Aquto – I wanted to find new ways that would allow people to have increased access to mobile connectivity through sponsorship. I realized we could create a mechanism through which marketers would use mobile data to increase engagement with their consumers by sponsoring the connection. And it would be possible to create a virtuous cycle, where marketers would get benefits and so would consumers... and that they would benefit operators too. I call this a win-win-win approach.

Now, Sponsored Data is becoming mainstream, with the largest telecom companies in the world rolling out their own programs. In the U.S., for instance, Aquto works with the major players, AT&T and Verizon Wireless. Both use Data Perks, a program that Rewards users with data when they engage with a sponsoring brand. Currently, Latin America has a reach of more than 100 million subscribers in Mexico; we'll have 240 million in Brazil, 54 million in Colombia, and 43 million in Central America by mid year.

"I wanted to understand how data scarcity impacted businesses that really depend on mobile."

2] How is your company structured?

We have an original mix of capabilities. Half of the company is composed of professionals with deep knowledge of the telecom industry, both in terms of business and technology. The other half includes advertising and marketing experts with a strong knowledge of the mobile monetization ecosystem. We have business, engineering, and operations teams. The operations one works with brands, agencies and other partners on their campaigns. This an important part of the business: guaranteeing that clients are successful in their sponsorship campaigns. We work closely with them to make sure their campaigns run properly and that we can measure various success metrics. That way it's possible to clearly understand sponsorship's ROI.



3] Which are your focus areas?

Sponsored Data can happen in several different formats – that's why we explain all existing possibilities to clients at the front end. The technology is new and there are many technical considerations that need to be on their brands' radar. Our focus is on facilitating execution; that's why we don't require implementation of a SDK or Proxy from the client, which makes all the difference in terms of having a successful campaign.

4] What are the company's biggest challenges at the moment?

Our biggest challenge is the time needed to have complete integration with operators. When we opened the company, we had to make a choice: we could make our technology easier for the operator or more difficult for the sponsor, or vice versa. We chose the latter because, at the end of the day, in order for this business to be successful one must make it a better experience for brands. Since our priority is to facilitate the work of the brand, the sponsor running the campaign, the integration with operators ends up being more difficult.

5] Can data be considered the new currency in today's world?

Yes. We believe users assign a high value to data in this age of connectivity. People have smartphones but, if they don't have data, we all lose – brands lose because they can't reach consumers, operators lose because consumers don't use their networks. Mobile data has become currency in this connected world. And it's a universal currency: everyone who has smartphone needs data to connect. •

"We believe users assign high value to data in this age of connectivity."



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Brazil:

Graziela Mazzer graziela.mazzer@mmaglobal.com

Colombia:

Thais Schauff thais.schauff@mmaglobal.com

Mexico:

Thais Schauff thais.schauff@mmaglobal.com

**Want to be part of MMA?
Contact us:
mmalatam@mmaglobal.com**