MOBIBUY

E - Marketing Strategic Initiatives

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Preface

The company is MobiBuy (a substitute name)

MobiBuy is a new entrant to the mobile micro payments market – where you can purchase low cost (under $5.00 – $15.00) items from vending machines, ticketing dispensing machines, the Internet, and have the cost billed to your mobile phone account.

MobiBuy is currently building a business case to take to investors in Australia and the U.S. to seek first round capital to commence operations.

The directors of MobiBuy are keen to know how their business model can maximize its E-Marketing strategy to:

a) Develop a market of internet consumers.
b) Develop a relationship with Internet Merchants. (companies that sell goods and services over the Internet)
c) Develop a strategy to ensure that both merchants and their customers (who pay by Mobile phone) are both attracted to this payment alternative for Internet Purchases of low cost items – and how they will be encouraged to use this form of payment as their preferred choice.
d) Given that many purchases will occur off-line (as in vending machine, cinema ticket, parking ticket sales), how can MobiBuy maintain a relationship with its customers via an E-Marketing strategy.

Executive Summary

MobiBuy is an Australian company with global aspirations planning to launch into the mobile payments (m-payments) market space using patented SMS technology. This technology can be used by all telecommunication companies (Telcos) that have the capability of sending and receiving SMS. The technology works across all mobile phone platforms (GSM, CDMA, TDMA & Analogue) and both post and prepaid payment types.

This technology has the potential to add value to both online and offline businesses. The key value that the MobiBuy payment system has is that it enables the efficient and effective processing of payments < $5.(Micropayments) This micropayment market has been ignored by the traditional financial institutions, as there has up until now been no way of collecting such payments in a cost effective manner.

The mobile phone market is continuing to expand globally. There are however a number of markets that are reaching mobile phone penetration rates of 70% +. High levels of penetration change the way a Telco views the market and emphasis moves away from increasing subscriber acquisition to increasing average revenue per user. (ARPU) The MobiBuy payment system is likely to increase a Telco's ARPU.

The MobiBuy payment system is likely to appeal to a number of consumer and service provider segments.

- Consumers purchasing a product or service utilizing the internet that is of low transactional value.
- Consumers who have limited or no access to credit facilities.
- Consumers who wish to purchase products/services anonymously.

As the MobiBuy system is a new paradigm in terms of payment transaction, the marketing objective must be to increase awareness of the systems existence and how it adds value to the stakeholders. Broadly there are three market segments that MobiBuy must address.

- Facilitators
- Product/Service Providers
- End Users

The marketing strategies employed by MobiBuy will differ both between segment and over time. In the early stages emphasis will be on an informational strategy as opposed to an emotional strategy.

As the MobiBuy payment system has significant application to online transactions there is the potential to employ a component of e-marketing within the overall marketing strategy. It must be noted that the e-marketing does not stand isolated from the overall strategy; they need to compliment each other.

In the initial phases of the marketing strategy, e-marketing will largely be used to determine marketable segments and also as a tool to be used by MobiBuy field operatives to enlist facilitators into the system. A demonstrable and functional web site will be the main e-marketing initiative during this phase.

As the marketing evolves from the enlistment of facilitators to service providers and end users the emphasis on e-marketing will increase. As the MobiBuy payment system is not a consumer product in isolation, care must be taken to ensure that resources are used to market the product in tandem with the primary consumer product.

A parasitic e-marketing strategy should be employed. Once service providers have been identified and recruited MobiBuy should work in tandem with the host and present the added value that MobiBuy offers the consumer via the host's e-marketing initiatives.

Recommended e-marketing strategies are:

- E-Targeting.
- Website Linking
- Email Campaigns
     host based
     self generated
- SMS Campaigns.
- Affiliate Programs.
- Loyalty Programs.

These strategies are designed to achieve the following marketing objectives.

1. Establish a relationship with a key facilitator(s) and "build a road".
2. Establish a relationship with a service provider(s) and "build traffic".
3. Invite more facilitators to "build more roads".
4. Invite more service providers to "use the road".
5. Establish relationships with end users to encourage them to "drive and not fly".

As the MobiBuy marketing phase is likely to go over an extended period, and operates in a dynamic market it is important that regular reviews of the strategy are conducted to ensure that the above objectives are being met.

Analysis

Overview

To fully develop an e-marketing strategy for a potential player in the mobile payments (m-payments) space it is necessary to fully understand the nature of the problem that is being addressed and the potential players involved in delivering the solution to the end consumer. In particular, knowledge of the motivating factors that are driving the potential stakeholders to consider participation in this market is important.

The Problem

It is important to distill the problem to the fundamental components and then review it from the different perspectives of the potential stakeholders.

End User

There are a number of situations where a person cannot use traditional payment (cash or credit) methods to complete a transaction. These reasons for this include:

- The end user does not have any cash or access to a credit card and the service/product provider does not issue credit.
- The end user cannot tender the correct payment for use with the service/product providers systems.
- The service/product provider's payment receipting system is not functional.
- The end user does not wish to, or cannot pay cash and requires the transaction to remain anonymous.

Service/product provider

- The service/product that is provided is of such a magnitude that traditional payment and receipting practices are not cost effective.
- The frequency and distribution of the service provision does not allow for the cost effective transaction by traditional means.
- A proportion of the service/product providers target market does not have access, or wish to use traditional payment methods.
- The channel that is used to provide the service/product does not allow for efficient or effective means of payment.

The Solution

MobiBuy has developed a payment system that utilizes current mobile phone technology to facilitate the transfer of a payment from a mobile phone user to a service/product provider using the end users telephone account credit (pre or postpaid) as tender.

The Stakeholders

The solution exposes a number of stakeholders or potential stakeholders to participation within the transaction.

- End user.
- Service/Product provider.
- Telecommunications company. (Telco)

- Mobile phone handset maker.
- Terminal adaptor (black box) maker/installer.
- Retailer.
- Financial Institution.
- Integrator/Aggregator.

As there is likely to be interaction between a number of the stakeholders within a transaction, a fundamental understanding of the stakeholders position within the market and the factors that are likely to motivate the stakeholder will be important in determining any marketing strategy. It is likely that with the number of stakeholders involved in the transaction that MobiBuy will have to adopt a multifaceted approach to marketing their product.

MobiBuy have indicated that they consider their product to be global in nature and would like to become a major player in the Australian market.

Service/Product Providers

There are currently a number of services/products that result in a transaction that is either a micro (<$5) or nano payment (<$1). These payments are generally too small and costly for merchants to process with credit cards. Alternatively the product/service could be provided in a remote or virtual location where there is no human or mechanical interaction to facilitate payment or receipt.

There is a potential (if a cost effective transactional process is established) to deconstruct a number of purchases that are currently packaged. A contemporary example of this is the provision of individual music tracks for sale over the internet as opposed to a full music album.

There are a number of existing products or services that could be made more profitable utilizing the MobiBuy product. These include services such as vending machines and parking meters. Eliminating or reducing the frequency of service would increase profitability to the service provider or allow the provision of lower value products or services.

Drivers –   Reduction of cost of doing business. (CODB)
               Appeal to a wider market.
               Mobile penetration rates.
               Mobile owner demographics.

Telco's

Penetration of mobile phone services within any one market will be a limiting factor for the adoption of the MobiBuy product. As the technology relies on the SMS service, it will be important to investigate network capabilities in any market to ensure that both originating and receiving protocols are supported. In addition inter carrier transmission of the SMS service will be required to deliver the maximum available market.

Mobile phone penetration rates continue to increase throughout the world. According to figures released by the GSM Association at the end of 2002 there were 787 million GSM subscribers across 190 countries of the world. The growth of GSM continues unabated with more than 160 million new customers in the last 12 months.

In particular, the adoption of SMS services is increasing at a rate greater than that of mobile penetration. A Telco's motivations move from subscriber acquisition to subscriber retention and increased usage as mobile markets mature. The focus on average revenue per user (ARPU) starts to drive actions by the Telco. Usage of mobile phones for services other than voice is likely to attract interest. (See appendices 1 & 2) Utilizing a mobile phone to pay bills with a service such as MobiBuy is likely to increase ARPU and attract new users.

Drivers -   Mobile penetration rates.
                   Mobile market maturity.

Mobile Phone Handset Makers

Mobile handset makers of have acknowledged the increased popularity of SMS services. They have been beginning to incorporate into handset design, features that facilitate the generation of SMS texting. These features include hard and soft QWERTY keyboards and the incorporation of predictive text input. As mobile markets continue to increase penetration rates mobile phone handset makers target markets change from new users to upgraders. The upgrade market will become of increased importance to handset makers as global penetration rates reach saturation points. A number of developed countries are already approaching saturation rates. Interviews with handset makers in Australia in 2003, indicate that the life of mobile handsets in service has decreased from 36 months to 18 months in the last 5 years.

Drivers -   Mobile penetration rates.
                   Mobile market maturity.
                   Mobile handset life cycle.

Terminal Adaptor (black box) Maker/installer.

The MobiBuy product incorporates a terminal adaptor (black box) that is required by the service/product provider, to make the system functional. It is likely that the installation of black boxes will be a by-product of CODB or market expansion goals by service/product providers rather than an end in its own right.

Drivers -   Cost of hardware and installation.
                   Geographical distribution.

Retailers

The MobiBuy payment system is likely to appeal to a subset of retailers rather than to retailers in general. A profile of a retailer that might benefit from the provision of the MobiBuy payment system is likely to be:

- Generates low unit sale transactions.
- Appeals to credit controlled customers.
- Appeals to credit challenged customers.
- Appeals to customers requiring anonymous transactions.

The potential to adopt the MobiBuy payment system is asynchronous across virtual and physical retailers. A virtual retailer has limited options in presenting low value transactions to a target market. A solution to this for the virtual retailer has been the subscription business model. A subscription business model is practical for frequent purchases but is unlikely to appeal to purchases of a spasmodic nature.

Drivers -   Target market credit profile.
                   Unit transaction value.
                   CODB
                   Market expansion.
                   Market penetration.

Financial Institutions.

Financial institutions will be motivated to become involved in the m-payments market as either a market expansion or market protection strategy.
Market Expansion.
A report by Forester Research[1] indicates that there will be significant revenue streams generated by micro and nano payment by 2005. Technology to collect these payments in an efficient manner has not been available. With the advent of the MobiBuy payment system it may now be possible to lower the floor price below which it becomes uneconomical to collect payment.
Market Protection.
Allowing a company to establish itself within the micro and nano payment space is likely to put the traditional credit card market under some threat. It is not a huge leap from micro payments to macro payments. Should the public embrace m-payment methodology there is a potential for current service providers to lose business to this channel.

Drivers -   Market expansion.
                   Market protection.

Stakeholder Summary

The market analysis has highlighted that there are a number of stakeholders that are potentially involved in the MobiBuy business. MobiBuy can potentially add value to each of these stakeholders. The marketing strategy that MobiBuy adopts must take into account all of these stakeholders. It is quite likely that the strategy that is applied will differ between stake holders as the rate of innovation diffusion is likely to differ significantly between each stakeholder as are the means by which each stakeholder is accessed.

To establish which direction that the MobiBuy marketing strategy should take it is necessary to establish what value is added by MobiBuy participating in a transaction. It is clear from the preceding outline that MobiBuy adds value to a number of parties to the transaction. As the MobiBuy product is a payment system that facilitates purchase under particular circumstances, it is likely that there will be multiple relationships
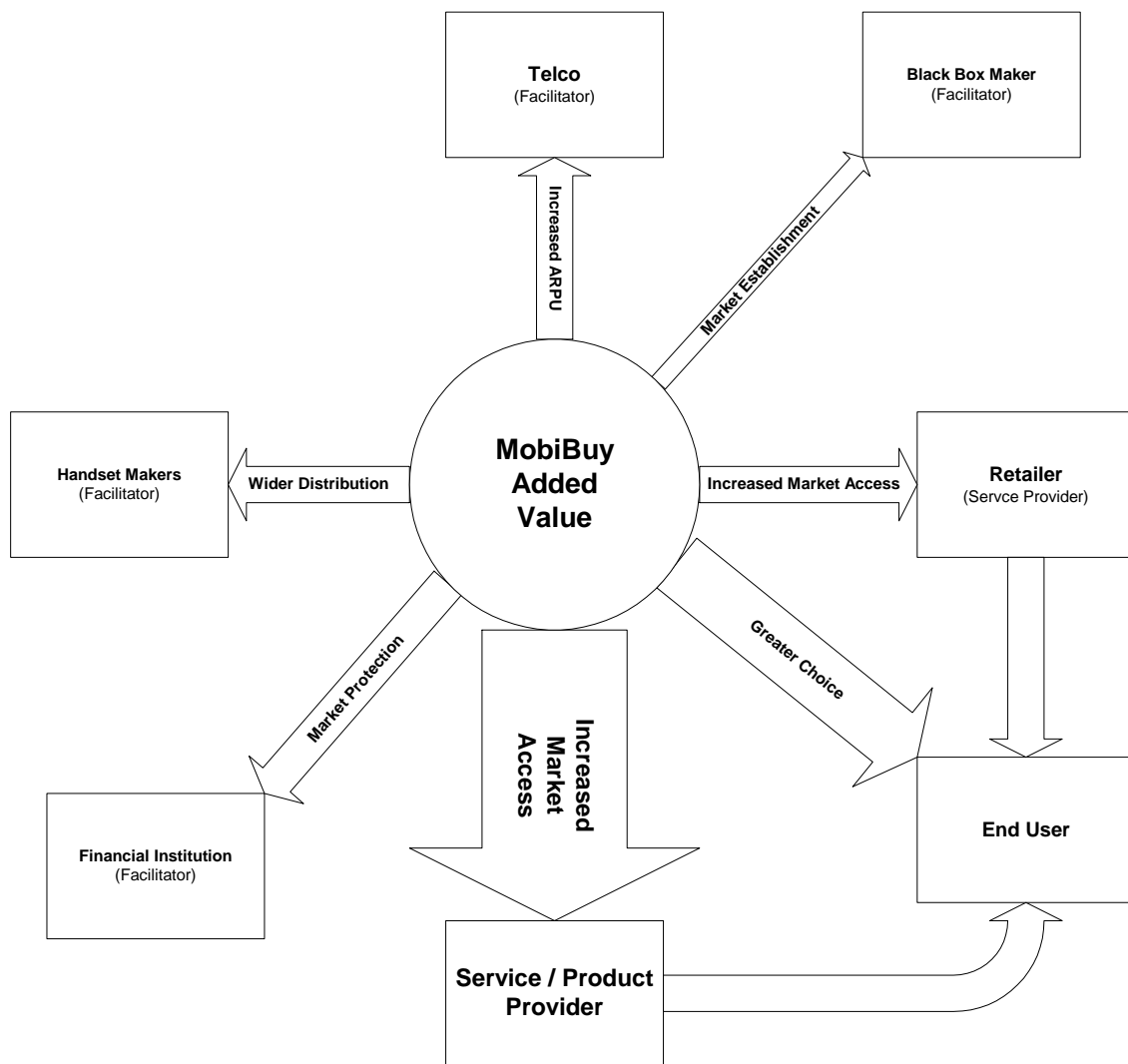
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[1] Mobile Payments Slow Start, Forrester Research, May 2001.

between MobiBuy the end user and various enablers. These relationships are not likely to be equal in weight. (Figure 1)

Diagrammatically the relationships can be represented as in figure 1.

Figure 1.

MobiBuy - Partner Relationships

Competitors

M-Payments

The m-payment market is still in it's infancy. There have been a number of initiatives worldwide since the year 2000. The number of companies involved in m-payments peaked in 2002 when there were seven companies active in the industry according to a report by Alberto Sanz.[2]

In 2003 five remain. Listed below are the companies and their current status:

1. Mobipay – Trials in Spain & Italy.
2. Sonera – Trial in one city.
3. Nordea – Pilot program.
4. Groupment CB – Seeking investment
5. Vodafone m-pay – operational < 100 merchants.

At this point none of the above are considered to pose a significant risk to MobiBuy's launch. None of the competitors have yet established in the Australasian region. MobiBuy does however risk global expansion prospects if any of the competitors reach critical mass and establish significant geographical footprints prior to MobiBuy's launch and establishment in a particular market. As an m-payment system is likely to be transparent to the end user, first mover advantage is critical.

Financial Institutions.

Credit card systems can be considered a competitor to m-payments at some value transaction points. There appears to be no reason why an m-payment could not be used to replace a low value credit card transaction. There may be a segment of potential customers that would consider an m-payment to be more secure than a credit card transaction when used online. There may also be a segment of customers that would prefer to use a prepaid payment method or utilize the credit facilities of a Telco.

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[2] Where are M-Payments today. Alberto Sanz - Mobipay 2003

Marketing Objectives

The marketing task facing MobiBuy is a classic "chicken and egg" conundrum. What should the company do first? Should it create demand and then use this demand to develop and expand distribution, or should it get the distribution in place and then create the demand.

This report will adopt the approach of: (Using a transport metaphor)

6. Establish a relationship with a key facilitator(s) and "build a road".
7. Establish a relationship with a service provider(s) and "build traffic".
8. Invite more facilitators to "build more roads".
9. Invite more service providers to "use the road".
10. Establish relationships with end users to encourage them to "drive and not fly".

This process will happen over time, some of the processes will happen in series and some in parallel. It is therefore likely that dependant on time and point of process that the marketing objective(s) will be different. Consequently the "look & feel" of any E-Marketing initiatives could be quite different during the execution of this process. There will be an evolution of E-Marketing processes during the establishment of MobiBuy.

Proposed Marketing Objectives.

Market Development

1. Identify the possible key facilitators in the Australian market. Establish a relationship with these facilitators. Convince at least one of these facilitators to participate in a trial within a 6 month time frame.
2. Identify the key service providers in the Australian market. Establish a relationship with these service providers and encourage a trial once the MobiBuy systems and processes are in place.

Market Penetration

3. Establish relationships with at least 80% of the Australian facilitators and identify global facilitators. Encourage the Australian facilitators to use the MobiBuy system of payments. Convince at least one global facilitator to use the MobiBuy system within 6 months of relationship establishment.
4. Establish relationships with at least 50% of the Australian service providers and identify global service providers. Encourage the Australian service providers to use the MobiBuy system of payments. Convince at least one global service provider to use the MobiBuy system within 6 months of relationship establishment.
5. Establish a relationship with the end user. Identify potential heavy user segment(s) of the MobiBuy payment system. Build awareness of the MobiBuy system with these segment(s) to 80% within 12 months. Encourage these segments to use the MobiBuy payment system more often.

Marketing Strategies

As the MobiBuy payment system is both a new product and a new process it will be necessary to adopt a classical marketing strategy aimed at all of the stakeholders.

Awareness → Interest →Evaluation →Trial →Adoption

E-Marketing strategies should be adopted that enhance traditional marketing strategies in pursuit of the marketing objectives.

E-Marketing Strategy

It is important to note that an e-marketing strategy for MobiBuy should compliment traditional marketing methods. While the product that MobiBuy produces is closely linked to e-commerce there will still be a need for a traditional marketing campaign. This is particularly so in the initial stages of establishment where the company needs to educate facilitators about the benefits of the MobiBuy process. As the company progresses from the initial stages of establishment to full market participation the importance and effectiveness of e-marketing is likely to increase.

Market Development

Internet Merchants

The first objective of the company should be to motivate an internet merchant to conduct a trial. For the purposes of this report it is assumed that MobiBuy has successfully concluded a deal with at least one Telco and a financial institution if required to facilitate a real world trial.

There are a number of ways to segment potential MobiBuy merchants. A number of these segments may be easier to convert than others and should be targeted accordingly in the start up phase of the company. Merchants could be segmented by channel. (online or offline) They could be targeted by customer segment. They could be targeted by transactional value.

Online.
These merchants are already conducting businesses on line. The MobiBuy payment system is likely to compliment current credit card or subscription payment systems that they may have in place. The MobiBuy system may open up new markets for these merchants or extend existing markets. It is likely that there will be few technical barriers that will need to be overcome to elicit a trial of the payment system. These merchants should be amongst the first targets of the MobiBuy field operatives.

Offline
These merchants do not conduct business on the web. They are likely to be vending machine operators, kiosk or market operators, local councils, and parking operators. Deployment of the MobiBuy payment system with these partners is likely to entail significant investment in equipment for use in a multi-site environment. For this reason

this group should be targeted once some success has been achieved with the online merchants.

Internet Consumers

The internet provides fertile ground to establish a market for the use of the MobiBuy payment system. As MobiBuy's aspirations for growth are global, this fits well with the internets reach. Prospective MobiBuy users are likely to have one or a combination of the following profiles:

- Be purchasing a product or service utilizing the internet that is of low transactional value.
- Have limited or no access to credit facilities.
- Wish to purchase products/services anonymously.

Low Transactional Value.
There are a number of existing and potential products and services that can be transacted using the internet and MobiBuy payment system. These include such products /services as:

- Digital music track downloads.
- Software upgrades and patches.
- Shareware software.
- Reports, articles and pictures.
- Digital artworks.
- Intellectual property rights payments.
- Financial analysis reports.
- Intelligent agent services. (Property searches, price searches, computer support.)
- Professional advice. (Legal, financial or health.)

Access to Credit Facilities.
There are basically two groups in this area:

- Credit controlled.
- Credit challenged.

Credit Controlled
Credit control can be both imposed by others or self imposed. Credit is an emotive issue when children are involved. Issues of exploitation become a concern. The lack of credit facilities inhibit a child's ability to make web based transactions. The use of a prepaid telephone (common in a number of countries for children) and the MobiBuy payment system would open up a market segment previously denied to service/product providers.

Credit Challenged.
There are segments of any market that have been denied access to credit. This could be because of past transgressions or in fact self imposed. While possibly presenting an unacceptable risk to credit providers this segment may represent a significant market prospect to certain product/service providers. The MobiBuy payment system eliminates or significantly reduces the risk of servicing this market segment. Using a post paid

mobile phone the credit risk is passed to the Telco, while using a pre-paid phone the risk is eliminated.

Anonymous Transactions.
There are a number of transactions where a consumer wishes that their identity is kept confidential and that there is no audit trail. One immediately thinks of "shady" transactions such as the purchase of pornography or certain "personal" services. While these do qualify and probably represent a significant market there are also other uses for such transactions. These could include online:

- Psychiatric advice.
- Legal advice or searches.
- Health advice/products.
- Sexual advice/products.
- Dating or pen pal services.

Once identified and profiled the task of the marketing strategy is to access this consumer segment and to make them aware of the MobiBuy payment system and to solicit a trial of the service then reinforce this trial so that adoption occurs.

Awareness & Interest
There are a number of ways of creating awareness within the target segments of the market. As the MobiBuy payment system is used in conjunction with other services and products, it is at the point of purchase where usage needs to be catalysed. However as the product is technically complex, it is likely that the consumer will have had to have some exposure to the concept of the payment system prior to utilization. This exposure could be immediately preceding the transaction or it could have occurred some time prior to the transaction process. The important concept is that there must be access to this information prior to the finalisation of the transaction.
An important part of the awareness process is recognition. MobiBuy need to begin to build a recognisable brand. This brand will need to incorporate an icon or logo that can be used in conjunction with mixed media to represent what the MobiBuy payment system represents. A perfect example of this process is the credit card companies marketing programs. The logos of Visa and MasterCard are instantly recognisable and once recognised at point of sale the consumer understands the payment options available for the transaction.

E-Marketing Alternatives.

The initial marketing strategy that needs to be employed by MobiBuy must be aimed at increasing the awareness of MobiBuy and the MobiBuy payment system. E-Marketing strategies must be used in conjunction with and form part of an integrated marketing program.

Establishment of a Website.
The establishment and ongoing development of a MobiBuy website is considered to be mandatory. The look, feel and functionality of such a website will evolve over time dependant on both the companies marketing progress and the consumer's awareness of

the MobiBuy payment system. The company will need to employ a multifaceted approach to drive traffic to the website.

Domain Name Choice

The company will need to put significant thought into what is going to be the "common name" by which customers refer to the MobiBuy payment service. Once established this needs to be registered in a number of variations. The company could choose to register mobibuy.com if it had global aspiration (which it does) it might also like to register variations such as .net .biz to protect it from companies wishing to divert potential traffic. In addition it may like to register domains in the countries that it anticipates operating within, e.g. mobibuy.com.au or mobibuy.co.nz which in addition to securing the name from domain name poachers is likely to generate more traffic because of common usage within a particular country.

Website Linking.

Website linking is considered to be a powerful marketing tool to generate awareness of the MobiBuy payment system. As part of the agreement that MobiBuy establishes with its partners, serious consideration should be given to including two way web links between the MobiBuy website and its partner's websites. (Facilitators and service providers) This is particularly important in the early stages of MobiBuy's marketing campaign. There will be a need for informational communications as opposed to emotional communications. Having a link to the MobiBuy website at the point of payment place on a service provider's website will facilitate MobiBuy payment patronage.

In addition links should be considered on other partner websites such as the telco's, financial institutions and mobile handset makers. Educating and making the consumer aware about the MobiBuy payment system will add value to all partner's consumer offers.

Email Database Compilation.

Incorporated in the website design should be an opt-in email database. The site visitors could be encouraged to subscribe to a MobiBuy e-newsletter that detailed such things as new places to use the MobiBuy payment system, provide some value add (discount or bonus) at partner websites. These members could then be encouraged to enlist other members by the promise of some value token. This type of viral campaign has a number of benefits:

1. The campaign (virus) travels very quickly and broadly.
2. As the message is conveyed from trusted person to trusted person it carries more weight than a typical B2C message.
3. Each recipient qualifies the next link in the chain so the message is likely to hit more targets that will use the service.

Affiliate Programs.

MobiBuy could initiate an affiliate program where service providers are invited to provide the MobiBuy payment system on their website for a commission payment. This action would have the benefit of getting the payment system distributed widely. Although there might need to be some form of qualification required in the first instance if there is a cost associated with the establishment of a MobiBuy account. MobiBuy would want to ensure that established accounts had a good probability of performance. Also there might be some businesses that MobiBuy does not wish to be associate with in the short term.

Web Visitor Behaviour Analysis.

The website should be constructed in such a way and hosted in such a way that a rich set of analytical statistics can be compiled. In particular where web site visitors are coming from and where they are leaving to. In addition the pages that they visit and the length of time that they stay on the site or on the page should be compiled. This information should be regularly reviewed to improve the performance (marketing) of the site. The site destinations and arrival information can be used to target other websites for affiliate programs, banner advertising, links and partnership accounts.

SMS Campaigns.

As the MobiBuy system relies on the use of SMS on a mobile phone to operate, there is a readymade segment of end users to market to via SMS. The same precautions need to be observed with SMS as with email campaigns. There are certain privacy act provisions that must be complied with as well as care must be exercised in the selection of a list provider. In addition the SMS (short message service) has a limitation on the number of characters that can be transmitted in one message, the medium is somewhat limited in the richness of message it can provide. It is a medium best used to point to other mediums for follow up communications.

SMS Competitions

There may be a way of encouraging the end user to establish contact utilizing the SMS service. This way the issues of spam and opting in are somewhat reduced. Utilizing other media to encourage participation in a competition that uses SMS as the communication medium will build a database of pre-qualified leads. As there are other stakeholders in the MobiBuy payment process these partners could be approached to jointly participate in such activities.

Email Campaign.

Email campaigns can take a number of forms. Broadly speaking they can either be B2B or B2C. An example of a B2B campaign could be a public relations release that is emailed to relevant publications outlining the establishment of MobiBuy and announcing key events in the companies establishment phase.
There are also email lists available that may contain the business targets that MobiBuy is seeking. Likewise there are various B2C email lists available that might contain the end user targets that MobiBuy is seeking. Extreme care must be taken when selecting a list to ensure that it has been compiled by a reputable source on an opt in basis only. In addition the message must be carefully crafted so that it attracts the attention of the recipient and moves them to some action. Care needs to be exercised in any email campaigns to avoid the appearance of spamming.
Partners using the MobiBuy system may already have databases established that they may make available for MobiBuy to use to promote the service.

Usenet Groups

Usenet groups can be considered a "word of mouth" medium on the net. The company should consider using a publicity firm to include Usenet group exposure as an alternative publicity medium. Usenet groups are topic specific so targeting can be quite easy, however extreme care must be taken to ensure that the company is not seen as exploiting the Usenet group for commercial purposes.

Internet Advertising.

Traditional Internet advertising can be considered as a method of increasing the awareness of the MobiBuy payment system.

Banner & Button Advertising

Banner advertising can be employed to drive visitors to the website. Careful analysis of cost per thousand and click through rates needs to be maintained to ensure that the company is getting value from a campaign.

Search Engine Optimization

Website traffic can be significantly affected by the number of search engines that the site is listed with. In addition the placement or ranking of the site on a search result is important. When designing a web page, the way it is listed and the key words that are used to rank the page need to be considered. Web pages should be submitted to a number of search engines.

Keyword Purchases & Sponsored Search Engine Links

A number of search engines will allow companies to purchase certain keywords. The purchase of a keyword will affect the ranking of the site in certain searches. There is a possibility that there are certain words that MobiBuy should consider to purchase to drive traffic to the website.

Directory Listings

In addition to search engines, directories (such as Yahoo) can generate website traffic. The website should be listed on a number of directories under topics which the end user would consider using to locate the web address.

Loyalty Programs.

As the MobiBuy payment system requires "knowledge" of who the payer is so that the handset identifier can be charged back to the Telco, there is potential to aggregate this information by customer. The end user could be encouraged to register on the website and link the handset number to a name. This can be done independently from the Telco. Having a device number, name and usage patterns could enable the development of loyalty programs or the development of a user community. The key to this development is providing additional value for the end user to participate.
The development of such programs should be aimed at locking the end user into the MobiBuy system and to encourage increased usage.

Strategy Recommendations

An important aspect of these e-marketing strategy recommendations is the acceptance of the following two points.

1. The MobiBuy payment system is a product that facilitates a purchase transaction of some secondary good or service.
2. The initial marketing objective of MobiBuy is to build awareness and interest of its product with facilitators, service providers and end users.

Establishment of a Web Presence

MobiBuy should have some sort of presence on the Web. The fact that the product and the process that they provide enhances e-commerce, dictates this necessity. The question comes down to, to what extent, and does this change over time. As MobiBuy progresses through its establishment phase the functionality of the web presence is likely to change. (See figure 2)

Figure 2 Web Evolution.
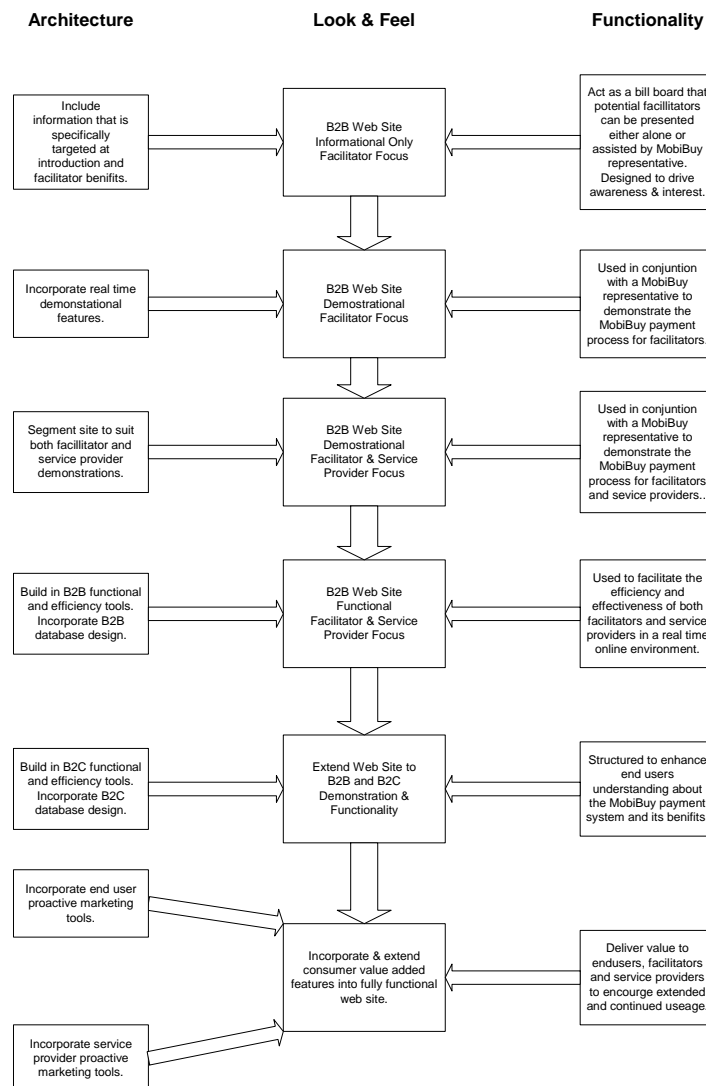
The initial emphasis in the e-marketing process should be to create a tool that the field operatives can use to demonstrate the MobiBuy payment system to the facilitator and service provider targets of the company. The website should incorporate tools that the field operatives can use to compare the efficiencies of the MobiBuy system over traditional transaction methods. Cost justification calculators that a partner could input their particular cost profile could be of use in moving the potential partner to a decision. At the same time it should be designed so that it enhances the longer term objectives of building a brand that can be used in conjunction with MobiBuy's partners and that the end user is likely to embrace.

Enlist Service Providers

Targeting

Once the facilitator partnerships have been established, the task for MobiBuy is to encourage service providers to adopt the MobiBuy payment system. In the initial stages qualified service providers should be courted. Using the end user profile a number of target organisations should be established. The use of B2B email lists could be used in this process and the MobiBuy web site should be developed to a point where it is both demonstrable and functional.

Web Linking

As part of the partnering program a reciprocal web link should be negotiated to be placed on the partner's website. There could be multiple links on the partner website that will enable the customer to learn about the MobiBuy payment system. It is critical that there is a link at the point at which the customer has decided to make a purchase but has not yet decided how to pay. Web linking is considered to be a more preferable strategy alternative to general internet advertising. This is because the web link will deliver highly qualified prospects. As the MobiBuy payment system is a process, linking it to a product or service will demonstrate the value to the end user more potently.

Increasing the MobiBuy Population.

Once a number of service providers have been enlisted the marketing task shifts to increasing the number of users of the system. At this point consideration should be given to:

- The establishment of a user e-newsletter.
- Targeted SMS campaigns.
- Viral acquisition programs.
- Affiliate programs.

The focus still remains on qualified communications rather than mass media communications. This is again because the MobiBuy payment system needs to be linked to a product or service for the end user to identify the value for their particular circumstance.

Rewarding Usage

Once the facilitator, service provider and end user bases have been built, the marketing objective is to get the current users to use more and to lock them into the MobiBuy payment system.

It is at this point that resources should be devoted to building a community of MobiBuy users. This community could include facilitators, service providers and end users. Each partner has an interest in extending the use of the MobiBuy system and may be willing to promote usage by adding value in different ways.

There are a number of vehicles that can be developed to reward loyalty.

- Frequent user programs.
- Member discounts.
- Member offers.
- Member privileges.
- Reciprocal offers.

All of these can be used to drive usage and to lock customers into the system.

Conclusion

MobiBuy is involved in a technologically complex business with a number of significant stakeholders with different motivating factors.

The initial marketing objective of the company is to make its potential partners aware of the payment system that it offers and the benefits that might accrue to them if they offer the system to their customers.
In addition the end users of the system must be educated in the existence of the system, what it can be used to purchase, and how to operate the system.

The marketing strategy will consist of a traditional program that can be supplemented with an e-marketing strategy. In the initial stages of the strategy the e-strategy is largely focused on the facilitation of demonstrations of the payment process by the MobiBuy field operatives to prospective facilitator and service provider partners.

As the company moves closer to the end user, the use of e-marketing strategies becomes more significant. The MobiBuy payment process can open up new markets to online service providers by lowering the transaction value at which it is profitable conduct commerce over the web. It is likely that this segment of the market will be early adopters of the MobiBuy payment system. They should form the first segment of end users targeted.

Emphasis will then move to offline customer segments and to expanding the online customer base.

The final stage of the strategy will be to encourage users to increase usage and to employ strategies that lock them into the MobiBuy payment systems.

The e-marketing strategy recommendations for MobiBuy focus on targeted communications in tandem with a service provider or facilitator. As the product that MobiBuy produces can be largely transparent to the end user the coupling of the communication is seen as important.

Consequently online mass media advertising has not been recommended. Likewise the listing of the MobiBuy website on search engines and directories is not considered to be critical to the success of the company. This is not to say that these objectives should not be pursued.

The important thing to note is that the traditional marketing strategy and the e-marketing strategy are complimentary and work together to deliver the overall marketing objectives.

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Appendices

Appendix 1

Mobile Statistics Snapshot [6/2003]	
Total Global Mobile Users	**1.3 billion**
Total Analogue Users	**34m**
Total US Mobile users	**140m**
Total Global GSM users	**793m**
Total Global CDMA Users	**159m**
Total Global CDMA2000 Users	**30m**
Total TDMA users	**120m**
Total European users	**320m**
Total African users	**34m**
Total 3G users	**130m**
Total South African users	**14m**
European Prepaid Penetration	**63%**
European Mobile Penetration	**70.2%**
Global Phone Sales 2002	**423.4m**
Global Phone Shipments 2001	**393m**
#1 Mobile Country	**China (200m)**
#1 GSM Country	**China (130m)**
#1 SMS Country	**Philippines**
#1 Handset Vendor 1Q03	**35.5%**
#1 Network In Africa	**Vodacom (6.6m)**
#1 Network In Asia	**Unicom**
#1 Network In Japan	**DoCoMo**
#1 Network In Europe	**T-Mobil (22.3m)**
#1 In Infrastructure	**Ericsson**
Global monthly SMS/user	**36**
SMS Sent Globally 4Q02	**95 billion**
SMS sent in UK 2/03	**1.53 billion**
SMS sent Germany 4Q02	**30 billion**
SMS Sent 2002	**366 billion**
GSM Countries on Air	**190**
GSM Association members	**574**
Total Cost of 3G Licenses in Europe	**110bn Euros**

Source http://www.cellular.co.za Accessed August 2003

Appendix 2

Mobile Phone Continent Shares
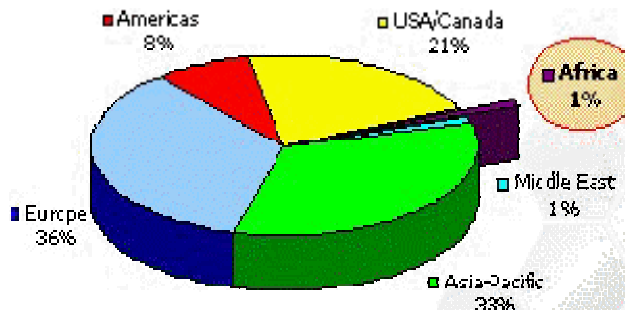
Global Mobile Statistics (8/2003)

- **786** million GSM customers around the world.

- **120** GPRS networks live

- GSM now accounts for **74%** of the world's total cellular market.

- **40%** of GSM users are outside Europe

- **10m** GSM 1900 users In North America (1/03)

- **127m** CDMA users worldwide in 2Q02

- CDMA has bulk share of US Market in 2Q2002

- **China** is the largest GSM country, with **120m** users

- **14m** GSM 900 customers in South Africa (70% PrePaid)

- **551** GSM MoU Association members from **171** countries

- **359** GSM networks on-air in **171** countries

- **61m** TDMA users, 28m in Latin America

- **366 billion 'G-Mail'** (GSM text messages) were over the airwaves by global GSM mobile phone operators during 2002

- **China** has the largest number of GSM users (120 million)

- **Nokia** has the largest share of the GSM handset market followed by Motorola, then Ericsson.

- **Ericsson** has the largest share of the infrastructure market followed by Nortel and Nokia.

Source http://www.cellular.co.za Accessed August 2003

Appendix 3

After several years of heady growth - over 100% in many markets - mobile subscribers additions will plummet to nearly zero in most developed countries by 2005.

Greenfield (new) operators will face enormous challenges as they have to pinch existing subscribers form other operators rather than relying on new additions.

" Even under-penetrated countries such as Argentina, Hungary
and the U.S. growth will slump by 2005/6, just as 3G services
start to roll out. Only a few countries, like China and India look set to buck this trend," says Georgina Hooper, lead forecaster on Baskerville's Global Mobile Forecasts to 2010 report.

Subscribers	2001	2005	2010
UK	45.7	50.2	50.9
U.S.	125.6	181.7	226.8
Brazil	27.8	53.9	76.7
Poland	9.6	18.6	23.5
China	133.9	326.1	575.1

Figures in millions

Source: Baskerville

Handset Forecasts

The replacement market accounted for 52% of cellular handsets sold in 2001, up from 42% in 2000. Handset retail sales increased by 8% to 412 million in 2001, though as a result of excess inventory sold through to users during the year, 2001 handset shipments stood at 393 million.

By 2006, 77% of the 860 million handset sold will be replacements. Despite GSM's overall dominance of the cellular market, CDMA will control a disproportionate share of the 3G market.

CDMA's share of global handset volume will reach 25% by 2006 when 213 million devices will be sold. W-CDMA will lack significant market momentum prior to 2004 and by 2006 CDMA2000 will still account for 61% of 3G terminals sold and 64% of 3G terminals in use.

Source: Strategy Analytics

Operator revenues from mobile data (US$ billions)

Despite slowing subscriber growth, revenues will continue to increase due to the take-up of new data services and next generation network subscriptions.

New data revenues will emerge slowly, only impacting significantly on operators' bottom line from around 2005 onwards.

	2005	2010
UK	3.3	5.8
US	23.5	72.8
China	6.0	45.3
Brazil	1.6	4.5
Poland	1.3	3.0

US$ billions

Source: Baskerville

Source www.cellular.co.za/stats/baskerville_global_mobile_forecasts_to_2010.htm
Accessed August 2003