

Portals – The Crucial Channel for the Next Phase of Mobile Growth

a report by

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Recognising the Importance of Portals

As mobile markets evolve towards 3G services, the contribution from mobile portals will grow due to their pivotal role as:

- a key marketing communication channel;
- a showcase for phones, technology, value-added services and showing what users can do;
- a customer account management tool and for personalisation;
- and a crucial enabler for m-commerce and purchasing digital content.

The Global mobile Suppliers Association (GSA) commissions and publishes quarterly surveys of mobile portals. The objective is to provide insight into this key business area by looking at the services available, benchmarking current offers and user experience, and providing trend information and analysis. The surveys are complemented by periodic special focus studies.

The first portals survey was undertaken in the first quarter of 2001 and examined the situation in Western Europe. Mobile portals in Eastern Europe were surveyed in the following quarter to establish a reference there for future studies. Subsequent surveys covered North America, South America and the Asia-Pacific region, allowing regional comparisons to be made globally for the first time. The situation in Eastern Europe and Western Europe was revisited in the second quarter of 2002, showing a picture of increasing maturity matched by more targeted marketing initiatives. The survey undertaken in the third quarter of 2002 updated the data for the Asia-Pacific Region and the fourth quarter of 2002 revisited the Americas.

GSA draws on facts and experience to assess the current situation regarding mobile portals in all regions and offers guidance to mobile portal operators to ensure that the interests of users are best served, providing the

conditions for new revenue growth from data services on GSM™/GPRS networks globally, and their evolution to the Enhanced Data rates for Global Evolution (EDGE)/Wideband Code Division Multiple Access (WCDMA) 3G services environment.

Survey Categorisation of Mobile Portal Services

Services and content are divided for each survey into the following eight main categories:

- messaging – including e-mail, chat, multimedia messaging services (MMS) and picture messaging;
- personal information management – calendar, contacts, address books and photograph albums;
- information – general, financial and sports news, weather, directories and job listings;
- lifestyle – restaurants, nightlife information, health services, television/film information and dating;
- entertainment – including jokes, horoscopes, quizzes, games, gambling, downloads and adult entertainment;
- m-commerce – banking, stock trading, shopping and auctions;
- travel – flight/hotel listings, traffic updates, travel guides and direction assistance; and
- portal characteristics – personalisation, location-based services and device optimisation.

The most profitable areas at present are typically those selling directory enquiries, specified content, ring tones and logos. Profit depends on cost of promotion.

Asia-Pacific Region Leading the Way in Mobile Internet

GSA surveys have revealed that mobile portals in the region have plentiful content supply, mainly provided by third-party content providers. Many



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mobile portals also offer personal digital assistant (PDA)-specific content, some setting up PDA-specific portals. Japan and South Korea especially have driven market development by introducing functionally advanced handsets and rapid deployment of technologies. The synchronisation of handsets, content, services and network technologies has contributed to making the region the world leader in mobile Internet services, with portals delivering a richness and interactivity of services that have reached a more progressive level.

personal information management tools and health-related and leisure-focused services.

- Rapid growth in the number of services tracked during the first half of 2001 in Europe stagnated in the second half, indicating a maturing of the mobile portal service offerings, as well as a reduction in development resources – probably in line with preparations for the larger rollout of GPRS services that has occurred in 2002.

In the future, mobile portals may find an opportunity for differentiation by offering more targeted services to specific groups.

The largest service categories provided by most portals include:

- information services, i.e. general/financial/sports news, weather updates, traffic information and directories;
- e-mail and messaging (e.g. chat);
- various kinds of entertainment, television and film information, restaurant information and games; and
- mobile banking and purchasing, which are common in the Asia-Pacific Region, e.g. some operators have launched a personal m-wallet service together with an m-ticketing service

Mobile users can order takeaway food via WAP or use their mobile phone as a digital wallet, to check bank accounts, transfer funds or trade securities as well as use short message service (SMS)-based m-coupons for discount shopping. Other services reflect regional and cultural characteristics, for example, karaoke, fortune-telling and information about horse racing are more common in Asia-Pacific and, in the more densely populated countries, property information is often available.

Comparison with Other Regions

Surveys in Europe, North America and Latin America highlight a number of key trends in mobile portal service evolution, as follows.

- Besides the more common information-related services, such as news, mobile portals also increasingly offer community services as well as

- Many mobile portals are shifting increasingly towards content aggregation, i.e. third-party provisioning of services.
- Instead of a focus on extending the quantity of services, the quality of services has increased in many cases.
- Few portals differ significantly from their counterparts, providing a mainstream service offering.
- The concentration of content provision in the US into a few big players has led to similar offerings by different operators.

The European Mobile Service Scene

Payment and billing models are shifting increasingly from time-based billing towards monthly flat rates, combined with pay-per-service or pay-per-kilobyte, and the majority of GPRS billing models are volume-based. Some operators introduced a pay-per-event model during the 2002 FIFA World Cup™ and it will be interesting to see if this trend of introducing event-related service packages with relevant content for a specific group of people at a specific time will continue.

A comparison with i-mode portals in Germany and the Netherlands reveals that the services on i-mode are remarkably similar to most WAP portals, albeit with a slightly stronger emphasis on entertainment and messaging services.

It is a delicate situation for operators to balance between collecting much-needed revenues and

keeping pricing at a level that users will pay readily. There are already some indications that consumers perceive ‘regular’ GPRS subscriptions and i-mode subscriptions as too costly to motivate conversion.

An emerging trend in Europe is branding. International operators are consistently labelling local subsidiaries under the same brand umbrella both with regard to operator names and mobile portal brands. Examples include Vodafone, Orange, O₂ and T-Mobile – with an increasingly identical service offering consistent with the brand.

In summary:

- Key service categories in Western Europe are now genuinely offered by all of the portals surveyed, making the concept of ‘everyone offers everything’ a reality. Community services (chat, forums, nightlife services, etc.) are now offered by most portals.
- Downloads, music and adult entertainment have become particularly popular, with more than half the portals now offering these services.
- Messaging – including, for example, MMS and picture messaging – is now provided by almost half the mobile portals.
- In Eastern Europe, the major growth categories are news, weather and financial information services. Entertainment services have shown significant growth, especially horoscopes, competitions and jokes. Games and gambling have also grown markedly in the past year.
- The Western European scene has changed less than in Eastern Europe, due to the higher saturation of mobile portals services in Western Europe.
- The Asia-Pacific Region leads the world in terms of service maturity, with Western Europe second.

Messaging

Mobile e-mail and messaging services satisfy the communication needs of users, based on those who have adopted SMS at an accelerating pace. This is especially true of the youth segment but, increasingly, other groups are also being targeted. As the early adopters of mobile data services mostly represent the youth segment, mobile portals also focus on entertainment services that attract young users.

Market acceptance and growth of SMS are nothing less than staggering. At the time of writing, some 24 billion SMS messages were being sent monthly, with

Figure 1: GSM/GPRS Users are Rapidly Upgrading to Colour Phones with MMS Integration and Cameras



an expected 360 billion to be sent globally during 2002. SMS usage is pervasive in Asia; an operator in Singapore recently reported nine SMS messages per day per user. SMS is used for messaging and value-added services, particularly chat services, information requests, games, etc. In markets such as these, around 90% of messages are user-generated, including forwarding (so-called viral messaging), which is an excellent base for the important evolution to MMS.

MMS was launched in several markets during 2002 throughout Europe, Asia-Pacific and North America and camera phones are now coming on to the market in significant numbers. Many mobile portals already support photo albums and offer editing capabilities and the ability to add audio and video clips, etc., to deliver personal multimedia experiences using mobile phones. However, the relevance of MMS will be much more than ‘photo messaging’ as it enables m-commerce and delivery of a richer purchasing experience, entertainment, localisation services, etc. MMS is today a reality (there were 60 networks offering commercial MMS services at the end of October 2002) – content downloading is taking place and is one of the reasons for the new optimism in the industry today.

Advanced Handsets and Devices are Key

Japan and South Korea particularly have driven adoption of advanced data-enabled handsets with specialised features. Functionalities including large colour screens, integrated digital cameras, three-dimensional graphics capabilities, built-in karaoke systems and Global Positioning System (GPS) all help to create the basis for a richer user and ‘fun’ experience.

The introduction of new handset technologies such as Java™ and multimedia support provides a richer platform for service development and revenue growth. Java enables better graphical capabilities, over-the-air downloads and interactive applications. Availability of handsets with increased functionality and advanced multimedia capabilities generates high

user interest and encourages development of higher bandwidth networks. Java is considered to be one of the key drivers of data average revenue per user growth. Another is the development of pricing schemes that correspond well with the perceived service value to the customer.

The high success rate and market acceptance first seen in Korea and Japan is expected to repeat throughout the world as more handsets come onto the market with colour displays, integrated cameras, Java and other enabling technologies, for operation on GSM systems worldwide.

User Interface/Usability Issues

GSA's studies show that more focus is required on the usability issues concerning the difference between the mobile portal services becoming less clear and that many mobile portals still focus on quantity instead of selected quality, leaving users to filter out what is not of interest to them.

Improvement opportunities include the following:

- ensuring a prominent place for WAP-based services on the website with substantive information;
- ensuring a smooth registration process and easy access to the mobile portal site;
- including a user-friendly tool for management of personal links;
- creating a consistent navigation structure for all services, ensuring 'minimal clicks'; and
- completing user tests of the WAP site structure and dialogue design.

In order to ensure a bright future for portals, GSA makes the following recommendations to all mobile portal operators:

- focus on the user experience of quality versus quantity;
- learn how to manage the technology (in networks, for content providers, and for users – including handset upgrades);
- minimise subscription requirements;
- build a win-win partnership to deliver unique portal services;
- leverage differentiating factors (user location, interests, usage profile), and solve the revenue-sharing model;

- source content from content providers – this is critical with the move under way to MMS/multimedia services (especially where issues of copyright/intellectual property rights increasingly arise);
- improve device pre-configuration (proper set-up drives usage, the converse also being true); and
- simplify billing by pricing the service, not the technology.

Promising Outlook

Mobile portals worldwide offer mainly informational and entertainment services, although some additional cultural 'specialities' in terms of services can be identified. In the future, mobile portals may find an opportunity for differentiation by offering more targeted services to specific groups. Cultural issues are important in service development; thus, it is unlikely that copying successful services from other mobile markets will be a successful approach. Instead, mobile portal operators should select primary target groups and identify their mobile usage preferences and needs in order to steer their service development.

With several operators predicting 25% or more of their revenues coming from data services by 2004, the role of the mobile portal is an increasingly important one in promoting and delivering important revenues from value-added services and transactions.

Portal operators need to select partners carefully, focusing on content and technology and especially channels to market. Managing these relationships is also crucial, since anywhere between 60 and 100 partners might be involved. For MMS, new types of content, and therefore partnerships, will be required. An Italian operator has reported that its MMS service generated 42% of new revenues from entertainment services after the first three months. The introduction of Java in portals is expected to be an important service-revenue generator requiring new partnerships.

The evolution towards more convenient user interfaces, richer services and higher bandwidth, e.g. from EDGE and WCDMA radio access technologies, will encourage a wider adoption of mobile Internet services. Portal structures that are too formal need to give way to ensuring that the needs of users are more personalised, to ensure fast access to the content that is most often used, e.g. news, while maximising opportunities for channel discovery and service cross-selling. ■

Satama Interactive Oy conducts the quarterly Mobile Portals Surveys for GSA, which can be downloaded at <http://www.gsacom.com>