

COLUMNS

A new wave in mobile commerce and content

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Mobile content and mobile commerce have been industry buzzwords for several years with ongoing major developments ranging from the rise in global popularity of ringtones in 2003-04 (thanks to Crazy Frog) to the explosion in mobile applications in 2008-09 (thanks to Apple).

Faster networks, smarter devices and the falling cost of phones and service plans have all fueled growth in mobile content and commerce. And now there is a new force changing the mobile industry: evolving mobile data-charging models.

New models

Throughout the globe, new mobile data charging models are emerging.

Although the changes are occurring for very different reasons in developed and developing nations, the outcome will be the same.

Consumers will enjoy increased flexibility to use the mobile Web in a manner that meets their budget and data needs while wireless carriers increase profitability on their investments in data networks.

Ultimately, the result will be greater adoption of the mobile Web for content and commerce.

In emerging markets such as India, Mexico and Brazil, significant investments have been made in 3G.

Carriers plan to monetize these investments by encouraging data usage, offering free access to select content and creating affordable, but limited, data plans.

These carriers give their 2G customers a taste of mobile data for free or at a low price without a significant commitment.

When subscribers move to 3G, they are more likely to adopt annual data plans, thus increasing average revenue per user (ARPU).

Some examples of carrier offerings include:

India Bharti, Reliance and Tata all offer subscribers limited access to Facebook free of data charges (Facebook Zero)

Poland Orange offers free data from midnight to 6 a.m.

The Philippines Globe Telecom charges a daily rate for unlimited Facebook access for mobile broadband users

Mexico's Movistar offers affordable broadband daily passes for data

malaysia maxis offers affordable hourly and daily passes for data

Countries moving to 4G such as the United States and Britain are facing the challenge of higher mobile data usage than ever expected.

The combination of unlimited plans and smart devices that provide a better mobile Web experience have led to an explosion in mobile data usage.

The changes to the mobile data charging models in these countries are more complex.

In many countries, the availability of unlimited data plans is fading away.

Carriers are looking at ways to create plans based on speed, content, time, location and quality of service.

These flexible plans are designed to meet a number of objectives: first, to meet consumers' data and budget needs; next, to encourage mobile data and content consumption; and finally, to enable carriers to recoup their infrastructure investments.

The challenge is to make these plans easy to understand and measure.

A few examples of new data pricing plans and business models include:

AT&T and Amazon have partnered to enable Kindle consumers to download books without requiring them to pay separately for data charges. Instead, Amazon pays AT&T a revenue share from each ebook sale

O2 UK announced it will charge content providers more for delivering high-quality media content to end users once LTE is launched

Vodafone Australia currently offers a mobile television plan in which consumers can enjoy unlimited access to all Vodafone's TV channels for a flat monthly fee

Charging ahead

So what does the future hold?

Expect to see many different types of data plans, created by both carriers and enterprise partners in various industries, including financial, shipping, travel, hospitality and retail.

In some countries, the mobile Web will become like cable TV where charging is based on content bundles sports and movie packages, for example. The data charge may be included in the content subscription price, with the content provider and carrier sharing the revenues

If consumers want guaranteed quality or speed, they may pay a slightly higher price for priority access. This arrangement could be attractive for transaction-based enterprises as well as feature-rich content providers

Consumer brands are starting to offer free access to select content as a way to increase store and Web site traffic and sales. These brands may choose to subsidize the data charges of the subscriber in exchange for increased loyalty, sales opportunities and establishment of new customer relationships

The proliferation of data-charging models will lead to a rise in new products and services that enable carriers to manage them. For example, carriers will need new management tools to enable partners to create pricing plans and campaigns as well as new tools to implement them

Anticipating greater cooperation between carriers and consumer brands, both parties stand to benefit from greater consumption of mobile content and commerce.

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