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T-SYSTEMS INTERNATIONAL'S "LOCATION BASED MOBILE ADVERTISING"

BBJ interviewed Laszlo Posset, Product Leader at the Digital Division of T-Systems International (TSI), about their Data Driven innovative Big Data Solution, which provides a new marketing tool and a new free service for mobile subscribers.

TSI launched its location-based mobile advertising B2B2C solution in Hungary this past summer. By mid-September, 100,000 offers had been sent over a period of 10 weeks. How has uptake progressed since the program began?
The number of sent offers and of the opt-in subscribers has been doubled until now since we have launched our product in Hungary. We are now also offering the service to retailers to operate the service to their million plus loyal customers.

Consumers are more willing to share information on their location and interests in order to receive better-targeted advertising. Opt-in based mobile advertising goes beyond youth (45% of consumers are between the age of 20 and 39) and it fits all verticals; most actively engaged are telecommunication, sport, beauty & fashion and automotive. Nor is gender a determining factor for receptiveness towards opt-in mobile advertising, with only slightly more women (52%) than men.

How many subscribers have opted to join the service?
The number of opt-in subscribers in Hungary had reached more than 200,000 by the end of last year as part of Magyar Telekom's "Akció Nekem" program. The product was also launched in Croatia by Hrvatski Telekom as their "kupon2go" service in December 2014, and the number of opt-in subscribers reached more than 20,000 within two months. The popularity of Location Based Opt-in Mobile Advertising is growing, as it is the most effective way for brands and advertisers to reach the right audience at the right time. There has never been a more targeted and engaging advertising medium, which is viewed by the recipient as welcome, relevant and exciting at the same time. The
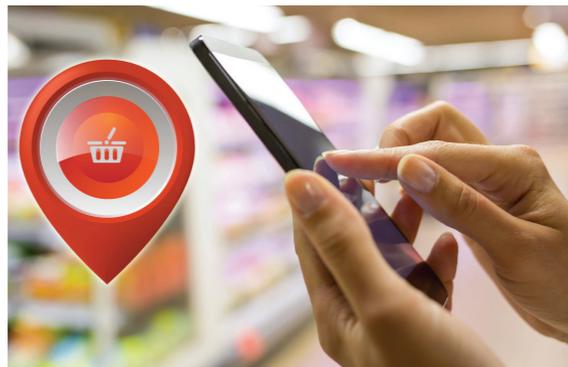
approach of permission-based marketing supported by opt-in puts control in the consumer's hands, allowing marketers to deliver messages, promotions and advertising that customers desire.

What kind of response figures are location-based mobile advertising clients seeing?
Basic location targeting alone, which we used in the first version of our product without predictive location awareness, helped one brand's mobile campaigns to reach a 12% response rate on average, well above the global average of click-through-rates (CTR) for online ads (0.04%) and mobile ads (0.3%). The average CTR of our pilot in Hungary was 2.38%, three to five times higher than Facebook's average CTR (0.65%). CTR is a measure of the percentage of users who opened the advertisement on their mobile phones. The service allows brands and advertisers to reach their target consumers via their mobile phones more accurately with the use of geo-fencing, a cellular technology that defines a virtual boundary around a real-world geographical area. This space can be configured to perform actions like sending a message or a promotion coupon to mobile users who trigger the command by entering the specified area.

What types of business take advantage of the service? Can you give examples of how small businesses are using it?
First the client, e.g. a brand, increases awareness of their products, reminding the consumer of a well-known product which is available nearby and maybe with a discounted price, or stirring interest in a new product which has been recently launched, which results in a drive to store marketing. Secondly, we will soon introduce for SMB's a portal

enabling them (and also the advertiser) to generate campaigns with tailored promotions including text, pictures, and videos around their selected point of interest.

What sort of feedback are you getting from brands, advertisers or subscribers?
The key measure of service satisfaction is the close to zero opt out of the program, which means the opted-in subscriber continues to stay in a trusted relationship with their service provider. In some cases, although it sounds anecdotal, we have received "thank you" feedback for great promotions.

How has the service been refined or enhanced since you first began operation?
The first version of our product used the geofencing technology and the campaigns were entered into the system manually by our dedicated competence center at ITSH in Budapest. That has been enhanced, meanwhile, with a portal that will allow our clients to use web-based access to the platform, setting up campaigns and running reports by themselves. We are open to offers from third party partners to integrate our system to any brand or retail chain loyalty programs or club card systems. The system could give predictive support to campaigns based on customers' behavior or third party CRM database history. The only requirement is that the client gives us consent to send discounts or vouchers to consumers' mobile phone based on their location. Features like predictive location awareness, unique vouchering and combinations of these with mobile payment solutions are also part of the product roadmap.

How can big data enhance communication between businesses and customers/consumers?
Our solution helps us bring relevancy to the consumer, to distinguish us from spam advertising by totally respecting subscriber security, interest and choices, and by also offering a direct communication channel between advertisers and consumers.

Big Data is bigger than ever, allowing marketers to find their target audience where they live, to better understand consumers, and to deliver a highly targeted and specific ad experience. The mobile experience provides even more information, allowing marketers to bypass cookies and learn much more about consumer behavior and trends. We all create huge amounts of Data (~5 Million TB) every single day. Big Data can take that large volume, velocity, and variety of data and help marketers find the value in this information overload. Thanks to Big Data, mobile experiences can be more easily personalized to meet the needs of individual consumers. This means less guesswork when it comes to ad targeting, and more information to ensure that the ads target the right people. Thanks to the geo-location capabilities of smart phones and to the access of the MNO's to the richest Data Pool using real time technologies and intelligent applications, it's easier for marketers to target consumers with hyper local ads, which will be the next cutting edge of mobile advertising. Big Data will continue to change the way we work, the way we play and the way marketers find and inform their target audience. Thanks to big data and sophisticated data science, it's easier to analyze large amounts of information to create a profile of consumers, to target hyper-locally and to provide real value to consumers.

How do you see your service, and innovations based on this service, impacting the advertising market in the future?
Our service will create a new door for acceptance. It is unique because it is offering on-the-go consumers relevant, highly targeted messages. It

is innovative as it is based on Big Data analytics applied on the uniquely available real time and fast data of the MNO by also using sophisticated data science methodologies to effectively amplify brand messages to create a deeper level of engagement with active consumers, who spend money while they are going about their daily routine by also actively looking for information. According to Google, more than 50% of all mobile searches have local intent, and 17% of searches happen while consumers are on the go. In a recent survey by the Digital Place-based Advertising Association (DPAA) of strategic media planners, 64% of planners are advising their clients to shift their budget away from traditional out-of-home sources to digital place-based media, and recommending to move dollars away from television (41%) and online (40%) to fund digital place-based marketing channels and location-based mobile advertising. Location has become the new currency of marketing.

Is there anything else you'd like to add?
The Next Big Thing is "Location-Based Marketing/Mobile Advertising" using Big Data to map customers to products. Marketing teams can understand and map consumers, know where they are, what they are doing, even how they are likely to be feeling. Building campaigns based on the analysis of customer behavior (combining real time with predictive analytics) is making a difference. Location-based marketing is extremely important but requires total insight into the customer, with the ability to respond to what the customer is doing in real time. Banks have credit card or bank account data; telcos have location-based data, they see web search requests, web page views, videos watched, apps downloaded. When telcos combine their location and insight data with banking information, the result is a really powerful understanding of each of their customers. Location-based marketing also means picking up intelligence from the Internet of Things – billions of RFID devices, capable of broadcasting data from clothing, vehicles, credit cards and so on. Location-based marketing means an SMS to your phone as you walk in a supermarket, with carefully selected special offers, based on your past purchases, other products that people like you have also liked, and on which aisle you are standing in right now.

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