

## Community chest

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Imagine a party that goes on 24 hours a day, seven days a week and 52 weeks a year. Where friends socialise and exchange photos and gossip, where they meet up in exotic locations, meet celebrities and even get given good stuff for free.

This is what Philippine mobile phone operator Globe Telecom has managed to get underway with its Globe Girlfriends Club, launched just over a year ago. Members are invited not just to stay in touch with each other but to get the latest news, jokes and advice on health or career issues, which all have an audience of young women in mind.

And it even goes beyond the virtual world by offering free gifts and discounts from associated retailers as well as invitations to real-life parties and celebrity events.

However, Globe, the country's second biggest mobile phone network operator with over 14 million customers, is not doing this out of the goodness of its heart. Girlfriends is an incarnation of a mobile community, a relatively new concept with the power of not just attracting new customers but keeping them hooked. Since it introduced the service, Globe has seen a dramatic downturn in churn rates for members of its Girlfriends Club.

Not to be outdone – or, more to the point, to avoid losing subscribers – Globe's larger rival, Philippine mobile network operator Smart (the market leader with over 21 million subscribers), has launched Addict. This service offers messaging and chat but also mobile blogging and even free fizzy drinks to both girls and boys. It too has seen reduced churn.

The mobile community phenomenon is not just happening in the Philippines. For example, in North America Boost Hookt from Sprint subsidiary Boost has gone yet a step further, linking members with other like-minded people from over 30 countries. At its core is a virtual dating service where members can meet, interact and take part in contests and parties. Boost even hosted a competition called Surfing for Love, in which it flew one male and three female community members to California for a dating game-style event. Bell Canada has deployed a series of mobile community products over the past four years and enjoyed tremendous success in reducing churn. Communities have been so successful for the carrier that it recently decided to make new mobile community, the Blue Bell Lounge, the anchor product for its new prepay network, Solo.

'Mobile communities are viral and sticky,' notes Frederick Ghahramani, director of Vancouver-based mobile communities developer airg. 'That's just what operators facing strong competition and high churn rates need.'

There is no hard-and-fast definition of what constitutes a mobile community but common components include instant messaging, private chat, public chat, personal profiles (including text, photos and videos), photo sharing, SMS groups and mobile blogging. Not

all of these have to be present, however. The exact components and technologies behind them are secondary, says Ghahramani. The main thing, he says, is people's attitudes.

A mobile community begins to take shape when a number of these technologies are brought together under a single brand, user interface and technology, but it is the congregation of millions of users that together drive the product, says Ghahramani. 'When a tipping point is reached, the mobile community is realised.'

### Games without frontiers

airg's route into mobile communities was through its mobile gaming business. The same is true for North Carolina company Motricity. Mobile gaming by definition is a community activity. Add a league table and chat lounge where gamers can exchange views, tactics and no doubt jibes, and you have a mobile community.

Motricity's original audience was young and male, says David Buckley, VP and GM of Motricity's community services division. Now the gender imbalance is dissipating and the average age creeping upwards.

'The big focus of our network operator clients is to reduce churn,' says Buckley. 'An important element of reducing churn is offering high-quality services. Communities offer members the ability to provide feedback about their games experience.'

Buckley says there is a strong correlation between games ratings and churn – the higher the ratings the lower the churn. So why aren't we seeing much in the way of mobile communities in the UK?

Churn has always been a major problem here, with operators keen to inform investors about improvements to churn rates and even keener not to talk about the subject when things aren't going so well. Recently, both O2 and Orange have run high-profile campaigns just to reduce their churn rates. And it has now become commonplace to be offered deals for being a loyal customer including money back on money spent.

O2's marketing director, Russ Shaw, recently made a point of the issue, stating that if customers did not bond with a business then that business was missing a huge trick. 'The mobile business needs to shift its thinking and take a long look at the economics of business and customer satisfaction,' he said.

So surely now must be the ideal time to invest wholesale in the mobile communities concept?

Olly Topley, VP of strategic marketing at mobile entertainment application developer Freever, Europe's most successful proponent of mobile communities, believes one of the reasons UK operators have been slow to step aboard the mobile communities bandwagon is that they are 'a bit in denial' about their need to cultivate young people. 'It's a cliché but it's true: young people are

the future. This is a lesson that has been learnt in other markets such as the Philippines some time ago,' he says.

But, Topley notes, the UK also faces other types of constraints. An industry code of conduct, for example, requires that communications are moderated unless participants can prove they are adults. UK operators actively discourage people from meeting and, says Topley, 'Dating is a definitely no-go area if there is any chance minors may be able to access the service.'

He adds that at a technology level, the UK has tended to concentrate on services based on SMS rather than more interactive – and therefore livelier and more appealing – formats such as Wap and Java. When UK operators have tested the waters with mobile community-like services, they have been poor at promoting them. 'Where we see them promote services we see more activity,' says Topley.

Recent live chats with Tony Blair and pop band Feeder, for example, proved very popular. 'We will see more of these,' Topley predicts. In the end, however, he forecasts that it may not be the UK's conventional operators that lead the way with mobile communities but its virtual operators. 'MVNOs [such as Virgin or Fresh] may be the people who actually go out and pioneer,' he notes.

#### **Avoiding the issue**

There may even be an argument to be made that the UK's mobile phone operators may have a vested interest in not supporting mobile communities. They could rob income from the operators' very profitable SMS services and open them up to criticisms of being careless with issues of personal and even national security, says James Pearce, chief technical officer of UK-based quality monitoring platform developer Argogroup.

Core mobile community technologies such as instant messaging or chat generate a lot of traffic. According to messaging company Followup, the average European SMS user generates 30 messages a month, the average instant messaging user between 30 and 50 and the average chat participant over 100. Rather than see this

as an opportunity, it could be tempting to some within the network operators to see this as a threat, an erosion of a very profitable SMS business, says Pearce.

Then there is the age-old issue of operators wanting to control what goes over their networks. The usual metaphor used to describe this is that of a walled garden. The higher the wall, the less open and more proprietary the approach; the lower the wall, the more open and similar to the relative anarchy of the fixed internet.

'3 is more walled than anyone else, T-Mobile less and everyone else somewhere in between,' says Pearce. Similar patterns are likely to emerge with mobile communities, he says, but this too may be a problem when it comes to developing successful mobile communities.

While mobile communities in some markets have grown very successfully under the umbrella of a network operator, Pearce's gut feeling is that in the UK they may need to be more alternative. 'Mobile communities are likely to be more successful if they are left-field, even anti-establishment,' says Pearce. Pointing to the most successful blogs on the traditional web, he believes they are more likely to be more about 'self journalism – the little man standing up and saying, this is my view of the world' than selling shoes or music downloads.

'Being tied to one network operator could be a turn-off for this kind of user,' says Pearce. This could make it more difficult for an operator to see the benefits of mobile communities. The last thing UK operators want is to hasten their demise from service providers to mere information conduits. Nevertheless, there have already been the first tentative steps in this direction. The launch of O2's personal web pages may be the beginning of mobile blogging culture to mirror that of the web. And Nokia recently announced software for its phones that allows mobile blogging.

Time may be running out for the UK's major mobile phone network operators to decide on their mobile communities strategy. If they do not seize the initiative soon, it may be taken from them.