AXISMOBILE
Consumer Mobile Email

Consumer Mobile Email: The Case for Long Tail Marketing Segmentation

AxisMobile White Paper

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I. Standing Out in the Crowd

In an increasingly competitive mobile marketplace, differentiating value-added services for the general audience has become next to impossible. Markets are large, crowded, and noisy. If you stand in the middle of a traditional bazaar and shout to everyone in sight, you may be rewarded with a sore throat for your efforts, but little more will be accomplished.

To reach a critical mass of subscribers with information about a given service, you must speak directly to your target audience in a language that they understand. The benefits you are selling need to touch these people where it counts – in their hearts, and (especially) in their pockets.

But how do you initiate and sustain a marketing conversation with the "mass market?" You don't need to look far to find market-proven strategies - in fact, you only need to look as far as your kitchen cupboard. Long before anyone ever heard of ARPU, ROI, or other telecommunications buzzwords – traditional consumer product companies were creating products for everyone, and (especially) anyone. Their key to success was intelligent market segmentation.

II. Consumer Mobile Email or "If You Build It, Will They Come?"

Analysts, market surveys, and providers agree that consumer mobile email could very well be the next killer app.

However, even though worldwide PC-based email volume continues to grow dramatically, and consumer *interest* in mobile email increases – the critical mass of consumer mobile email users has not yet materialized. Business and corporate users and early adopters are getting on board, but where is the rest of the subscriber base?

The hurdles to wide-spread use are no longer technical. Providers are starting to adopt mobile email solutions that allow them to overcome the remaining technical challenges. So, what is keeping consumer mobile email from really taking off? Like so many mobile services, many agree that marketing is the key to success, even beyond features and other bells and whistles.

Mobile email, like other mobile messaging services, answers a basic desire for contact with others in a depersonalized, geographically distant world. However, unlike MMS for example – mobile email leverages a familiar frame of reference. From grade school students through to grandparents, everyone loves email today. But, everybody likes

their email a little different. Some need to have urgent business messages pushed to their 3G handsets, and some just want to see low-resolution JPGs of the grandkids.

In order to sell more mobile email usage, we need to sell the right flavor, in the right package, to the right person. To effectively market to an over-marketed subscriber base that is nonetheless thirsty for this service, we need to precisely target tailored service packages to numerous special needs, garnering the critical mass of sales by conquering the market niche-by-niche.

III. Segmentation Defined

Wikipedia defines marketing segmentation as "the process in marketing of dividing a market into distinct subsets (segments) that behave in the same way or have similar needs." A veteran telco marketer once aptly defined this same process less elegantly, but equally accurately, as "knowing what color socks your subscribers are wearing on a given day, because then we know exactly what shoes to sell them that day."

Seasoned marketers know that determining the viability of a segment is tricky. Definable segments are generally evaluated against a number of criteria. A segment should be:

⇒ **Identifiable** – the segment's differentiating characteristics should be measurable
⇒ **Unique** – the segment should have definable, unique needs
⇒ **Substantial** – the segment should be large enough to justify the resources expended to reach it
⇒ **Durable** – the segment should be stable in size
⇒ **Accessible** – the segment should be easily reachable through common channels

A well-defined segment will include members that are homogeneous within and heterogeneous without - that is, as similar as possible within the segment, but as different as possible from other segments.

IV. Case in Point: Candy?

An excellent illustration of effective segmentation can be found in the kitchens and candy jars of many homes worldwide.

For over five decades, Mars Incorporated has produced its core M&M[i] product – candy-covered chocolate bits. Since their introduction in the 1940's, M&Ms in their traditional brown-envelope package have achieved near-universal brand recognition worldwide.

But Mars didn't stop there.

Recognizing, as all good consumer marketers do, that not everyone likes the same thing, Mars started offering different types of M&Ms, in different types of packages. First peanuts were introduced, then crispy, dark chocolate, medium, mega, mini and the list goes on. This candy manufacturer succeeded in significantly growing sales by approaching different market segments with the product best suited to each segment's characteristics. The end result is that M&Ms generate an estimated $3 billion yearly for Mars.

Mars was not the only company that discovered this little secret. From dishwashing soap, to diapers, fast food, and tires – the marketing strategy of almost every consumer item in the Western world today relies on segmentation.

Thus, the question is: since mobile email is a product aimed at these very same consumers – why not apply segmentation here, too?

V.   Long Tail Marketing Strategy

In his groundbreaking 2006 book, *The Long Tail*, Chris Anderson concludes that the era of the "blockbuster" is over. The critical mass of consumer agreement needed to create a hands-down, over-the-top success story in almost any industry is simply not there, he claims.

But why? Certainly, there is no lack of consumers nor is there a lack of buying power. Anderson claims that the extinction of the blockbuster is directly the result of consumer interest which has "scattered to the winds as markets fragment into countless niches.[ii]"

What is the lesson to be learned from this? Today's consumer knows what he or she wants, and is used to getting exactly that. Why should anyone compromise when choices are endless?

In a Long Tail scenario, if we introduce a revolutionary new laundry soap, the bulk of sales will come not from sales of "Acme Laundry Soap" – even if it's the best soap in the galaxy. Revenues will come from sales of "Acme Laundry Soap for Sensitive Skin, "Acme Laundry Soap for Summer Clothes," or "Acme Laundry Soap for Jeans." Sales revenue will be in direct proportion to the number, size and (especially) accuracy of the segments defined and approached.

The lesson for telco marketers is that today's mobile services must be conceived and rolled out with an understanding that the critical mass of sales will come from the
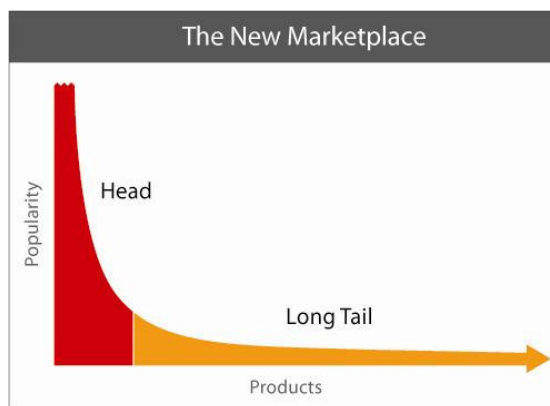
product's "long tail," not its "head." That is, sales will come not from the core service itself, but from the multiple, highly-targeted niche offerings based on that core.

VI. Defining Mobile Email Market Segments

Accurately segmenting a large subscriber base is no easy task. It requires as much intuition, creativity and educated guesswork as science. Luckily, most telco marketers already have the tools and likely the experience to dip their feet in the waters of subscriber segmentation.

Today's telco marketers must have their fingers on the pulse of the subscriber base and are often able to effectively segment even without detailed success models or usage data. Add effective analysis of subscriber demographics, an understanding of geographic usage patterns, and other key network data – and you have a recipe for excellent segmentation.

For example, the following three segments meet the five critical segment criteria above (identifiable, unique, substantial, durable, accessible), and are served by most providers. They are also relatively easy to define, even without the benefit of specific network and subscriber data. Despite this, few providers have created and marketed tailored packages for these segments.

SAMPLE SEGMENT 1: Professional Super Parents

⇒ **OVERVIEW**

Today's 30-45 year old parents are very busy people. With both parents in the workforce or one parent out of the picture (in a single parent scenario), after school hours are complex and hectic; thus the coordination of extracurricular activities is often done via email. Many parents even have a dedicated email account for child–related messages. At the same time, these parents are dedicated professionals, and often need to get work-related email after hours, even when they can't access their laptop (like at a child's birthday party.)

⇒ **SAMPLE SUBSCRIBER PROFILE**

* **Maria Smith, 34 years old**
* Manager in a fashion company
* Two daughters - ages 4 and 6
* Three email accounts: work POP3 account, home POP3 account, Yahoo web mail dedicated for children's activities
* Medium-end handset (Motorola V3i) for calls, SMS and voicemail

∗ Has a laptop - but it's turned off from after work (3:00pm) until the kids go to bed (8:00pm)

⇒ **UNIQUE SUBSCRIBER NEEDS**

∗ Needs to access work and personal emails anytime, anywhere
∗ Needs simple, one-click access to one inbox that aggregates emails from multiple accounts to keep track of email volume
∗ Needs folders to organize saved email for quick access
∗ No time for complex configuration of email accounts – needs simple, non-technical setup
∗ Needs to access Outlook calendar anywhere, anytime
∗ Needs work messages flagged "urgent" pushed to handset
∗ Support for common attachments like JPEG, and Microsoft Word – for on-the-go access to critical work documents, and graphic files like maps to play dates
∗ Due to the complex set up of the email client already installed in the phone, will likely access email via MMS or WAP

SAMPLE SEGMENT 2: SOHO

⇒ **OVERVIEW**

Small and home offices are more and more prevalent, as professionals like accountants, lawyers, and consultants leave large firms and "set up shop" as independent contractors. These offices are characterized by a high level of professional demands and mobility, but a low level of willingness or means to invest in infrastructure. Thus, SOHO subscribers may need access to email anywhere – but lack the technical resources or know-how to implement complex solutions.

⇒ **SAMPLE SUBSCRIBER PROFILE**

∗ **Simon Jones, 55 years old**
∗ Medical doctor with two private clinics
∗ Staff includes three physicians, one nurse, one secretary
∗ Spends two months a year traveling abroad with wife
∗ Has Yahoo web email account
∗ Uses a new, low-end Nokia 6230 handset for calls and SMS
∗ Owns a laptop, but doesn't always carry it

⇒ **UNIQUE SUBSCRIBER NEEDS**

∗ Needs to access web email anytime, anywhere
∗ Needs messages from secretary or partners pushed to handset
∗ Needs to access Outlook calendar anywhere, anytime for juggling complex patient scheduling at multiple clinics, with different physicians
∗ Needs one-click reply as email to secretary

* Needs one-click forward to phone number as MMS or SMS for partners without mobile email
* Needs offline access to web mail, to save data roaming charges
* No skills for complex configuration and setup of email accounts
* Doesn't want to be bothered with SPAM
* Due to handset restrictions, will access email via SMS or MMS, or prefer to download light and simple client

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SAMPLE SEGMENT 3: Golden Age

⇒ **OVERVIEW**

Today's retirees are very active and very mobile. They are highly tech-aware, but less tech-savvy. Grandma and Grandpa are likely to use email on a daily basis when at home, but they also travel for several months a year. While on the road, they miss the frequent correspondence with children and grandchildren, and would like to share their photos and travel experiences with friends and relatives.

⇒ **SAMPLE SUBSCRIBER PROFILE**

* **Ruth Fox, 61 years old**
* A retired high-school teacher with two children and four grandchildren
* Has one Gmail web account – mostly for corresponding with family
* Uses a low-end Motorola C380 handset for calls, and to check messages on answering machine at home
* Has a desktop at home for email and Internet
* Travels in RV for 3 months a year
* Goes to internet cafés for access when traveling

⇒ **UNIQUE SUBSCRIBER NEEDS**

* Needs an extremely simple email solution – easy to set up, easy to access, and easy to use on small handset
* No skills for complex configuration and setup of email accounts
* Needs easy message viewing, and one-click reply
* Prefers to receive picture attachments (mostly JPEG pictures of family)
* With no advanced handset, will likely access email via MMS

VII. Tailoring Mobile Email Packages to Segments

The next step in successful Long Tail segmentation and marketing is tailoring the right package to the right segment. The trick is to create a reasonable feature set, with easy-to-implement and easy-to-price features that can be effectively packaged to motivate purchase.

Purchase decisions are often made on the spot and often with completely irrelevant details, just because they answer a specific need. For example, cars with built-in sunglass holders and other minor conveniences often outsell models without these easy-to-integrate toys – price, performance, and fuel efficiency notwithstanding.

By way of example, for each of the sample segments above, the following packages could be created and marketed.

SAMPLE SEGMENT PACKAGE: Professional SuperParents

⇒ **"MobileParent Plus" Package**

This package would provide busy Moms and Dads with access to multiple email accounts (work, personal, web), one-click access to Inbox (for hands often busy doing three things at once) and optional text-to-speech for listening to email while driving. Add in PIM access (preferably remote Outlook synchronization), and support for common home/office attachments (Word, JPG, etc.). Free pre-configuration, optional advanced handset bundle, and attractive data transfer rates during after-school hours could be offered.

SAMPLE SEGMENT PACKAGE: SOHO

⇒ **"Small Biz To Go" Package**

This package enables busy independent professionals to get simple, one-click access to work email. It would highlight configurable push to handsets based on predefined subject/sender parameters (for urgent messages), ensure smooth setup, preferably at the provider Point of Sale, and offer attractive packages for voice/data during business hours. PIM synchronization is a given, as is attachment support for common business applications. Finally, the package should optionally bundle a high-end smartphone in a long-term contract.

SAMPLE SEGMENT PACKAGE: Golden Ages

⇒ **"GoldenYears Active Plus" Package**

This package is designed to help families stay in touch. It offers a Senior Citizen discount on airtime and one-click access to email, stresses universal coverage for travel anywhere, and offers optional large text viewing for small screen handsets.

Additionally, it provides support for JPGs, with in-network handset optimization to avoid long download times and an optional bundle with large-screen 3G phone upgrade.

VIII.   The Bottom Line

The principles of Long Tail marketing – granular segmentation and tailored segment offerings – should and can be applied to the consumer mobile email market. Some of the keys to making this strategy work are:

⇒ **Choose the right tools for the job**

Choose a mobile email package that makes technical issues into non-issues. The package should allow email to be delivered or pushed to any handset, support the right range of attachments, provide the appropriate features (like PIM support), and be highly user-friendly for both setup and operation.

⇒ **Define and refine**

Define your segments, roll out a trial package, and carefully monitor results. Every quarter, go back to the drawing board, re-examine results, refine segment definitions, and modify packages accordingly. Initial package marketing materials should take into account future package modifications.

⇒ **Show your subscribers that you care**

The packages you define need to answer your subscribers' needs, not yours. Even small features can deliver big benefits. Don't be afraid to reap marketing points from features that may seem trivial to your engineers.

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[i] M&Ms[TM] is a trademark of Mars Incorporated

[ii] http://www.thelongtail.com/about.html