INTERNATIONAL CLASSIFIED MEDIA ASSOCIATION

Making classified media work better!

IFRA DIGITAL TREND DAYS 3-4 MAY 2005 AMSTERDAM

IFRA, the publishing and technology association, held its annual Digital Trend Days in the conference centre right next door to the ICMA offices.

There were one and a half days of presentations, and whilst much of the focus was on how editorially driven newspapers could use technology (specifically mobile) to develop their business, there were some speakers addressing issues which related to the classified space. The most information-packed was that from **Jupiter analyst Thomas Husson**, unfortunately Jupiter has a policy of never providing copies of their presentations and so the audience had to scribble madly throughout his entire presentation.

Thomas spoke about the seven key trends that Jupiter has identified in the mobile sector.

1. *consolidation* – you have to be big to survive and there will be increasing consolidation between the major players
2. *operator alliances* – failing actual mergers or take-overs, operators will enter into partnerships with each other rather as airlines have done
3. *growth in **M**obile **V**irtual **N**etwork **O**perators (MVNO's)* – companies with no mobile core competences will operate heavily discounted 'virtual' networks e.g. easymobile and Disney
4. *voice flat* – there will be no further growth from the voice market
5. *data/services* – all further growth, especially high margin growth, will come from delivery of data and/or services
6. *handsets* – they're going to become increasingly feature-rich, and smartphones will use an operating system rather like a computer
7. *3G* – the need to recoup the cost of 3G licences will determine the mobile operators strategies and the arrival of real 3G services will change everything

In Japan and South Korea, 20-25% of total mobile revenues is data-derived, compared with Europe which is 15-20% (mostly SMS), and the US which is well under 10%.

Thomas noted that SMS revenues are actually decreasing due to falling prices.

Some sample figures for use of the Internet/WAP via mobile:

Germany – 7%
Spain 9%
UK – 11%
Italy 10%
France 12%
Sweden – 22%

In 2004, an average of 2% of mobile revenues came from 'infotainment', this is projected to rise to 19% by 2010.

One of the biggest advantages of mobile is the established billing system that it offers. Some operators are going further and have set up SIMPAY, a mobile payments service, supported by Vodafone, Orange, T-Mobile and Telefonica. It has experienced some teething problems but has launched in Spain.

Half of all available handsets are GPRS-enabled and these and UMTS-enabled handsets will grow as more 3G networks are rolled out.

Jupiter sees a move from the pay-per-event model to a subscription model such as Premium SMS. Premium SMS services distribute useful information requested by mobile phone users through the same network used by standard SMS carriers. Now, instead of using SMS only to stay in touch with friends, mobile phone customers can stay connected to what they view as essential information -- be it stock prices, flight delays, World Cup scores, or the latest soap opera plot twist. Premium SMS messages -- which look just like standard SMS messages -- come in three types: "blast" messages that are automatically sent by providers as alerts, "be heard" messages enabling the masses to communicate via polls and interactive chats, and "at your request" text that is sent in response to brief user messages.

Media companies believe that they can reach a wider audience through premium SMS services because more people have mobile phones than Internet access, because people crave news updates wherever they are, and because TV and radio audiences are more likely to pick up the handy mobile phone than go to a computer to participate. Premium SMS enables providers to enhance their revenues by charging customers fees for these new premium information services.

Jupiter believes the market will gradually standardize, coalescing around common platforms and technology. They also expect mobile operators to get greedier on revenue-sharing in order to pay back the cost of the 3G licences.

Stig Nordqvist of IFRA supported Jupiter's view on this with some interesting figures on the current differences between the revenue-share demanded by mobile operators.

Japan – 10%
China – 15%
Finland – 12-15%
Sweden - 20-30%
Norway – 25-30%
Denmark – 25-30%
Austria – 30-40%
France - 35%
Germany – 20-45%
Belgium – 35-45%
UK – 25-25%
Spain – 26-55%
Ireland – 30-50%
Switzerland – 35-50%
Hungary – 50%
Portugal – 50-55%
Poland – 50-65%
Italy – 45-75%
Netherlands – 30-80%

The final idea that came from the conference which could be employed in the classified industry was for MMS personals. This allows the advertiser to place a personals text ad in the print product which includes a number for the respondent to SMS to request a photo.

All speakers at the conference were unanimous in their belief that print and mobile could form a natural partnership, both playing to each other's strengths.