

Carrier billing - more value than the money it earns



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Carrier billing – more value than the money it earns

It's a well-known fact that carrier billed payments deliver significantly higher conversion rates than card billed purchases. But, other than the welcomed increase in revenues that you see, the true value that carrier billing delivers is rarely discussed. There are significantly more benefits to carrier billing than just the revenue it generates – even if the revenue generated was zero, it is strategically important to provide high quality carrier billing as a way for your subscribers to buy apps and media from the leading app stores.

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The known value of carrier billing

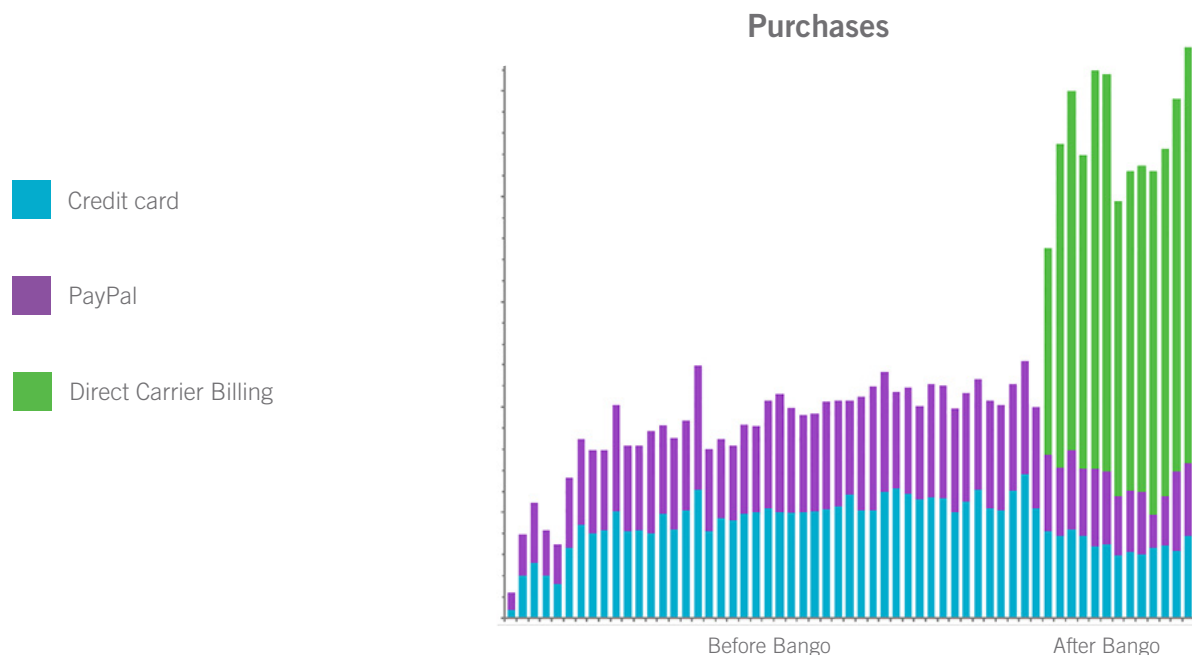
Processing a payment onto the customer's phone bill naturally has a direct benefit – you earn money by charging the app store to process each transaction and add the purchase cost to your subscriber's phone bill.

Mobile subscribers prefer carrier billing

Carrier billing delivers between 3 and 1000 times more sales. Mobile Payments World recently announced that carrier billing eases consumer purchase decisions, making them 5 times more likely to complete an app store purchase than if they used a credit card.

This increase is not just limited to markets with low credit card use. For example, the data below shows what happens when a popular app store added carrier billing with one mobile operator in Western Europe.

Daily payments for an app store in Europe - before and after adding Bango Direct Carrier Billing



Drive new opportunities for major app stores

Carrier billing opens up brand new customer segments and markets for the major app stores. Markets where card penetration is low, such as parts of Asia and Africa, or where online use is socially less well adopted, including Germany and parts of the Middle East.

In these markets with low credit card penetration Bango records significantly higher sales success, often with over 1000 times higher conversion rates. Carrier billing fundamentally enables markets for the major app stores, making them commercially viable and increasing partnership value between the local operator and the global app store.

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The lesser known value of carrier billing

So what if the revenue share that an app store pays you barely covers the payment processing costs? Is carrier billing still worth providing? The simple answer is “absolutely”, on-bill payment gives you massive benefits – even if you earn nothing directly.

Carrier billing eliminates disintermediation

Simply put, delivering on-bill payments to as many app stores as possible removes your risk of disintermediation. It strategically places you into your subscribers’ purchase flow, giving them immediate visibility across all the operator billed purchases your subscribers are making in the app stores and from within the millions of apps downloaded.

Given the popularity of carrier billing this accounts for a statistically significant portion of your subscribers activity, crucially enabling you to understand which apps and in-app content are popular and how it compares to music or video consumption. It provides insights into app popularity and early trends.

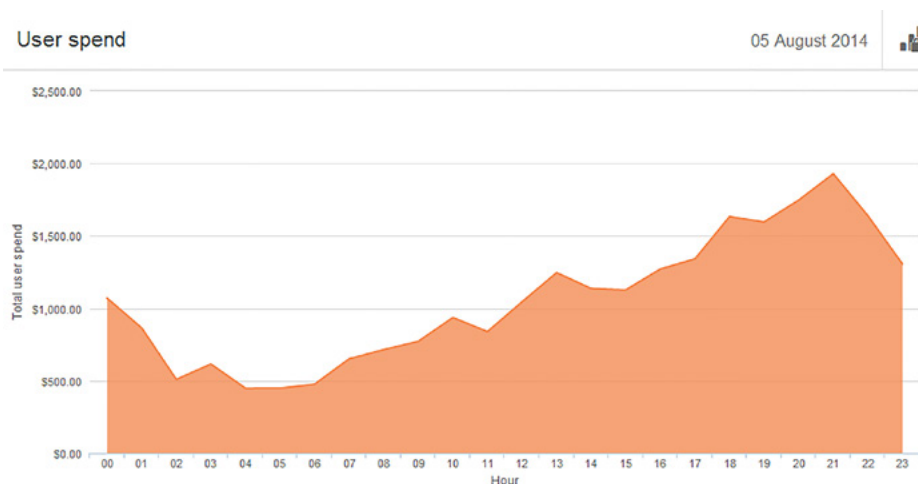
This customer interaction and knowledge delivers many important benefits.

Strengthen customer relationships

By acting as the payment method for app store purchases you gain a significantly stronger engagement with individual subscribers, a relationship that otherwise reverts to the app store and their credit card provider.

This relationship provides a financially oriented communication channel on which you can engage and upsell, based on an understanding of which apps and media that customer is buying.

In addition, powering payments provides a crucial understanding of subscribers, and what motivates them. Spend and product trends can be easily obtained along with specific cohort analysis. For example, Bango Dashboard (below) shows purchases by hour for an average day revealing strong growth from 8am with peaks between 4pm and 10pm.



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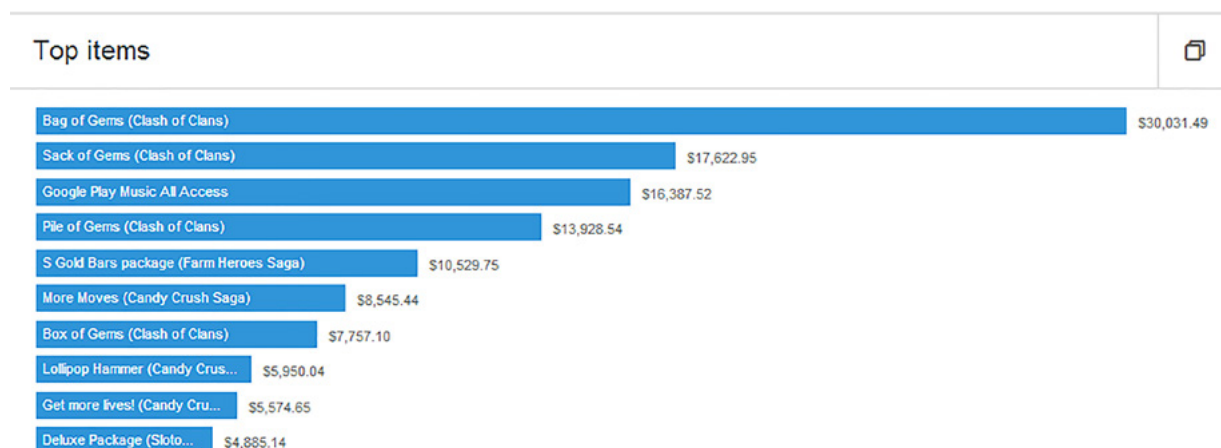
Target marketing to win more subscribers

Understanding which apps and in-app content are driving spend across a subscriber base enables you to maximize the value and relevance of your own internal marketing strategy. This information can be used to target offers to potential new customer segments – offers based on products that people actually want, apps they want to use. But rather than simply depend on already successful apps, an operator that provides on-bill payments gets to see the rising stars and the latest trends – apps that have the highest associated value for new subscribers, apps that can differentiate and attract.

Increase the value of your advertising products

Knowing which apps and in-app content subscribers are buying enables you to deliver higher, proven value as part of external marketing and advertising products. Combining tools like Bango Dashboard with carrier billing delivers proven value to customer campaigns based on real demand and sales within the subscriber base. It provides clear accountability that supports campaign value.

The example below is taken from Bango Dashboard and shows the significance of Clash of Clans by Supercell in the Google Play app store for the operator's subscriber base. It reveals that the \$9.99 Bag of Gems is of higher monetary value than the cheapest \$4.99 Pile of Gems.



Understanding the actual monetary value of established apps, along with which apps or content is growing fastest and is most relevant to your subscriber base, allows you to price advertising products according to actual revenue opportunity. In the example above, other combat strategy games could be incentivised to advertise on your network with a clear understanding of subscriber interest and return on investment.

Understanding individual products and prices also ensures on-bill payments work perfectly on the back of a partners paid marketing campaign, maximizing their return. For example, there would be issues if the operator above had spending limits in place preventing the sale of the higher priced \$19.99 Sack of Gems.

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Build valuable partnerships focused on commercial objectives

Understanding the strength and importance of specific developers amongst a subscriber base allows you to target and grow the right commercial partnerships – those that have most relevance, allowing you to increase your subscriber base and drive revenue.

In the previous example, Supercell's Clash of Clans has a clear attraction to the operator's subscribers. Equally you can see how engaged a known developer is with your subscribers and offer relationships to boost that engagement where sales are low.

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Why standardize on a payment platform (such as Bango Payment)

The importance of time

It is important for you to get to market with as many app stores as possible, as quickly as possible.

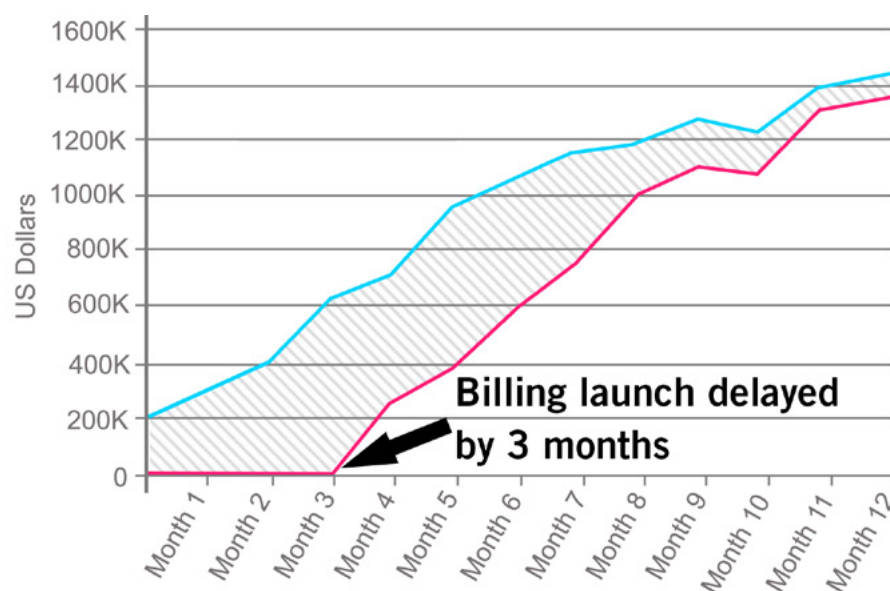
As smartphone use grows, so does the demand to purchase. Where carrier billing is not available some subscribers will become dissatisfied and churn, because paying is either too hard or completely impossible, while the remaining subscribers are forced to register a credit card directly with the app store to pay.

The likelihood that a customer will register a credit card directly with the app store increases over time, once a credit card has been provided it is very unlikely the customer will be able to easily select carrier billing to make any future purchases on-bill – they become a “lost customer”. Where an app store does offer the ability to re-select carrier billing, it’s typically hidden within the app store account or payment settings.

This means that once the subscriber has registered a credit card, you are completely disintermediated. The subscribers purchase relationship is directly with the store and you have no visibility or knowledge of the apps and content those subscribers are downloading and using.

Time also decreases the relevance of the remaining cross section of subscribers since the top spenders or trend leaders will have already selected to pay with a credit card.

The example below shows lost revenues when comparing a Bango deployed payment solution with an operator integrating payments with Google Play themselves. It compares data from around 4 million Android users with one operator. What is harder to convey is the value and opportunity that is lost because of inferior customer relationships, lack of knowledge or understanding and the difficulty and cost required to rectify at a later stage.



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A DIY approach takes a mobile operator on average 6 months per app store, the example uses a very conservative 3 month implementation delay, resulting in lost revenues of \$3.9 million US Dollars.

Taking a DIY approach would add a further 3 months delay for each new store integrated. With Bango all stores come pre-integrated as part of the one integration Bango performs with a carrier billing system. This significantly reduces delay and the risk of lost revenues while quickly delivering control, marketing benefits and customer engagement and knowledge.

The importance of an independent unified view

Selecting different payment integrations for each store introduces dangerous discrepancies into the valuable subscriber spend data, reduces the value of the data available, complicates customer interaction and introduces risk. With no unified baseline from which to work, comparisons become impossible. A payment platform, like Bango Payment, delivers consistency and simplicity, enabling direct comparisons to be easily made between payments from multiple subscribers, from different apps and app stores, across multiple operator networks within the group. It delivers a solid foundation on which to build relationships and revenues.

A unified approach to billing integration enables powerful industry comparisons, allowing you to be immediately alerted should your purchase levels fall below industry thresholds. It facilitates comparative analysis based on subscriber segments or cohorts across the widest possible data sets. Often an app store is more likely to share important data via a secure and trusted intermediary, like Bango, than directly with an operator or other large organization.

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About Bango

In the era of mobile technology, collecting payments has emerged as a central and complex challenge. Bango powers payment and analytics on the mobile web, providing users with a massively smooth payment experience.

Bango's pervasive presence across the web creates a platform effect for partners, identifying hundreds of millions of users and maximizing the number of one-click payments. Global leaders plugging into Bango include Amazon, BlackBerry World, Facebook, Firefox Marketplace, Google Play, Windows Phone Store and major mobile brands including CNN, Cartoon Network and EA Mobile.

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