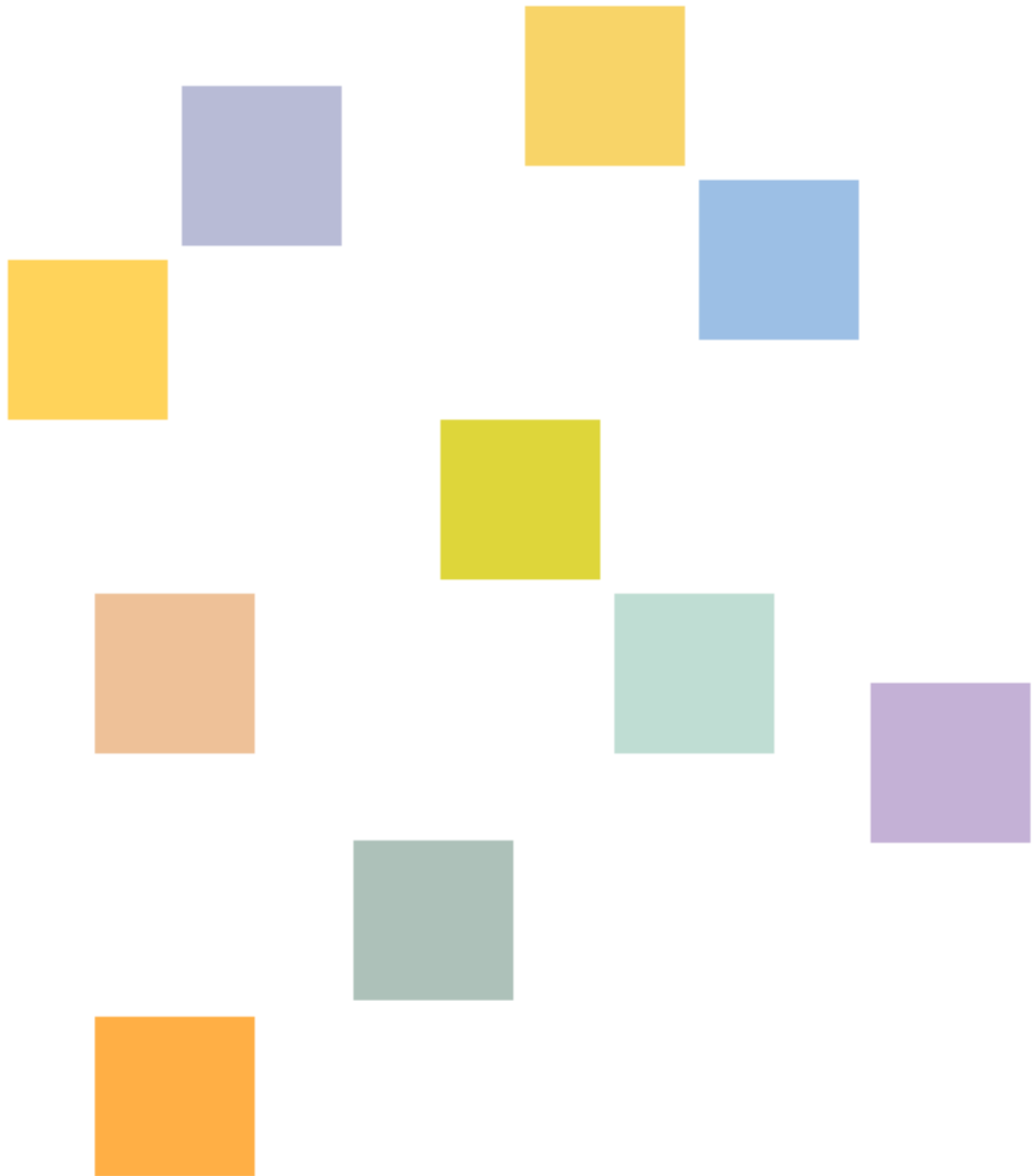


MEX 2007: The PMN Mobile User Experience Report (Sample Version)



Index

Introduction	...	4
About PMN	...	7
Understanding the extent of the user experience from retail environment to customer service	...	11
Buy the full MEX 2007 Report & Presentations package	...	26

This PDF is just a sample version extracted from the full 212 page report. Visit www.pmn.co.uk/mex/report.shtml to purchase on-line for GBP 795 (+ VAT @17.5% where applicable) or contact Marek Pawlowski (marekpawlowski@pmn.co.uk or +44 (0)7767 622957) for more information.

Introduction

When we conceived MEX in 2004, we faced a constant challenge to raise awareness of user experience as an issue of strategic importance for everyone in the mobile telecoms industry. More often than not, companies would mistakenly assume that customer-centred design need only exist within certain sub-sets of the market.

Since then, our role since has been to provide the context and provocation for the industry to challenge conventional thinking.

Through our research newsletter, consultancy and conferences we have achieved many of our stated objectives: awareness of customer insight and ease-of-use has never been higher: companies throughout the industry are finally talking about these issues.



However, from the customer's perspective, there has been little visible change. While the range of applications available to mobile users has expanded exponentially, the often complex process of finding and buying them continues to limit adoption. Too often, mobile services fail not because the developer has created an unusable application, but because they are blighted by unrelated issues with the handset, network coverage or billing mechanism.

For customers, correctly apportioning blame for their poor experience is irrelevant – they just want it to work.



Delivering a great mobile experience in the simplest possible way is a task of incredible complexity. It typically requires the collaboration of numerous parts of the value chain, from content providers and application developers to operators and handset manufacturers.

It is the industry's responsibility to ensure this complexity never inhibits its ability to provide the best possible service to customers. The success of connecting more than 2.5 billion users to voice and text services proves it can

Introduction

be done. To expand beyond this and reap the benefits of higher profits, we must be relentless in our efforts to understand customer requirements and translate that knowledge into better user experience.

With the 3rd annual PMN Mobile User Experience conference, held on 2nd – 3rd May 2007 in London, we wanted to take a major step towards this goal.

7 months prior to the event, we issued a 10 point manifesto identifying the most important issues in user experience. We invited everyone in the industry to join us in defining a response to this blueprint.

The results were overwhelming. Within a month, we were engaged in dialogue with several hundred pioneers across sectors as diverse as architecture, fashion, telecoms and media.

From this rich pool of creativity we chose more than 25 speakers, panellists and facilitators to address the manifesto at our London event and inspire the discussions which form the basis of this report.

MEX 2007 represented considerable risk for us. We have always encouraged people to think differently at MEX, but this time we challenged them to act differently too. We made it very clear from the outset that everyone who attended MEX would be expected to participate actively in setting the agenda – with a limited capacity of 100 people, we didn't want anyone sitting at the back of the room playing with their BlackBerry.



This was all about taking people outside their comfort zone and encouraging them to collaborate, create and engage with new contacts.

10 keynote speakers – leaders from all parts of the mobile business – gave presentations responding directly to the MEX manifesto. Their presentations prompted a series of breakout groups and panels where the conference worked in 7 small teams, each led by an appointed user experience expert, to complete specific tasks related to the 10 manifesto issues. This format allowed every attendee to play a role in defining the conference agenda.

Introduction

To enable this kind of interaction we chose a unique venue – WallaceSpace – which provided each team with its own individually designed room for breakout discussions, as well as a wide range of casual areas for networking. We wanted people to feel like the venue was home for the 2 days of the conference.

The results exceeded our most optimistic expectations, tapping into the combined knowledge, creativity and enthusiasm of 100 leading minds. We were rewarded with a richness of discussion which we have tried to capture in this report.

I would like to thank our team of analysts for their efforts in recording the proceedings at MEX: Simon Judge (www.simonjudge.com), who created the MEX Maps, and Tom Hume of Future Platforms (www.futureplatforms.com) and Chris Bignell of XL Comms (www.xl-comms.com), who reported the sessions.

My thanks also to the facilitators who led our breakout groups and contributed their insights to this report:

- Mike Grenville, Director, 160charaters.org
- Gus Desbarats, Chairman, Alloy
- Jo Rabin, Consultant & co-founder, MoMo
- Ken Blakeslee, Chairman, WebMobility Ventures
- Mike Beeston, Managing Director, Fjord
- Sofia Svanteson, CEO, Ocean Observations
- Scott Weiss, CEO, Usable Products Company
- Ian Volans, Volans Consulting

Most of all, I'd like thank our sell-out attendance of 100 delegates, who participated with such passion and energy at MEX.

Our next MEX conference will be held in London on 6th – 7th May 2008 and we very much hope you'll join us. To take part, please contact us with your ideas.

Marek Pawlowski, Editorial Director
marekpawlowski@pmn.co.uk

Mark Hamilos, Operations Director
markhamilos@pmn.co.uk

About PMN

Established in 1995, PMN provide research, consultancy and conferences for the mobile telecoms industry.

Our focus is the customer experience.

At the heart of everything we do is a belief that the mobile market must constantly evolve to better understand user segmentation and cost-effectively deliver products which meet those requirements.

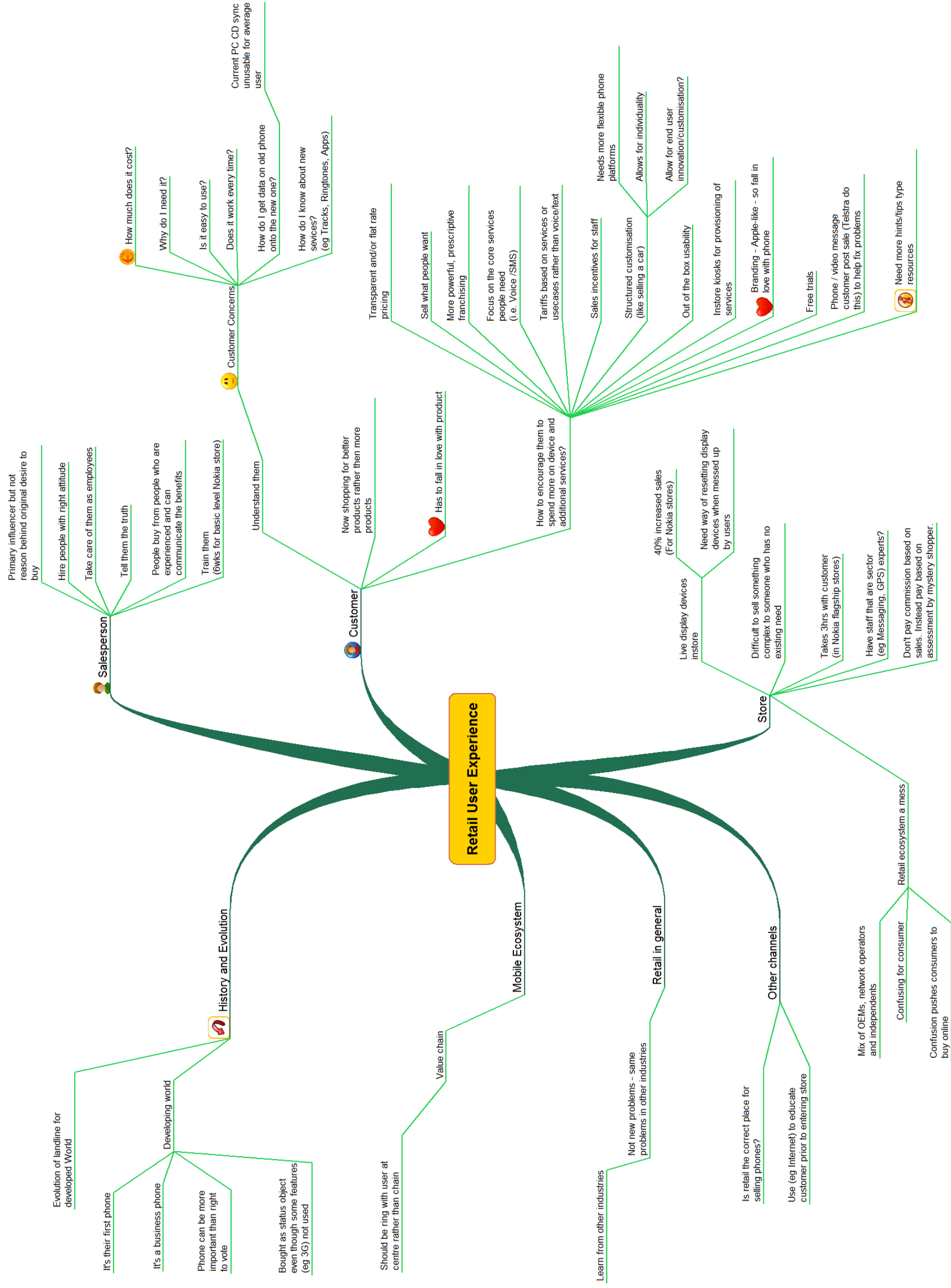
Regardless of whether you are a chipset manufacturer several layers removed from the end consumer or a network operator with direct subscriber relationships, understanding and responding to customer trends is a critical strategic issue.

We help senior executives and technology pioneers to learn, debate and network through our PMN Mobile User Experience (MEX) community. This includes events, such as the MEX conference, our mobileuserexperience.com discussion forum and bespoke advisory services.

How can we help?

If your business wants to gain a better understanding of mobile customers and translate that knowledge into competitive advantage, we're here to help. Please contact Marek Pawlowski (marekpawlowski@pmn.co.uk or +44 (0)7767 622957) to learn more about how our consultancy expertise can deliver results for your company.

MEX Map: Understanding the extent of the user experience, from retail environment to customer service



Understanding the extent of the user experience, from retail environment to customer service

Keynote speaker

Cliff Crosbie, Global Director of Retail Marketing, Nokia

Manifesto statement

Understanding users and delivering exceptional customer service is just as important a part of the mobile experience as the latest technology and the size of the marketing budget. It can be the key differentiator for a business. We think too much time and money is invested in getting products to market quickly rather than getting products to market effectively.

Speaker's response

Crosbie brought experience from his retail background, working for Habitat, Nike and Ikea prior to his current role at Nokia. He pointed out the irony that all the advanced R&D of the mobile industry is typically delivered through 'hungover teenagers' working the Saturday morning shift.

Sales staff in stores are usually low paid, young and have other things to think about. Big mobile brands put their business into the hands of these people and Crosbie questioned whether we value them enough. If you treat your staff well, they perform well.

He went on to put a more positive spin on things: that exceptional service occurs when you hire people with the right attitude, who enjoy interaction in a retail environment. The way you treat your service staff is congruent with the way you expect them to treat your customers.

Crosbie described an evolving retail landscape, where people are no longer shopping for more - because they already have enough - now they are shopping for better. He quoted:

"The customer is no longer king - but a capricious dictator."

- William Davies, Prospect, 2006

Customers are well educated, selective, and will see through anything which isn't genuine.

In this kind of retail environment, mobile isn't just competing with other telecom brands but with all consumer brands.

Understanding the extent of the user experience, from retail environment to customer service

When customers have multiple things to buy, priority becomes key. Phones have become status objects all over the world, but what about additional services?

Customer are asking themselves, consciously or otherwise: "Do I need the web on my mobile?" and "Is the price right?" The consumer may find it easier to understand a camera or music player integrated into their phone because these things have always been portable, but it is harder to understand the web in a mobile context.

To convince the customer, the industry must help them fall in love with mobile technology. The industry must understand what people will use and what is useful. It must also be fast and work every time.

As complexity increases, so to does the need to educate consumers at the point of sale. Nokia employees sometimes find themselves spending 3 hours with a consumer to get the device to work properly.

Key repeat questions from consumers are:

- Help me set-up my new device so it is working.
- Tell me how everything works - how do I connect to a PC, configure my email or print a picture.
- Let me know when new things becomes available.

There are also a whole new set of considerations in developing countries, where customers are getting a mobile device for the first time.

Mobile is nothing new for us in the developed world: we had fixed-line telephony before. But in other countries (particularly the third world), telephony is a completely new thing: they're connecting for the first time. Maybe having a phone is more important than the right to vote in some countries. It could be one of the most liberating items in history.

Crosbie concluded with several recommendations for enhancing the mobile experience at the point of sale:

- Educate and retain staff: Nokia have implemented a six week long training programme to get flagship store staff to a basic level. Service training takes time and is expensive.

Understanding the extent of the user experience, from retail environment to customer service

Nokia's investment is such that it needs to keep these staff for at least two years to get a return.

- Educate consumers: the days of selling a phone in 5 minutes are over. Find the time to do this properly; consumers need time invested in them and need to find the time themselves.
- Display live devices and services in-store: sales go up 40 percent when live devices are in the store.
- Keep the retail experience consistent.

His presentation left the conference with the feeling of: "physician, heal thyself." If the mobile industry wants to sell complex products to consumers, it must make sure its sales staff understand the benefits and can sell them enthusiastically and accurately.

Breakout task

- What 3 things would you change about the way mobile handsets are sold to encourage users to spend more on the device and additional services? Imagine you're starting with a clean sheet and can sell hardware, software and network subscriptions in any way you want.

Summary of breakout response

Trust was identified as a key issue. Consumers don't necessarily trust operators to be the arbiters of good content and they are confused by devices which may appear the same, but have different software implementations or features across different operators. The example of certain operators disabling the VoIP function of some Nokia devices was cited.

Consumers are also confused by costs and tariffs.

Car dealerships were examined as one model of how mass customisation can be employed to produce individual experiences.

Mobile retailers could also improve a lot of the basic things, like customer service and support, and this may be more effective than focusing on selling additional, niche services.

Understanding the extent of the user experience, from retail environment to customer service

At the same time, more sophisticated segmentation models could uncover patterns of behaviour we're not aware of, rather than basing everything on simplistic measures like how many voice minutes the customer uses.

In the retail environment, a more user-driven approach was suggested, perhaps with commissions based on lifetime usage by customers rather than handset sales. Orange may have tried this in their flagship stores already. Free trials (again, like Orange's 'Try' initiative) would let consumers dip their toes in the water.

Flat rate data plans were popular, though whether that's the only answer to simplifying tariffs in the minds of customers wasn't clear.

There was, however, consensus that in order for consumers to spend more on devices the following would need to happen:

- A reduction in device complexity.
- More powerful franchising (the LG Prada Phone was cited an example of a product with very strict merchandising guidelines that's selling well).
- Vast simplification of data tariffs.
- Visualisation of the services available.
- User-orientated sales people - perhaps moving from a typical retail approach to more of a car dealership approach.
- Customisation of the handset and the package on sale to the end user.

Surprisingly, most of the breakout groups focused on contract sales and not pre-pay. It tended to be geared towards Western rather than emerging markets. A lot of the conversation was about subsidy and contract lengths, but in emerging markets contract sales are the exception rather than the rule. Even in many developed countries, a significant number of users swap their handset and service provider frequently by choosing pre-pay.

Understanding the extent of the user experience, from retail environment to customer service

The breakout teams said...

3 – Red

- The key is, of course, to focus on the customer need with a user-orientated, consultative sales approach. If you offer services people want they will beat a path to your door.
- However, the customers are often overwhelmed and the industry needs a period of stability to allow people to catch up. Devices are too complex - it takes an estimated three hours for a customer to be able to leave the store able to use the features they want and working.
- For those with video phones, operators could make a follow-up video-call shortly after purchase to check-in with the customer and offer to demo a selection of phone features.

5 – Blue

- Offerings are targeted in a very crude way based only on voice / text usage.
- More sophistication and personalisation is required. Having the user see the data service and perceive its value would give them an incentive to adopt.
- Encouraging users to discover and explore on their own would be great, but this can only be achieved if they understand that tariffs are set to allow them to do this without fear of 'bill shock'.

6 – Green

- Sales staff should be equipped to sell on a consultative basis, driven by user requirements rather than commission. Each member of staff should be aware of particular customer segments and understand the basic requirements of these sectors so they can sell them a combination of device and service which matches their context.
- Costs should be explained more clearly and in terms that are relevant to users. Rather than talking about data plans and minutes of usage, affordability should be demonstrated according to individual use cases.
- Improved after sales support, promoting understanding and discovery of additional services. This could be provided as an independent offering across operators and handset manufacturers, with a central source for unbiased reviews, tips and tricks.

Understanding the extent of the user experience, from retail environment to customer service

9 – Brown

- Greater segmentation, including segments which encompass geographical, cultural and demographic considerations.
- Out-of-the-box usability.
- De-fragmenting the eco-system so third party services work irrespective of handset, operator or OS.

Additional research notes

A vision for the retail environment

First published: 8/18/2006 01:00

I'm sitting in a comfortable armchair. In my left-hand is a cup of coffee, while my right is navigating the screen in front of me. The computer is asking me about my favourite colours. In the corner of the display I can see the home-screen of my handset customising in real-time as the system suggests a palette to meet my tastes.

I am in the retail outlet of a forward-thinking network operator.

I've already determined my preferred hardware after a short conversation with a helpful member of staff: they were able to demonstrate the camera capabilities and music playback to convince me this was the right handset for my needs. This operator has taken the bold step of actually allowing customers to play with real handsets rather than plastic mock-ups before paying several hundred pounds for their device.

There's no need to explain my usage habits to determine the best tariff - the operator's back-office systems have already analysed my usage patterns and suggested the most cost-effective plan. The same systems will automatically adjust my tariff in the future to ensure I am receiving the best pricing.

By the time the sales representative sits me down in front of the Product Customiser, all that remains is for them to fetch me a cup of coffee and check back every so often to make sure I'm doing okay.

The systems takes me through a series of questions.

Who do I use for my email? Would I like to see a summary of my messages at the top of my home-screen? No problem...just have to enter my username and password for the service and everything is configured for me. What about TV? Would it be helpful to be reminded when there is footage of my favourite sports team available via the operator's mobile TV service? Yes, I guess that would be interesting, how about we put that underneath the email list.

What's my Flickr username? Would I like my camera phone pictures automatically re-sized and uploaded to Flickr when I take them?

Additional research notes

Would I like the presence status of my most frequent contacts displayed on my home-screen? Yes, but not all of them - just the top 5 - and they can go down the left-hand side, next to the email and television listings.

At the bottom of the Product Customiser screen, I can see a running tally of how much these services will cost as part of my monthly subscription. At the end of the process, the system will ask me if I'd like to reduce my bill by 10 percent by opting-in to receive a weekly advertisement from a relevant sponsor.

Do I like playing games? There is a top 10 selection available, based on the buying habits of previous customers with preferences similar to mine - if I buy two, I get the third free. Sure, why not? They're only GBP 5 each - I'm already spending a few hundred pounds on a handset - a little extra to keep me entertained won't hurt.

By now the home-screen of my handset is looking quite complete. My most frequent contacts are in the left-hand column, my email messages are displayed at the top of the right-hand column and beneath those is a link to previous video downloads for my sports team and list of upcoming games. The colour scheme reflects my personal preference rather than the corporate branding of the operator. The games I bought are listed at the bottom of the screen under the heading 'Recently purchased...'

I hit the 'Customise' button and at the back of the shop my device is automatically configured over the air. My sales representative returns with my handset, fully charged, and takes a few minutes to step through the services with me and ensure I understand how everything works.

When I return home there is an email in my inbox with a link to the web-page that will allow me to update the customisation of my home-screen at any time. When I make changes on the handset itself, they will be automatically synchronised with the operator's server. It also tells me the name of the sales representative who sold me the device - they will be my point of contact for service and support - and will receive a bonus based on the revenue I generate.

Web link for further discussion of this topic

<http://www.mobileuserexperience.com/?p=274>

Additional research notes

Why value is slipping away from the operators

First published: 10/23/2006 18:06

I recently switched to a new handset, swapping my [<http://www.sonyericsson.com/w900/>] Sony Ericsson W900i for a [<http://www.nokia.com/nseries/index.html>] Nokia N80. It was an instructive exercise which prompted me to think about several issues in the mobile telecoms industry: in particular, I was struck by how little added value my network operator ([\[http://www.vodafone.co.uk\]](http://www.vodafone.co.uk) Vodafone) brought to the process. Almost all of the value in my user experience was associated with third party brands and the handset manufacturer.

My first priority with the new device was to configure it for email access. Vodafone UK's web-site was able to send me a text message to configure the internet settings and it did this job very well. The interface was easy to navigate and the settings arrived in a few seconds. However, this marked the end of Vodafone's involvement in the process.

I use [<http://www.gmail.com>] Google Mail to manage my personal and work emails because its search technology allows me to access a vast archive of past emails wherever I am, on virtually any device with an internet connection.

To set it up on my N80, I simply opened the browser, bookmarked the Google Mail page and entered my username and password. The browser remembers me each time I access the page, so I will only need my logon details once. I also assigned a short-cut to the Nokia 'multimedia' key, so I can open my Google Mail account from anywhere within the phone's menu system with two clicks.

Email access is a key feature for me and I was delighted to have it set-up so easily. All of my association of value for this was directed towards Google and, to a lesser extent, the Nokia software which allowed me to configure the short-cut. The result is a considerable improvement on my W900i, where I had to open the applications menu, navigate to open the Opera Mini browser and then scroll down to click my Google Mail bookmark.

At no point did I consider my network operator had added anything to the process.

It was at this stage I remembered the N80 supports Wi-Fi and since I was in the office, I simply searched for the company hotspot and switched to using that for my connection instead of Vodafone's slower and more expensive cellular data network. The operator was now entirely out-of-the-loop.

Additional research notes

My next task was to load the contacts from my previous handset. I use [<http://www.mobical.net>] Mobical's free SyncML-based PIM service, so all of my contacts were already synchronised to a remote server. To sync them to my new N80, I simply visited Mobical's web-site, requested the SyncML settings to be delivered as a text message to the handset and hit the 'Synchronise' button. Within a few minutes, my new address book was populated with all of my existing contacts.

Again, the value was attached entirely to the third party brand - Mobical - not the operator. All of the data arrived over my Wi-Fi broadband connection.

With my contacts and email set-up, I could turn my attention to some of the additional features I use. I visited the [<http://www.shozu.com>] Shozu web-site to request a download link for their media replication client. This application automatically syncs any photos I take to my [<http://www.flickr.com>] Flickr account. Shozu's sign-up processes is well integrated with Flickr, so I never need to enter any access details - I just know that whenever I take a photo it will appear on my Flickr page. I also set-up Shozu so it would only ever do this when I was within range of my Wi-Fi hotspot to avoid sending the large (approx. 1 Mb) photos at Vodafone's exorbitant data rates.

Added value? Yes, and all of it assigned in roughly equal parts Shozu and Flickr.

I repeated similar procedures to load [<http://www.mobizines.com>] Mobizines, an off-line magazine reader I like, and bookmarks for BBC news, my Google personalised homepage and even two web sites I use for accessing the company intranet and the content management system for our web-site.

By the end of the process, I was marvelling at how much the integration of web services with the mobile experience has improved in recent months. I now closely associate brands such as Google, the BBC, Shozu, Mobical and Mobizines with my mobile experience.

The only consideration I'd given to Vodafone, my network operator, was negative - because of its data tariff, I'd used Nokia's inclusion of Wi-Fi technology to minimise my reliance on the Vodafone network. Obviously I will still need the cellular connection when I'm away from the office, but the Wi-Fi link has enabled a new group of high volume data services which I wouldn't otherwise have considered. If I were to add a Voice-over-IP (VoIP) application to the handset, I would also cut my Vodafone voice usage by some considerable proportion by switching to the broadband hotspot for the hours of the day when I'm at my desk.

I need to qualify these opinions by acknowledging my situation is somewhat unusual. I had received the handset directly from Nokia, whereas most users would have purchased it through

Additional research notes

their network operator. The subsidy and tariff choice would have played a significant role in their user experience and value perception before they reached the set-up process.

However, my usage requirements are quite common: numerous people use services such as Google Mail and Flickr. Typically their loyalty to these services will be stronger than the link they feel to their network operator. Third party brands are taking pioneering positions in the mobile industry and starting to create a pull effect all of their own. They are finding ways to side-step the operator's control of distribution and applying web technologies to create mobile applications which draw their power by leveraging existing user relationships.

The combination of this trend with more powerful devices from handset manufacturers is empowering users to take more control of their mobile experience. Users who take this approach are making a clear statement: they want the mobile environment to reflect their lifestyles and existing application relationships, not the operator's corporate strategy objectives.

Operators which still harbour ambitions of creating their own media franchises would do well to heed this message.

The value in the mobile experience is being rapidly redistributed and operators will see accelerating commoditisation of their networks. Some change in the value perception is inevitable as it becomes easier for big media brands to make their presence felt in the mobile industry. However, there are steps operators can take to improve their strategic position while at the same time delighting users.

The most important change is to focus on becoming 'enablers' rather than 'creators' of the mobile experience. Operators must step back from trying to define experiences on behalf of their subscribers and start empowering them to make those choices for themselves. This means supplying easy-to-use tools for aggregating existing services into a mobile application framework and providing users with individual control over the appearance of their handset.

For instance, if Vodafone was structuring its partnerships correctly with companies like Google and Shozu, I should have been able to logon to a personalised Vodafone homepage and add services from those companies to my account. In fact, Google's own personalised homepage application provides an excellent example of how a company can derive value from acting as an aggregator of third party information and services.

It is a simple vision: every mobile subscriber should have a centralised account management interface provided by their network operator which allows them to add new applications, customise the appearance of their handset, back-up their data and access basic carrier services

Additional research notes

such as online billing and customer care. This would keep the operator in the loop and benefit the user by providing a consistent interface for defining their mobile experience.

Through their control of retail distribution, handset subsidies and the billing relationship, operators are in an excellent position to build additional value in the mobile industry. A misunderstanding of their strategic position in the value chain and a culture of paranoia over the emergence of third party brands is damaging the user experience for their subscribers and, in the long term, their own prospects.

Web link for further discussion of this topic

<http://www.mobileuserexperience.com/?p=312>

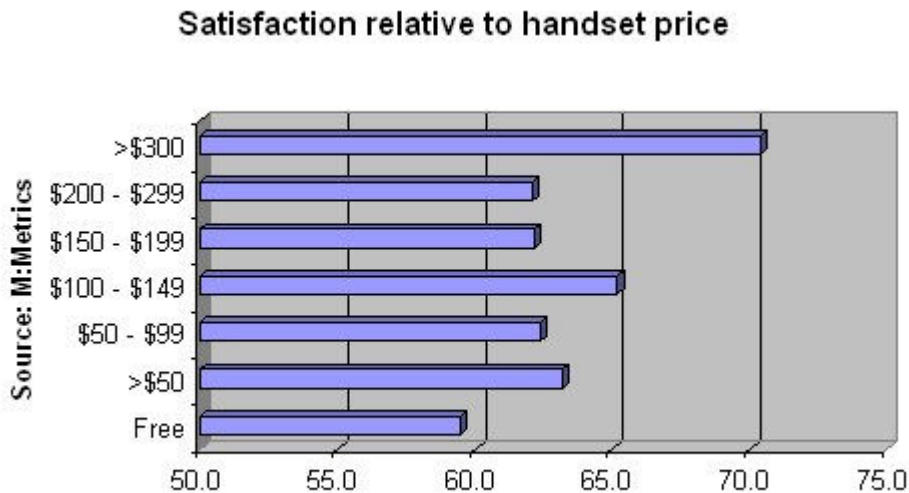
Additional research notes

Handset subsidies may be counter-productive

First published: 9/1/2006 07:54

I was intrigued by the data [<http://www.mmetrics.com>] M:Metrics provided for our recent [<http://www.mobileuserexperience.com/?p=287>] Stat Spot: according to a survey of some 33,000 US mobile phone users, those who received their handset free of charge were the least satisfied with their 'purchase'. Is this merely a reflection of a society made ungrateful by the excesses of consumerism or does it hint at a fundamental flaw in the subsidy system which has driven handset upgrade cycles for so many years.

The graph below illustrates the percentage of users selecting the 3 highest satisfaction ratings on a 10 point scale across different price levels.



The trend is clear: the more users pay for their handsets, the greater their level of satisfaction. There may be several reasons behind this: the more expensive their handset, the more features it is likely to have and therefore will be perceived as being a better product. Also, customers who pay a higher price have 'pre-qualified' themselves to like the handset because market dynamics dictates they wouldn't have paid that price unless they were particularly keen to get that model.

Additional research notes

However, as readers of this newsletters will know, the number of features on a handset is no guarantee it will be appreciated by customers. In fact, handsets with a single purpose - such as RIM's email devices - emerged as the most popular in our previous M:Metrics [<http://www.mobileuserexperience.com/?p=276>] Stat Spot on handset brands. Ease of use and fulfilling a user's main objective as efficiently as possible is a better guarantee of satisfaction than feature loading.

Willingness to pay may be a better indicator. Customers vote with their cash and the fact they have parted with a larger amount of money suggests they already appreciate a particular model. It is also likely these users will have researched their purchase in more detail and arrived at the store with a specific handset in mind; in contrast, most free handsets are chosen from a 'menu' of options provided by the operator.

I believe the psychology behind these purchasing decisions also has an impact on long-term revenue generation. Those receiving their handset free are unlikely to demonstrate an interest in discovering new features whereas someone who has paid a higher price will be more inclined explore the range of services beyond voice and text. The result is the operator may be paying more subsidy to give handsets away free of charge with less chance the features will be used.

Operators are not blind to this possibility. T-Mobile was one of the first to announce plans to review its handset subsidy policies and that strategy looks set to step-up a gear in the UK market later this year. According to [<http://www.mobiletoday.co.uk/content/3384.asp?men=&sub=1>] this Mobile Today interview with Jim Hyde, UK managing director for the German carrier, he plans to look closely at how they can deliver value through better tariffs and customer service rather than steep, upfront discounts.

Hyde told Mobile Today: "Everyone's been doing it one way for a long time. They've been giving away free phones and fighting it out for another scrap of market share and we'd like to see if we can change that model here in the UK." He comes from T-Mobile's US operations, which have enjoyed consistently strong growth over the last couple of years.

He continues: "I personally believe that if we can put a programme in place that allows the customer to save money on their mobile bill over 18 months, that's more valuable than an extra £50 discount on a handset; but that's just me. The customer may have a completely different vote. I guess we'll find out and have to adjust accordingly. Whether it's a tariff adjustment or a handset price adjustment, I'm not quite sure."

You can read the full interview [<http://www.mobiletoday.co.uk/content/3384.asp?men=&sub=1>] here.

Additional research notes

To-date most operators have focused their reviews of handset subsidies around the issues of subscriber acquisition cost (SAC) and churn. Given that is when the subsidy cost is recorded in the business process, it is the logical place to start. However, I think there is a strong argument for examining how the initial purchase price and subsequent satisfaction level impacts revenue from future services and willingness to try new features.

It may be the money spent on handset subsidy is better invested in enhancing the operator's retail presence to include demonstrations of new services, staff training and a more attractive store environment. It could also be re-directed into providing free trials of new data services, allowing users to experiment more freely when new features launch on the network.

With thanks to [<http://www.mmetrics.com>] M:Metrics for their data.

Web link for further discussion of this topic

<http://www.mobileuserexperience.com/?p=288>

Smart buys

First published: 1/6/2006 13:26

The 'out-of-box' experience is often seen as the starting point for the mobile customer relationship, but in reality the journey begins long before with the purchasing process. For many customers the retail environment and economic factors, such as the discounts or rewards available to them, represent one of the most significant parts of the overall user experience.

This is true at all levels of the market. Low-usage customers with little technical knowledge are reliant on the retail environment to provide them with information and guidance on the most appropriate handset and tariff for their requirements. At the other end of the market, pricing and special offers can have a significant effect as 'power' users shop around for the best upgrade pricing on the latest handsets.

Operators in the UK have been slowly improving their retail offering, providing services such as complimentary in-shop handset charging in a bid to enhance customer relations. They have also introduced specific in-store experts for business customers and ensure the staff are supplied with the latest handsets to familiarise themselves with new technology.

Additional research notes

There are signs the online sales process is improving too, particularly in the US. This [http://www.compete.com/EmailDownload/Wireless_Vantage.htm#1] research from Compete, Inc. found online sales grew by 90 percent in the first part of the 2005 holiday season. This improvement was recorded despite a year-on-year decrease in web traffic - fewer customers were looking, but more were buying: i.e. the conversion rate was much higher than before.

Compete cited "notable improvements made to many wireless shopping sites' purchase experiences," and "competitive, targeted promotions to acquire new customers and to grow existing customer relationships," as the key reasons behind the rise in sales.

However, there are still major shortcomings. You may remember my [<http://www.mobileuserexperience.com/?p=67>] experience of trying to purchase a Vodafone 3G Mobile Connect card last year...two hours of phone calls, five different departments and eventually it was only the intervention of the company's corporate relations team which managed to solve the problem.

At the time Vodafone's spokesperson acknowledged they were in the process of implementing an internal project to improve customer care. Five months on, however, it seems that curious anomalies remain.

I went into a Vodafone retail store a couple of months ago to upgrade my handset. After supplying them with my mobile number they were able to pull-up my account details and provide me with pricing for the new handset. Given the amount I spend with Vodafone each month, it seemed a little high and I asked the assistant if there was anything she could do to reduce it. "No," she said, "But if you telephone the upgrade call centre, they will probably give it to you for free when they look at your bills. We have a minimum price we have to charge for handsets at retail."

As it happens, I decided not go ahead with an upgrade at that time. However, just before Christmas, I wanted to change to the Sony Ericsson W900i. Remembering the advice of the Vodafone retail assistant I was all set to call them for the best upgrade price, but since I was passing a store I decided to stop in and take a final look at the device before I made the decision to buy.

This time the salesman told me I could have the handset for free, there and then. As he went off to the stockroom, I looked at the computer screen which was authorising him to offer the free upgrade. Interestingly, it also listed a number of other special offers he could provide to keep me as a Vodafone customer - ranging from a GBP 100 credit on my bill to reductions on tariffs and line rentals.

Additional research notes

Armed with this information and the knowledge that the telesales department could often offer a better deal, I was curious to see just how far the operator would go to keep me as a customer. So I left the store and phoned the call centre.

This time it was a very different story. The telesales people wanted to charge me a couple of hundred pounds to upgrade. I told them I had just been to one of their retail outlets and been offered the device for free. "Oh," the lady said. "Well that's a different part of the company. We have a minimum price we have to charge for handsets. But if you go into a shop, they'll probably give it to you for free and give you a better deal on tariffs."

And, of course, that's exactly what I did. I got the handset I wanted - free - and a much more competitive deal on my monthly bills.

This is hardly what I'd call a seamless purchasing experience. It is an example of how organisational silos are delivering an inconsistent message to customers, forcing users to actively navigate their way through a complex network of departments, corporate policy and special offers to get the best deal. The overall result is the same: Vodafone kept me as a customer because they were able to offer a sufficiently competitive upgrade package, but the journey I had to make to get to that point was a waste of my time and left me frustrated.

A good user experience starts with a good purchasing experience. If your company has invested in supporting multiple customer touchpoints - whether those are retail stores, call centres or a web-site - it is essential that the user is able to receive the same level of service from each one. From the customer's perspective, they are all part of one entity - the customer doesn't care which department is responsible for the web-site or which department looks after the retail presence, they just want to get something done, quickly, painlessly and in a way which makes them feel rewarded for doing business with you.

Stat Spots

iPhone publicity

\$400m in free publicity generated by news coverage of Apple's iPhone. This figure was calculated Harvard Business School professor David Yoffie, who described the interest in the product as 'unprecedented'. Source: USA Today.

LG Prada Phone sales figures

LG Prada Phone was the top contract seller at Phones 4U and third best at Carphone Warehouse in its first week of launch. N73 sold 50,000 units in its first month with Carphone. Dealers must apply for permission to sell the LG Prada Phone and submit internal and external store photos. It must always be shown as the Prada phone by LG and never with the Prada brand alone. The dummy handsets must always be displayed against a black, white or grey background, with the price alongside. The price should be no more than 10% of the size of the handset itself. Source: Mobile Today.

Motorola Z8 launch budget

Motorola is spending £5m in the UK to launch the Z8 slider with a big TV slot in an attempt to establish a new blockbuster product. Source: Mobile Today.

Customer service

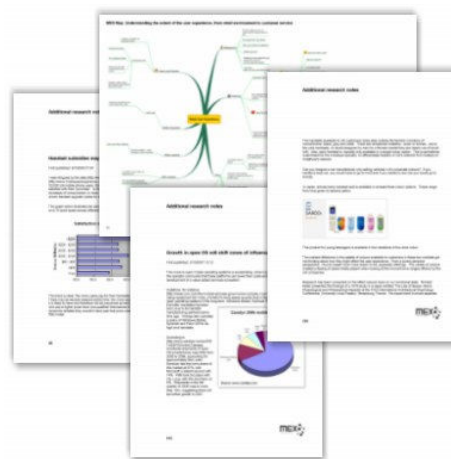
32% of customer satisfaction comes from call performance and reliability issues, 17% from brand images, 14% from cost, 14% from service plan choice, 12% from billing and 11% from customer service. Survey of 25,545 US wireless users across all regions. T-Mobile came top in all areas. Source: JD Power.

Buy the full MEX 2007 Report & Presentations package

The industry's definitive report on Mobile User Experience - buy on-line for just GBP 795.

This PDF is just a sample version of the full report.

The MEX 2007 Report is our most comprehensive ever, combining in-depth reporting of the 2007 conference sessions, our unique MEX Mind Maps, research notes and speaker presentations. The 212 page document provides a complete overview of the industry's thinking on mobile user experience issues across the 10 key theme areas of the MEX manifesto.



The report harnesses the combined knowledge of the 100 leading mobile executives who attended the MEX conference in May 2007. Delegates participated in a series of keynote presentations, panel discussions and breakout groups to define a response to the MEX manifesto. From this rich pool of creativity and PMN's own exclusive research notes, our authors have produced a detailed analysis of the industry's approach to mobile user experience.

Each of the 10 topics includes:

- **MEX Maps:** graphical brainstorm of the conference's response to the manifesto.
- **Speaker's response:** written summary of the keynote presentation.
- **Presentation slides:** copy of the keynote slides.
- **Discussion summary:** written summary of the panel discussions and responses from the breakout groups.
- **Research notes:** thought-provoking articles and detailed research from PMN's analysts.
- **Stat Spot:** selection of metrics relating to the manifesto topic.

Visit www.pmn.co.uk/mex/report.shtml to purchase on-line for GBP 795 (+ VAT @17.5% where applicable) or contact Marek Pawlowski (marekpawlowski@pmn.co.uk or +44 (0)7767 622957) for more information.