Mobile Money for the Unbanked

Driving Customer Usage of Mobile Money for the Unbanked

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Introduction

At the time of this article's publication, there are 95 mobile money platforms around the world.[1] What began as a novel offering from a handful of pioneering mobile network operators has become a mainstream service offering for operators in developing markets.

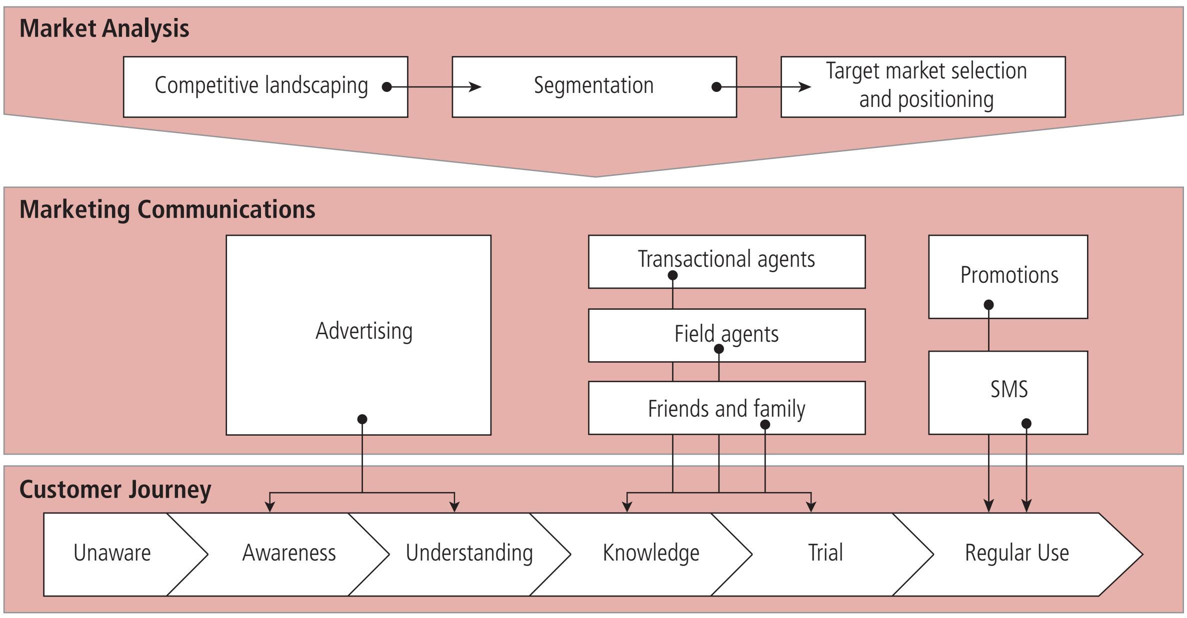
While the number of mobile money deployments has experienced explosive growth, the number of active mobile money users has not grown on the same trajectory. Indeed, there have been widely varying levels of customer activation among mobile money deployments, with some platforms enjoying widespread customer interest and others struggling to scale. Operators have encountered significant challenges in customer activation, such as:

- Customers are aware of the mobile money service, but do not understand how it could be beneficial to them
- Customers get bogged down in the registration process and never try the product
- Customers don't understand the mechanics of performing transactions and are apprehensive to try something so novel as mobile money
- Customers don't trust the operator's brand or network and are hesitant to conduct financial services on the platform

This document highlights the key challenges that operators have faced when it comes to customer activation for mobile money and identifies marketing tactics that have been effective in overcoming them.

As a starting point, we first consider the customer journey for mobile money, emphasizing that moving the consumer from awareness to regular use requires different marketing interventions at each step in the journey. We then consider mobile money in its context, looking closely at the market situation to determine how to identify the best target market for mobile money services. Finally, we conclude with a detailed look at above-the-line marketing communications that are best suited to help customers understand the benefit(s) of using mobile money and the below-the-line marketing tactics that motivate consumers to try the product and become regular users.

The following diagram provides a visual overview to the steps involved in marketing mobile money and serves as a visual guide to the contents of the article.



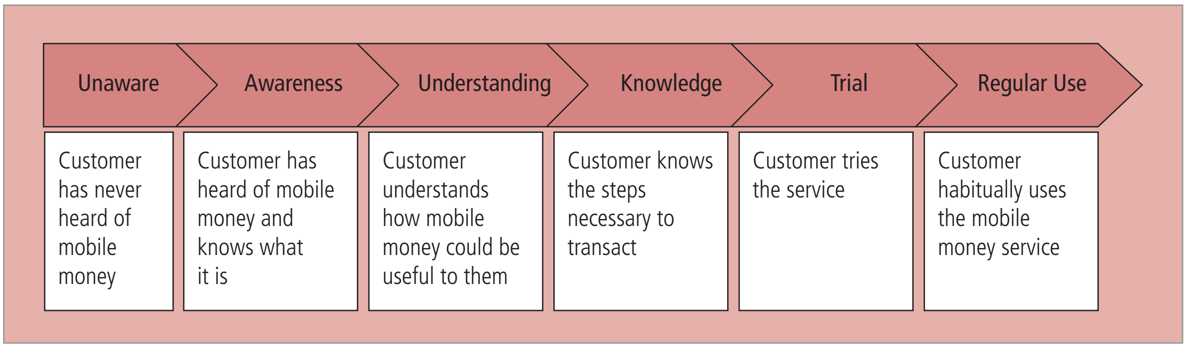
Effective marketing, the subject of this article, is necessary for a mobile money service to reach scale. But low levels of customer activation can also be attributed to problems in other parts of the mobile money programme, from the agent network to the technology platform. As such, we conclude this article with a diagnostic tool that is designed to help operators home in on the root cause(s) of low rates customer activation in their market.

[1] The GSMA Mobile Money Deployment Tracker, available at http://www.wirelessintelligence.com/mobile-money/.

The Customer Journey

The objective of any operator's marketing programme is to persuade consumers to register and become regular users of its mobile money service. Given the current products and services consumers are using instead of mobile money, the adoption of mobile financial services represents a significant behaviour change. **To drive customer usage, operators must guide customers on a journey from their first encounter with mobile money to habitual use of the mobile money platform.**

In many cases, the customer journey for mobile money resembles the following diagram.



- *Awareness & Understanding*: In the beginning of the customer's journey, he or she becomes aware of a mobile money service. But it's not enough that consumers know the name of the mobile money service or even that they know what mobile money is. Rather, **awareness campaigns must build understanding to help users see how this new service is both relevant and beneficial to them**. This lays the groundwork for behaviour change.
- *Knowledge*: Once the customer understands what mobile money is, what it does and how it could be useful, the customer learns how to transact. **This typically requires a process of education carried out by an agent of the operator (either a cash-in/cash-out agent or a field agent) or by a friend or family member of the user.**
- *Trial & Regular Use*: Once a customer is aware of the mobile money service, knows what it does, is convinced that it can be useful for them, and furthermore understands the processes for performing transactions, they are ready for their first trial. After a number of positive transaction experiences, users can become regular users.[2]

The position of registration varies from platform to platform and therefore has not been called out as a unique step in the journey. Mobile money services that can be accessed over-the-counter, for example, allow customers to become regular users before they register. Other services insist on registration before transaction, but use different mechanisms to do so: sometimes, customers can be signed up without even knowing what mobile money is or what it does (by registering customers for mobile money at the same time that they register a SIM, for example)! It is essential for the marketer to consider registration, however, and how it fits into the customer journey, particularly if it may create special barriers to adoption.

While operators have a range of marketing tools at their disposal to move customers along this journey, different marketing mechanisms are effective in moving customers along different parts of the journey. In the "Marketing Communications" section of this article (p. 14), we discuss each of these phases in more detail and note which marketing tools have been found to be most effective at which stage.

[2] The definition of regular use will vary depending on the service offering and usage patterns. For people who pay a bill once a quarter, regular use would be performing a transaction once every 90 days. For those using the mobile money platform to send money to family every time they receive a pay packet, more frequent transactions would be expected.

Marketing Airtime vs. Marketing Mobile Money

This discussion of the mobile money customer journey illustrates a lesson that many operators have learned over the past three years: **marketing mobile money is very different from marketing airtime**.

In most developing markets, awareness of mobile brands is already extremely high, and almost everyone already understands what mobile connectivity is. As such, it has for many years been unnecessary for operators to articulate this in their marketing efforts. Similarly, nearly everyone understands how to use a phone and how to load airtime – and if they don't, they can always ask a friend or family member. Here again, operators don't need to educate their customers on how to use their service. Perhaps most importantly, customers trust mobile operators' core offering because they or those around them have been loading airtime, and trusting operators to keep good track of it until they use it.

The Role of Trust in the Mobile Money Customer's Journey

A necessary precondition for trying mobile money is trust in the mobile money service, which must be high, since for most users, their first interaction with a mobile money service will be to hand over cash. An association with a known mobile operator brand, extensive above-the-line advertising, trustworthy agents, and positive word of mouth all build trust. But the most effective way to gain a customer's trust is to ensure that their experience with the service is a good one. If it's not, it's unlikely that the customer will ever become a regular user.

Market Analysis

Competitive Landscaping

An understanding of the competitive landscape is the first step in developing a marketing strategy for mobile money. Specifically, it is crucial to identify the services that potential customers use as alternatives to mobile money and their advantages and disadvantages so that mobile money can be positioned compellingly.

Competitive Analysis at True Money

In late 2009, a group of executives at True Money in Thailand gathered to discuss the possibility of offering a money transfer service to their users. They had heard about the extraordinary success of M-PESA and wanted to understand whether such a service could be successful in Thailand.

One member of the team, who had been responsible for examining the competitive landscape, rose to share his findings. He explained that the Thai post office, with around 1,200 branches, offered quick and reliable money transfer for a low flat fee to transfer up to 10,000 baht (about US$300). Banks offered a service with similar features. One of his colleagues pointed out that, based on prevailing commissions in Thailand, meeting the post office's or banks' prices would hardly generate enough revenue to adequately compensate cash-in and cash-out agents for facilitating a medium-size transfer, let alone leave any profit for True Money. And since customers found the post office and banks to be convenient, quick, and reliable, it wasn't clear that True Money could position its money transfer service as a superior option – and therefore command a higher price.

This analysis of the competitive landscape ultimately led the team to decide that it would be impossible to compete with existing alternatives on the basis of any of the dimensions that mattered to users, so they decided not to develop a money transfer offering. Instead, they chose to continue to focus their energy on expanding their bill payment service. In the bill payments market, True Money had already proven that they could compete successfully with alternatives in the market: at the time, their system was processing over USD$900 million in electronic payments and 120 million transactions per year.

Identifying Relevant Competitors

What is the real competition for services offered on mobile money platforms? There are obvious direct competitors such as mobile money platforms offered by competing mobile network operators. But there are also less obvious indirect competitors, such as, when it comes to money transfer services:

- Remittance companies
- Bus companies or drivers
- Post offices
- Airtime transfer facilities
- Friends and family carrying cash

Indirect competitors often represent the most formidable competitive threat to mobile money. Understanding these competitors is the first step to effectively competing with them.

Understanding the Competition

With a list of competitors in hand, it is possible to compare the product offerings available in a particular market. Looking specifically at money transfer services, for example, competitors can be evaluated along the following dimensions:

Product features and process	Service points[3]
■ Is registration required? If so, what are the requirements (including documentation) and how long does it take ■ Transfer time ■ Maximum and minimum transaction amounts ■ Ease of use[4] ■ Proofs of transactions	■ Number ■ Distribution (are they in business districts? slums? rural areas?) ■ Quality (what level of service do agents offer?)
Price	**Consumer perceptions**
■ Cost for end-to-end transfer[5]	■ Awareness levels ■ Reputation for safety of funds ■ Brand associations

[3] For a bank, these are branches; for a remittance company, their offices; and for an MNO, transactional (cash-in/cash-out) agents
[4] Some examples of this are lengths of queues in banks, delays in bus schedule, user interface on phone
[5] It may be difficult to compare the cost of money transfer services because they use different pricing structures: some may price on the basis of the value transferred (percentage based) while others will probably charge a flat fee. Moreover, when one or more competitor is a mobile money platform, it will usually be necessary to add a transfer fee and a cash-out fee in order to reveal the cost of an end-to-end money transfer. A useful tool for analyzing the price of competing money transfer services are charts which plot the price for difference services both as an absolute value and as a function of the value transferred. See the MMU Webinar on Pricing and Commissions for more.

This exercise can again be conducted for all mobile money services the operator plans to offer, such as bill payments, bulk payments and storage of value. It can be undertaken in house, or by a market research agency. Either way, a good competitive landscaping exercise includes not just desk research but also speaking to customers of each competitor and visiting service points.

Competitive Analysis in Tanzania

In mid-2009, two researchers undertook a competitive review of money transfer options in Tanzania.[6] Even at that time, the mobile money landscape in Tanzania was crowded: Vodacom had launched M-PESA in April 2008, hoping to replicate their success in Kenya, and Zain and Zantel also offered money transfer services to users. But the analysts noted in a report that, although M-PESA was the most widely used mobile money platform in Kenya, it was by no means the most popular option among Tanzanians for sending money. Instead, they found that a varied menu of formal and informal options were more widely used:

- Asking a relative or friend to hand-deliver cash. This option was presumably fairly low risk and low cost, but could be time-consuming, since the sender would have to wait for a relative or friend to travel to the part of the country where the recipient resided.
- Transferring money between accounts at National Microfinance Bank, which had approximately one million customers (out of 22 million Tanzanian adults) and 120 branches. This was an inconvenient option, even for people with bank accounts, because it usually involved waiting in long queues at possibly distantly located branches, but it had the advantage of being free.
- Sending money using regional buses. This could be either formal – where the payment would be dropped off and picked up at ticket offices of the bus company – or informal, where cash would be handled by an individual bus driver. The formal option was considered expensive and inconvenient for remittances to rural areas, where the bus companies had no offices; the informal version was considered risky and inconvenient, since the recipient would have to wait, sometimes for hours, to meet the bus on arrival whose driver was carrying their cash.
- Sending goods – foodstuffs, clothes, even building materials – instead of money. This was expensive (high transportation cost) and unreliable (risk of damage, delay, or theft in transit), but people felt it was at least less risky than cash.
- Purchasing an airtime voucher and sharing the top-up code with the recipient, who would in turn sell the airtime to someone who needed it in exchange for cash. This option was expensive – costing between 10% and 40% of the value transferred, because "second-hand" airtime could be sold for only 60% and 90% of its face value – and slow, because it could take a while for the recipient to find a buyer for their airtime. But it was safe.

The researchers concluded by connecting their competitive landscaping exercise with an observation about the way that M-PESA was beginning to successfully differentiate itself from its competitors. "The most common explanation people using M-PESA gave for choosing the service was convenience. M-PESA involves less time travelling and queuing compared to other methods. At the same time it is affordable, which is the second most popular reason given to why they chose the service."

[6] Gunnar Camner and Emil Sjöblom, "Sending money in Tanzania: Overview of available alternatives in 2009," available at http://www.valuablebits.com/tanzania_sending_money.pdf

Segmentation

Segmentation is the process of identifying groups of consumers likely to use a mobile money service, understanding their requirements, and defining their profiles. It is only after segmenting the base of potential customers that operators can select a target market.

Why Segmentation Matters

Financial services are more complex than mobile services because of the variety both of customers' needs and of the attributes that customers seek from products that meet those needs. **Because different customers have different needs and preferences, it is impossible to market a mobile money service that addresses everyone's equally well.** Segmentation helps the operator develop a marketing strategy that effectively drives customer activation.

Microinsurance in South Africa

In South Africa, it is customary to hold expensive funerals as a sign of respect for the dead. Paying for these events can expose households to significant financial hardship, unless they have prepared for them in advance, either by saving or through insurance.

In focus groups conducted in South Africa, it emerged that while urban dwellers used a mix of savings and insurance to prepare for funeral expenses, rural inhabitant preferred only to save.[7]

This is a good example of a case where a group of users have the same financial need – to protect against the financial shock of having to pay for a funeral out of pocket – but where major differences exist in the attributes customers seek from a product that would address that need.

A marketer who was unaware of the difference between the way that rural and urban customers preferred to prepare for funeral expenses could easily spend large sums of money promoting funeral insurance in rural areas to little effect. It is a clear example of the power of segmentation.

Segmentation is never undertaken as an end to itself; it always has a practical application. In fact, **the ability to apply the segmentation to mobile money service design and/or the development of marketing campaigns is the sign of good segmentation**. For example, an advertisement targeting urban migrant workers who send money home would obviously look different and use a different marketing mix from an advertisement targeting rural parents who send money to their children in school.

There are numerous ways to segment a market; in this section, we will discuss a typical approach to segmentation in mobile money and highlight examples of segmentation by mobile money providers around the world.

Segmentation by Safaricom for M-PESA

Safaricom and Vodafone designed M-PESA as a way for recipients of microcredit to make loan repayments in Kenya. But when it was pilot tested in 2006, they discovered something surprising: people were using the service to transfer money to each other more frequently than to their microfinance institution. A competitive analysis of the mechanisms that Kenyans were using for money transfer at the time revealed why: people would typically use informal mechanisms – usually, asking a friend, family member, or taxi driver to hand-carry cash – which tended to be unreliable, inconvenient, and often expensive.

What's more, a 2006 Finaccess survey showed that just 3% of Kenyans had a loan from a microfinance institution, while 17% reported having sent money at least once in the last twelve months.[8] This meant that selecting remitters as the target market rather than MFI borrowers would allow Safaricom to address the needs of a larger segment.

Safaricom knew it was not enough to identify the 17% segment that sent money. They wanted further information on their target market. They were able to further refine

[7] H.J. Bester and D. Chamberlain, "A regulatory review of formal and informal insurance markets in South Africa, a report prepared for the FinMark Trust by Genesis Analytics," available at http://www.finmark.org.za/new/pages/Focus-Areas/Insurance.aspx?randomID=f48c141a-d6a2-4c61-b33e-42a90c40f701&linkPath=6&lID=6_7

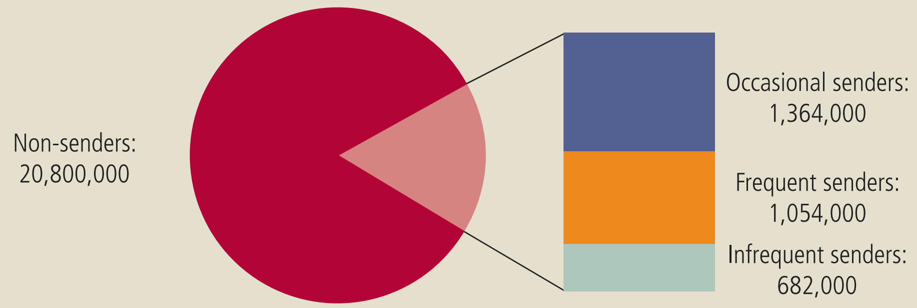
the segmentation by targeting customers who wanted to "send money home" from an urban location where they had moved for work. This in turn allowed Safaricom to create a socio-demographic profile of customers in its target market: they were likely to be male, young, and wage-earners, and they were likely to live in Nairobi or one of Kenya's other large cities. For more of how this target market selection influenced the marketing communications which Safaricom used to promote M-PESA, see "M-PESA Advertisements" (p. 17).

Identifying Segments

The most common first step in segmentation is identifying the groups of customers who most need the product being offered. For mobile money transfer, this means identifying consumers who are already transferring money on a regular basis.

Money Transfer in Tanzania

In a survey undertaken recently in Tanzania, 13% of respondents indicated that they send money to other people, which suggested a total of 3.1 million customers.[9] It is possible to segment these customers into three groups: those who send money frequently (i.e., at least once a month), infrequently (less than once a month, but at least once every three months), and occasionally (less than once every three months):



Once the operator has been able to identify the population which is sending money, customers can be grouped according to their motivations for making money transfers. While every market is different, a list of potential segments might look like this:

- Parents sending money to their children in school
- Migrant workers sending money home. In some markets, it may be useful to sub-segment this group, for example:
  - Young adults supporting parents
  - Spouses supporting their family
- Family members sending gifts / support to other family members
- Traders paying wholesale suppliers for inventory
- Small companies / factories paying wages

If a bill-payment service is being offered, the same exercise can be completed, looking instead at the different monthly bills that people pay.

Some operators undertake quantitative market research to generate lists like the one above as well as to determine the size of each segment. Operators who do not invest in such research have to base their analysis on secondary sources.

[8] "Financial Access in Kenya: Results of the 2006 National Survey," available at http://www.fsdkenya.org/finaccess/documents/FinaccessReportFINALMain.pdf

[9] David Montez and Peter Goldstein, "Mobile Money for the Unbanked: Lessons from Tanzania," available at http://www.audiencescapes.org/sites/default/files/AudienceScapes_Mobile%20Money%20for%20the%20Unbanked_Lessons%20from%20Tanzania_December%202010.pdf

Tigo Ghana's Pre-launch Market Research

In preparation for launching TigoCash, Tigo Ghana undertook market research to understand the demand for remote payments in Ghana. First, their market research agency conducted a series of eight focus groups, with customers grouped into socioeconomic or demographic segments, to explore how people were sending money already. On the basis of those focus group discussions, the team formulated a set of hypotheses which informed the development of a quantitative survey, which yielded quantitative estimates for the number of customers making remote payments, their reasons for doing so, and their socioeconomic and demographic profiles. Finally, a second round of focus groups was held in order to (1) understand why customers were behaving in the ways that had been reported in the quantitative study and (2) gauge reactions to TigoCash product concepts.

The MMU programme has a variety of tools to help operators undertake market research, including a Customer Insights Toolkit and sample focus group discussion guides and survey questionnaires. They are available upon request by e-mailing mmu@gsm.org.

Understanding Segments

With a list of segments in hand, operators undertake to understand the preferences, attitudes, and socioeconomic and demographic characteristics of customers in each segment.

Preferences

It will be hard to market a mobile money service to customers without understanding what they are likely to seek from it. Understanding segments' preferences answers the question, "What features of a mobile money transfer service are most important to the customer?"

Often, preferences are rooted in behaviours. The table below describes the way an illustrative segment, migrant workers, behave and what that suggests about their preferences when it comes to selecting a mechanism for transferring money. Operators can use market research to test these implied preferences and discover others that do not flow obviously from observed behaviour.

Observed behaviour	Implied preference
Migrant workers typically work long hours and have few breaks from work, so they do not have time to stand in queue.	This segment will seek convenience from a mobile money service. Having an agent near their work with extended hours and no long queue will likely be very important to them.
Migrant workers typically have lower wages, which have to cover their living costs as well as the living costs of their family back home.	The cost of the money transfer will probably be very important to them, as will reliability – since the impact of losing part or all of a given remittance would cause a severe financial shock for them or their intended recipient.
Migrant workers often have lower educational level.	The user interface for the mobile money service will need to be simple and the marketing messages should have more visuals than words. Also, migrant workers will need some support from agents for conducting the transactions.

Sub-segmentation can be helpful at this stage, if it is possible to identify groups within a segment that seek different product attributes. For example, an operator might discover that there are two kinds of migrant workers with significantly different preferences: one higher-income group that cares primarily about speed and convenience (and is willing to pay for it) and a lower-income group that cares primarily about price (and is willing to sacrifice speed and convenience). In this situation, two groups with the same need have different preferences, which calls for sub-segmentation.

Understanding Customer Preferences in Thailand

In early 2010, True Money was seeking to drive customer usage of its over-the-counter bill-payment service, True Money Express. It commissioned a set of focus groups to try to understand attributes customers valued from a bill-payment service. True Money knew it could market its service touting a variety of attributes – cost, speed, reliability, convenience, etc. – but it didn't know which of these messages were most likely to resonate with potential customers in one segment of particular interest: 20-year-olds in greater Bangkok.

In focus groups, customers made their preferences clear: convenience was the single most important feature of a bill-payment service, and it was on that basis that they chose which service to use. How did they define convenience? First, proximity of agents to where they lived and worked, and second, the ability to transact anytime, including outside of regular business hours.

True Money was able to exploit this insight in two ways: by focusing its distribution team on growing the agent network strategically to ensure optimal agent positioning and recruiting outlets with long hours, and by refining its marketing messages to accentuate the convenience of using True Money Express.

Attitudes

Sophisticated marketers also seek to understand attitudes of customers, either as a way to better understand customers in a given segment or even to use differing attitudes as a basis for segmentation. For example, customers can be characterised by their attitude toward using new technology. People who are very open to trying new technology, or "early adopters," are likely to be easier to persuade to try mobile money than those who are uncomfortable or distrustful of technology.

It is very hard to assess the attitudes of customers without market research. However, operators can make assumptions about customers' attitudes on the basis of their socioeconomic and/or demographic profiles. For example, young people are generally seen to be more likely to adopt new technology products than old people; educational attainment is sometimes also cited as a predictor of early adoption.

The important attitudes to consider vary depending upon the product line offered on a mobile money platform. To market a savings product, for example, it would be helpful to understand customers' attitudes toward the future.

Socioeconomic and Demographic Characteristics

Finally, after identifying the uses of money transfers and the needs of the customers, it is possible to define or sub-segment segments with the demographic and socioeconomic markers such as age, gender, income, etc.

Continuing the above example, we can construct a profile for an illustrative migrant worker segment:

- **Gender:** male
- **Age:** 25–45
- **Education:** primary schooling; most are numerate, but many are illiterate
- **Income:** monthly earnings of approximately $80
- **Residence:** shared housing in lower-income neighbourhoods of urban centres

Target Market Selection and Positioning

After segmenting the universe of potential customers, operators select the priority target market(s) where they will focus. Selecting a target market helps operators communicate effectively with consumers and position the service based on their needs and preferences.

Target Market Selection

How do operators select a target market? Two criteria are most important:

1. **Size**: There is little point in selecting a target market that is too small to support the mobile money business through its initial growth phase. There are two reasons why it is imperative to have a reasonably large initial target market in mobile money. First, mobile money services experience strong economies of scale at both the platform and the agent level, so it is essential to drive volumes as quickly as possible. Second, mobile money services focused on transfers benefit from strong network effects. As such, all else being equal, operators should select a target market that will allow it to scale up as quickly as possible.

   By size, however, we refer to volume of transactions rather than number of customers. Sometimes, operators choose to focus on smaller segments (small-scale traders, for example) because they have the potential to become heavy users. When these heavy users are accustomed to sending money to or receiving money from a large number of other parties, this can also help to exploit the strong network effects that characterize mobile money. Signing up "nodes" – users who are likely to have many transaction partners – will help drive adoption by those transactions partners as well.

The target market need not be vast to put a mobile money service on the road to mass-market success. As "M-PESA Growing Beyond Safaricom's Target Market" (p. 13) illustrates, it is quite natural for customers outside the target market to sign up for and begin using mobile money even without being explicitly targeted by the operator. Word of mouth, turbocharged by advertising and network effects, helps this process along; so do agents, who, if correctly incentivized, will become effective salespeople to customers outside the target market. So it is important to balance a desire for a large target market with the need to target customers who are likely to be receptive to the mobile money proposition.

For more about the role of network effects in mobile money, see "Understanding (and Exploiting) Network Effects in Mobile Money", available at http://mmublog.org/global/understanding-and-exploiting-network-effects-in-mobile-money/.

2. **Alignment between customers' needs and the benefits of mobile money:** As important as a segment's size is the intensity of the demand that customers in the segment are likely to experience for mobile money. That's because the higher the intensity of their demand, the more likely they are to try the service.

   Generally speaking, intensity of demand for the operator's mobile money product is a function of how dissatisfied they are with their current money transfer mechanism. **Customers who are very frustrated with their current approach to money transfer are significantly more likely to try mobile money.**

   To put this more strongly, operators can look for the segment in which customers are suffering from the most acute "pain points" that mobile money might solve. All else being equal, this is likely to be the most attractive segment to target.

Three additional considerations are especially relevant when choosing a target market in the context of mobile money.

- **Consider the penetration within a potential target market of operator connections.** For wallet-based services offered by operators, owning a SIM card issued by that operator is a pre-requisite for signing up for mobile money. Operators that select a target market in which their core business has low penetration will have a more difficult marketing challenge, because there will be one more hoop – SIM purchase – for potential users to jump through before they can sign up.

Selecting a Target Market for Celcom Aircash

Axiata Group, having identified that a number of its operating companies were in place at either end of significant international remittance corridors, was one of the first operator groups to map out a strategy for using mobile money as a way to capture part of these flows. In line with this strategy, Celcom Axiata Berhad, the first telecommunications service provider in Malaysia and an Axiata subsidiary, developed a service that would allow Indonesian migrants living in Malaysia to send money home – working with XL, Axiata's subsidiary in Indonesia, to work out the cash-out logistics.

When Celcom launched its international remittance product, customer adoption was not as robust as expected. Market research revealed that, despite Celcom's strong market share in the mobile market, migrant workers were more likely to use one of its competitors, DiGi. And without a Celcom SIM, customers couldn't use its international remittance service.

Rather than cede the segment, Celcom executives worked to find other ways that it might cater to migrant workers. It ultimately decided to position one of its prepaid airtime brands, Celcom Sukses, to meet the needs of migrant workers – notably, by offering the lowest international direct dial call and SMS rates to countries, including Indonesia. The result was a product portfolio, including but extending beyond mobile money, that was driven by the needs of a particular segment and that could be marketed to that segment in an integrated way.

- **Consider whether a potential target market is composed of early adopters.** Operators which select a target market of early adopters are more likely to see rapid adoption of their service than others.

- **Consider the addressability of a potential target market.** When marketers refer to a segment as addressable, they mean that it is possible to reach those customers through marketing channels. In general, the more media that customers consume, the easier it is to address them.

Segmentation and Target Market Selection by WING in Cambodia

In 2007, ANZ Bank created WING, a subsidiary that offers mobile money for the unbanked in Cambodia. In preparation for its launch, the WING team conducted a segmentation exercise with a market research agency. They assigned Cambodia's 8.2 million Cambodians aged 15–55 to eleven segments, based on age, income, occupation, and dependents. For each of these segments, WING prepared a profile consisting of:

- **A customer description:** age, family status, monthly income, job type, and spend items
- **Attitudes, needs, and behaviours:** attitudes and feelings toward money and money usage patterns, needs, and desires and aspirations
- **Suitability for WING:** transactions performed, mobile phone usage, geographical presence, and ease to reach – all of which fed into an overall "suitability rating"

WING was able to rule out five segments as targets right away: two that did not have sufficient financial resources to make use of WING services and three that seemed to have their payment needs satisfied by other institutions.

By comparing the transactional needs of the remaining segments with WING's planned service offering (money transfers, airtime purchase, bill payments, and merchant payments), WING narrowed the list of remaining segments to the four which would find WING most useful: "Urbanised blue collar workers," e.g. garment factory and construction workers; "High school kids"; "university students"; and "First freedom white collar workers," e.g. nurses, teachers, business owners, and bank employees.

Finally, after assessing the specific needs of each of these segments, WING decided to make "urbanised blue collar workers" its target market. This segment was largely composed of employees in garment factories, aged 15–35, earning less than $100/month. WING chose to target this segment for a few reasons.

1. Their research suggested that, on average, garment workers sent 30–50% of their income home to support their families in rural Cambodia. As such, they were obvious potential users of WING's money transfer service.
2. Research suggested that the risk of theft was something that garment workers worried a great deal about. As such, they might well find the possibility of a safe place to store money (which a WING account would offer) attractive.
3. Finally, this segment was highly addressable: garment factories in Phnom Penh were concentrated in particular areas, so it would be easy to concentrate marketing spend and the agent-network footprint in places that migrant workers would frequent.

WING estimated that there were 1.1 million Cambodians in this segment, representing about 14% of the adult population of the country.

A final point on choosing a target market: **selecting a target market does not mean that the mobile money product will exclude all other customers. In fact, most operators design their mobile money platform with enough flexibility that the products and services offered can be used by anyone.** Selecting a target market simply helps operators craft a marketing strategy that will be effective with the customers they most strongly want to serve. For this reason, target market selection should not be confused with market sizing.

M-PESA Growing Beyond its Target Market

It is not exactly known how large the Safaricom's target market of urban, male migrant workers sending money home was when M-PESA was launched in 2007, but research conducted at the time indicates it was probably no more than three million Kenyans, or 14% of the adult population. As of late 2010, M-PESA boasted 13 million active users, or 61% of the adult population. Although its marketing was highly targeted, the design of M-PESA made it useful for a very wide variety of customers.

Positioning

Drafting a product positioning statement is the bridge between selecting a target market and developing a communication strategy. Once a target market has been chosen, the operator can decide how best to position a service to that market, thereby laying the foundation for a successful marketing campaign.

The positioning statement defines the main benefit of the mobile money service and differentiates it from the competition. An example of a mobile money product positioning statement is as follows:

> For *urban migrant workers* who need *a safe way to send money home to their families in rural areas*, mCash is a *mobile money transfer service* that provides *safe transfers across the country*. Unlike *bus drivers and other informal remittance options*, mCash *uses a secure electronic transfer system* to *ensure cash is never stolen en route*.

Positioning statements are not communicated verbatim to customers. Instead, they are used as an input to the development of a marketing campaign.

Obviously, the primary benefit that is articulated in the positioning statement should be one that is highly valued by customers in the target market. It should also be one that no competitor, direct or indirect, can offer. **For these reasons, it is very difficult to develop a compelling positioning statement without a clear understanding of the competitive landscape and of the target market's preferences.**

The textbook approach to positioning a product requires selecting a single primary benefit that will be promoted. Operators often have trouble selecting a primary benefit because mobile money product offers multiple benefits to using the product, i.e., convenience, speed, security and so on. **But the more focused the positioning statement is, the clearer the marketing messaging will be.**

Marketing Communications

Operators have a range of marketing tools to bring customers from unaware to regular use. Certain marketing communications tactics are effective in the earlier stages of the customer journey, while others are only useful at the end.

Building Awareness and Understanding

Unaware	Awareness	Understanding	Knowledge	Trial	Regular Use
Customer has never heard of mobile money	Customer has heard of mobile money and knows what it is	Customer understands how mobile money could be useful to them	Customer knows the steps necessary to transact	Customer tries the service	Customer habitually uses the mobile money service

The starting point for any mobile money campaign is building awareness: letting potential customers know that the service has been launched, what is being offered, and how they might use it. As discussed in "The Customer Journey" (p. 3), high-level brand awareness is not enough. For marketing mobile money, it is essential that operators also build understanding by communicating how the platform is useful for the consumer.

Advertising

Advertising is the primary tool that operators employ to raise awareness of mobile money. Most operators take the view that a national advertising campaign is the right way to launch mobile money. The widespread presence of advertising builds trust and confidence in the way that a campaign composed exclusively of below-the-line elements cannot. This is particularly true for money transfer services, since a national campaign reaches both potential senders and recipients.

The media most often utilized in awareness-building advertising campaigns are television, radio, and "outdoor" such as billboards or bus branding. While these media are often used together for maximum impact, they each have different strengths, both in their ability to communicate a compelling message and their ability to reach a large number of people.

Television enables operators to tell a story with sound and movement, and engage the viewer with a more compelling message. Outdoor can be eye-catching but conveys only a simple static message. Radio can tell a brief story, but cannot provide much detail before the listener tunes out.

The reach of each of these media differs from market to market. Sophisticated advertising agencies will place advertisements where they are most likely to be consumed by the target market, taking into account patterns of media consumption in a given country.

Matching Media to Target Market Segment in Pakistan

The mix of media used to promote easypaisa, a service offered by Telenor and Tameer Microfinance Bank in Pakistan, was based on the relative strengths of each channel and on campaign objectives. For example, Telenor Pakistan has spent very little money advertising easypaisa on the radio. This was due in part to the low popularity of radio, and the widespread consumption of television, among its target market.

The genius of effective campaigns is in their execution. For this reason it is critical to enlist the right advertising agency as a partner and to properly brief this agency on the campaign objectives. To give the advertising agency all the tools they need to succeed, savvy operators provide in-depth agency briefs to outline the core principles of the brand (including the brand architecture), the positioning statement, and the desired tone of the campaign. Operators are also responsible for ensuring advertising agencies keep communications consistent across all marketing elements, both above-the-line and below-the-line.

Messaging

With operators spending such significant money on awareness campaigns, finding the right communication message (words and images) for the launch campaign is essential. This is harder than it sounds, because mobile money often targets consumers who may never have heard of mobile money, or possibly never even used formal financial services. **Mobile money launch campaigns have to (1) introduce the mobile money platform, (2) explain what service(s) is being offered, and (3) advise users of the primary benefit(s) of that service.**

Campaigns that omit any of these messages tend to be less effective in moving customers along their journey to activation. Because mobile money is still an unfamiliar concept in most markets, basic awareness messages such as "mCash has arrived" or "Financial services and mobile technology have come together to make mCash" do not provide enough information to consumers to compel any type of action: users become aware of the mobile money program but fail to see why they should try it. **Providing a clear user benefit in the awareness campaign leads to the best return on investment for awareness campaigns.**

The Evolution of Marketing the Easypaisa Mobile Wallet

Telenor Pakistan launched easypaisa in 2009, a platform that initially allowed customers to pay bills and transfer money over-the-counter. For easypaisa's launch, an ambitious brand-building campaign was mounted to introduce the brand to potential customers. Complementing this campaign were advertisements in which Telenor promoted bill-payment and money-transfer services. A relatively low degree of customer education was required in order to persuade customers to begin using these services, in part because these were over-the-counter services which required only that a customer walk into an easypaisa outlet – the transaction itself was performed by the agent on his handset.

On the back of strong customer demand for over-the-counter services, Telenor added a mobile wallet to the easypaisa product line in February 2010. It chose to explain the uses of a mobile wallet with a number of billboards, featuring text like “Introducing the only bank account that fits in your pocket!” and “Ever paid utility bills or transferred money while cooking?”

However, customer adoption of the mobile wallet was disappointing. Market research suggested that these advertisements had not conveyed a compelling reason for customers to sign up for the wallet. It was not clear to customers why they shouldn’t just keep paying bills and sending money over the counter.

As such, while streamlining the registration process, Telenor undertook market research to understand what benefits of the mobile wallet potential customers were most likely to value. Safety and security emerged as a theme, so Telenor worked with its creative agency to create a marketing campaign that would tout the easypaisa wallet as a safe place to store money.

It is worth noting that campaigns which communicate a key user benefit are only possible to design once operators have selected their target market and articulated a positioning statement. Because this positioning statement identifies one key user benefit for one specific user group, it necessarily improves the focus of the campaign.

A number of operators are reticent to speak to just one consumer group, and often opt for simple explanatory messages at launch with the objective of broadly speaking to everyone about the availability of mobile money. However, in trying to speak to everyone, they are left with a weaker message that does not compel users to action.

M-PESA Advertisements

Creative elements of the M-PESA "Send money home" campaign clearly reflected the targeting of young male migrant workers, and two key product benefits, ease of use and affordability, are plainly articulated. The advertisement achieved deeper awareness with their target market, whereby consumers knew what M-PESA was but more importantly, they knew how it could help them. A number of other elements are of note:

- Safaricom green is the backdrop for the advertisement, leveraging the strength of Safaricom's brand in Kenya to build trust in M-PESA
- The ribbon of shilling notes makes concrete the abstract nature of sending money by phone, designed to communicate with users unfamiliar with the concept of mobile money transfer – even those who cannot read
- The advertisement appeals as much to money transfer recipients (the parents in the photo) as to the sender, reflecting the influencing role that recipients play when senders choose a method for sending money
- The call to action is clear and extremely prominent
- The sender is depicted as relatively prosperous, and neatly if not formally dressed – splitting the difference between a realistic and an apsirational depiction of migrant workers

Safaricom invested so heavily in the send money campaign that by August 2008, 17 months after launch, only 18% of nonusers of M-PESA didn't know about it, and by December 2009, that figure had dropped to just 3%. With such high levels of awareness, Safaricom crafted a new campaign, with an eye towards establishing a more emotional, rather than functional, relationship between users and M-PESA. A series of print advertisements and billboards, complemented by a TVC, explored the reasons for which people were sending money and the emotional resonances of those transactions. In this advertisement, a little girl in a school uniform is shown hugging her father, who paid her school fees using M-PESA.

Safaricom executives note these advertisements would have been ineffective in a launch campaign, because they do not communicate clearly what M-PESA does and how it might be useful to the target customer.

A final consideration on messaging for the campaign is the imagery utilized. The mobile money users depicted in any advertisement must resonate with potential customers in the target market. If they are seen as too different, then customers will assume the advertisements are speaking to someone else and ignore them.

The best way to find out if an advertisement will resonate with the target market is to test it. Focus groups to verify that campaign elements are comprehensible and compelling are relatively inexpensive in the context of the budget for a major advertising campaign.

Aspirational Imagery vs. Depicting "People like me" – Evidence from Thailand

For years, True Money has been promoted using marketing creative that features aspirational imagery. Advertisements feature models that appear high-status, the idea being to create a brand for the service that is appealing and inspirational for users.

However, True Money discovered in focus groups that such branding was actually alienating some potential customers. When asked to describe users of True Money, nonusers conjured up an image of a business person who was very busy and earned a high salary – a profile they noted was very different from their own.

This insight prompted True Money to consider whether its marketing creative was as effective as it could be, particularly when addressed to lower-income segments.

Timing

The launch of any advertising campaign only makes sense once the customer can actually transact. Most importantly, the agent network must be ready. **Operators who have not properly trained and incentivised agents to help users sign up or have not ensured agents have adequate liquidity for initial customer trials have realized low returns on their initial marketing investment.** Worse, these events erode the confidence of customers who have bad experiences, making them less likely to try the service again later.

In "Measuring Effectiveness" (p. 28), we discuss tools that operators can use to evaluate when their objectives for building awareness have been achieved (and when, as such, resources can be re-deployed to focus on activation).

Branding

Most operators launching mobile money already have strong brands in their respective markets – consumers know of the operator and have an opinion about their strengths in the market. This raises three important considerations when it comes to mobile money.

First, operators have found **it important for any mobile money messages to fit within the overall brand**. If an operator has positioned their brand as the "company that helps you keep your friends and family close," then a mobile money campaign can easily communicate that the mobile money service is just another way to bring the family and friends closer.

On a less positive note, operators have to face up to the fact that perceptions of their core brand are not always positive, and **negative perceptions of the core brand affect people's reaction to a mobile money service**. For example, do consumers perceive the operators' network as unreliable? This can pose a real barrier to mobile money adoption, as consumers will only transact on mobile money platforms they trust. As such, understanding the associations that customers have with the core brand, good or bad, can help operators as they develop their marketing strategy.

Finally, **operators have the challenge of determining how the mobile money brand will fit within the overall brand architecture**. Some operators have chosen to launch mobile money as a product within their brand, while others have elected to launch the overall mobile money platform as a sub-brand, for which there may be multiple products such as money transfers, bill pay, etc. Considering the product roadmap can help operators "future proof" their decisions about how to fit mobile money into the brand architecture.

Sub-branding by Grameenphone in Bangladesh

Grameenphone launched a bill-payment service in 2006 in Bangladesh, which it called, for simplicity, "BillPay." Over time, Grameenphone expanded its line of payment products with railway and cricket ticketing and lottery e-voucher distribution, and as of late 2010 it had plans to expand this portfolio yet further.

Grameenphone decided that it needed to consolidate all of these products into a single brand for the mobile money platform. Accordingly, it developed MobiCash, an umbrella brand that could encompass all of Grameenphone's mobile financial services.

Educating and Activating Customers

Unaware	Awareness	Understanding	Knowledge	Trial	Regular Use
Customer has never heard of mobile money	Customer has heard of mobile money and knows what it is	Customer understands how mobile money could be useful to them	Customer knows the steps necessary to transact	Customer tries the service	Customer habitually uses the mobile money service

While awareness building is perfectly suited to mass media advertising campaigns, **customer education typically requires a more personal approach**. As such, operators leverage transactional agents, field agents, and current users to guide potential customers from awareness to use.

Effective awareness-building campaigns bring customers to the point of recognizing how mobile money might be useful to them. But to compel users to register and try the service, further work is required to educate the consumer on how it works. Many elements of the mobile money customer experience are non-obvious from the perspective of a consumer, from the existence of an electronic wallet to the need to use independent agents as cash-in/cash-out points. Operators need to educate customers about these facets of the service if customers are going to become knowledgeable enough to transact.

Customer Activation in Tanzania

When asked to reflect on lessons learnt while rolling out M-PESA in Tanzania, one Vodacom executive cited the importance of customer education. He said that above-the-line marketing is not enough to get a mobile money service "off the blocks" and that a lot of effort must be invested to get people comfortable with the idea of transferring money using their phones. Indeed, he estimated that it takes at least 30 minutes of personal interaction (with a transactional agent, a field agent, or a friend or family member familiar with M-PESA) to get a new customer to understand how to use a mobile money service.

Transactional Agents

The cash-in/cash-out agents that facilitate mobile money transactions are perfectly positioned to support customer activation. They can answer customers' questions and concerns about the service, customise a "sales pitch" for an individual customer, and demonstrate to customers the mechanics of transacting. Of course, in most markets, they also register customers – usually a prerequisite to making a first transaction.

There are three key success factors for leveraging agents to activate customers:

- *Training* – **Well-trained agents are proven to be effective in driving customer activation**. Poorly trained agents won't be able to perform their side of transactions, let alone demonstrate to customers how to perform theirs.
- *Incentives* – Explaining to consumers how to use mobile money is time-consuming for agents. **It is therefore important that agents have been incentivized properly for both registration and cash-in**, and for the balance between those incentives to be right. As important as the commissions that agents are paid are the volume of transactions that they are able to perform; this in turn obligates operators to carefully grow their agent network in proportion to their user base in order to meet the needs of both groups.
- *Oversight* – Agents can be a powerful force for driving customer adoption; unfortunately, if unsupervised, they can as easily drive customers away. Unscrupulous, incompetent, and illiquid agents do more harm than good, so **operators need to monitor the network to discover and rectify these problems**.

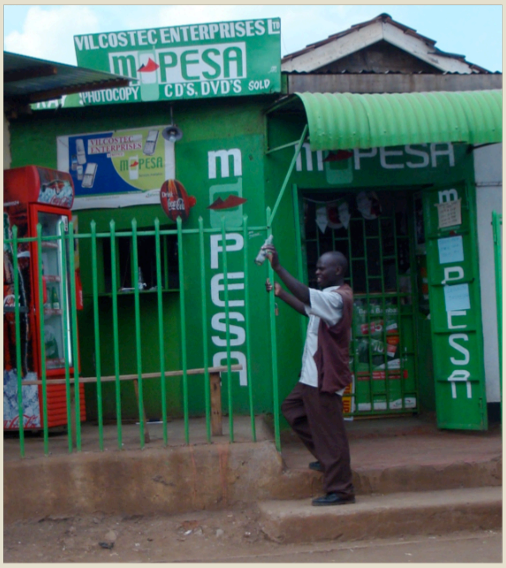
For more on agent training, incentives, and oversight, see "Building, Incentivising, and Managing a Network of Mobile Money Agents," which is available at http://www.gsmworld.com/documents/Agent-Networks-full.pdf.

Marketing materials at the cash-in/cash-out agent's shop help educate users about the service. In almost every case, agents are required to display branding for the mobile money service and certain customer information, like a tariff schedule, the agent's ID number, and customer advisories.

Agent Branding in Kenya, Bangladesh, and Thailand

Operators have taken a number of different approaches to branding their agents' shops in order to raise the visibility of their mobile money service and instil customer confidence at the point of transaction.

Safaricom has taken by far the most aggressive approach, insisting that its agents paint their shops green (and, at least in theory, stop selling the airtime of its competitors) and prominently display the M-PESA logo, which is impossible to confuse with the ordinary Safaricom logo. That's important, because without an obvious way to tell mobile money agents from airtime retailers, customers can get frustrated trying to locate the former.



Grameenphone distinguishes BillPay agents from regular Grameenphone airtime retailers using colour-coded signage that indicates which services are available at the agent.

In Thailand, True Money charges shopkeepers to become agents, and the shop branding they receive varies depending on how much they pay. Top-tier agents receive a lightbox which they can install on the outside of their shop and which draws traffic to shops even at night.

Field Agents

Transactional agents are not always able to do the "hand-holding" that customers require. To supplement their efforts, **operators have deployed special teams of marketing field agents to educate the customer about mobile money**.

This tactic of "feet-on-the-street" is popular not just in mobile money, but also widely utilized in fast-moving consumer goods, microfinance, health interventions, etc. It has proven to be a very effective method of customer education in emerging markets, particularly when significant behaviour change is required of users.

The key advantage of field agents when compared to transactional agents is mobility. Transactional agents have to wait for customers to come to them; field agents can seek out customers where they live and work.

The critical success factor for this tactic is the incentives for field agents: the commissions paid to the agents must be aligned with the objectives of the campaign. **Field agents who are paid simply for registering customers will leave operators with a large volume of registered but inactive customers.**

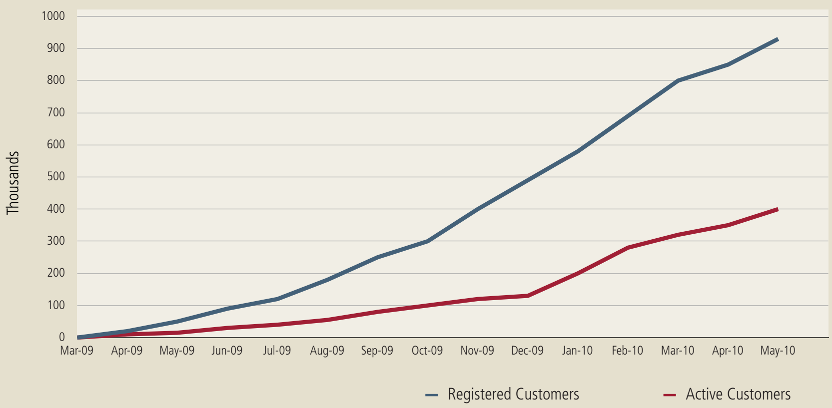
If the sourcing of field agents is outsourced to a marketing company, operators have discovered that it is important to carefully oversee agent training and to ensure that agents use specific "talking points" about mobile money. These field agents are viewed by the consumer as representatives of the mobile money brand, and it is therefore important to shape the messaging they employ.

Barriers to Customer Adoption in Uganda

MTN Uganda launched MobileMoney in March 2009. It decided to drive customer sign-ups to its MobileMoney platform by using a cadre of hundreds of dedicated customer acquisition agents. Field registration agents had been instrumental in building MTN's core mobile business in the late 1990s and early 2000s, so it seemed like an obvious way to grow the mobile money user base as well. These agents circulate in markets and go door-to-door, educating customers, performing SIM swaps, and undertaking KYC. Agents are paid a commission for each customer that they sign up. The vast majority of MobileMoney's more than 1 million customers have been acquired in this way.

Despite rapid customer adoption of mobile money, however, the number of customers who were transacting was significantly lower. Fifteen months after launch, the active rate (the percentage of registered users who had transacted in the last 90 days) stood at 43%.

This may be because users struggled to find a cash-in/cash-out agent after they had been signed up by a registration agent. Or it may have been that registration agents were signing up users with a low demand for mobile money services.



Bridging the Registration/Activation Gap in West Africa

In Côte d'Ivoire, Senegal, Mali and Niger, Orange offers a mobile money service called Orange Money. To begin using Orange Money, customers must first visit a transactional agent and complete a short registration procedure. Customers who register with an agent who has an internet connection receive automatic account confirmation and are able to make their first transaction immediately. But for those customers who register with an agent who is not online, the process is manual, and the paper registration form is sent to the Orange office for processing. This offline registration process generally takes one to two days, after which Orange sends the customer an SMS confirming the registration is complete and they can transact.

In Mali, Orange found that this delayed registration process resulted in low activity rates. Despite the Orange Money customer having taken the initiative to register, not all of them returned to the agent two days later to make their first transaction.

To address this issue, Orange commissioned 100 field agents, whose principal focus was to support users in conducting their first transaction. In fact, their commissions were paid out only on the basis of transactions, not registrations. The work of these "feet-on-the-street" agents was quite successful, with Orange Money enjoying a very significant increase in activation rates of these customers.

Event Marketing

Some operators use events to bring potential consumers together, explain to them the key benefit(s) of mobile money and demonstrate exactly how it works. These events can be small community parties held in an outdoor plaza or the community centre, or larger-scale events taking place at popular sporting events. **Whatever the size of the event, the key success factor is the presence of an adequate number of trained representatives of the mobile money service to interact personally with potential customers and demonstrate the service.**

Event Marketing and Chance-Based Promotions by SMART in the Philippines

SMART Money was launched in the Philippines in 2001. During 2009 and 2010, SMART worked to extend the reach of SMART Money to remote islands (the Philippines is composed of some 7,000 islands, of which roughly 4,000 are inhabited) that have limited access to financial services and are not priority areas for traditional financial institutions. They did so by partnering with MFIs and cooperatives which agreed to operate SMART Money Centres in their branches.

To sign up customers for SMART Money in these communities, SMART organized "activation blitzes." Timed to coincide with general assemblies of their co-op partners or with village fiestas, the activation blitzes were an opportunity to tell a large number of users about SMART Money at the same time and register them on the spot, often by offering prizes to lucky new registrants. Because in many cases customers in these areas did not have sufficient documentation (i.e., a national ID card) to open a SMART Money account, SMART would sometime arrange for a village chief, who was authorized to verify

people's identities with an official letter, to be present, easing what could otherwise be a major bottleneck in the registration process.

Offering prizes, rather than a flat incentive (i.e. a starting balance) appeared to be more effective in driving registrations at such events. However, the team found that, although these events could reliably drive registration, those registrations did not necessarily translate into activations, and that other, subsequent efforts were necessary to get customers to begin using the service.

Friends and Family

Perhaps the most important way potential customers learn how to use mobile money is from active mobile money users. A friend, a family member, or a colleague, can explain to a nonuser how a product works and even demonstrate a transaction. Additionally, a recommendation from a friend who has had a positive experience with mobile money can prove invaluable in building trust for a nonuser. The role that friends and family play in educating new customers about mobile money is particularly pronounced given the network effects that characterize mobile money transfer: customers who want to transfer money to a nonuser are more likely to invest the time to teach the recipient what to do upon receipt.

Despite the importance of word-of-mouth, this type of peer education is not in the direct control of the operator. However, the behaviour can certainly be encouraged. For example, refer-a-friend campaigns to incentivise users to help friends sign up for the service could be an effective tactic for operators with a core base of early adopters looking to grow their customer base. "Take home" pamphlets with clear, step-by-step instructions are also useful enablers of this behaviour.

Encouraging Regular Use

Unaware	Awareness	Understanding	Knowledge	Trial	Regular Use
Customer has never heard of mobile money	Customer has heard of mobile money and knows what it is	Customer understands how mobile money could be useful to them	Customer knows the steps necessary to transact	Customer tries the service	Customer habitually uses the mobile money service

The evidence to date shows that customers who have a positive experience after their first use of mobile money are likely to continue using it. Unfortunately, however, there are a variety of ways that the customer experience can go wrong, from problems with an agent's liquidity levels or service quality to an unstable technology platform. While these issues fall outside of the scope of marketing communications, they demand the attention of the mobile money general manager.

After all, **when a customer tries a service once and never uses it again, it means that all of the marketing investment that had been made in that customer has been wasted**.

Customer care plays a pivotal role in keeping customers on track to regular use. When a customer seeks out customer service, it is usually because they've had a problem; resolving their concern effectively is an opportunity to keep that problem from becoming the reason a customer abandons mobile money altogether.

In "Diagnosing Customer Activation Issues" (p. 29), we describe a number of problems in the customer experience that can deter customers from trying the service again, and provide links to resources that can help operators to solve them.

Of course, a positive first experience with mobile money doesn't just mean experiencing no problems. It also includes finding that mobile money delivers on its promised benefit(s) and represents a real improvement over the status quo (that is, the customer's previous way of sending money, paying a bill, etc.) in order to justify permanent behaviour change.

Customer Protection in Kenya and Cambodia

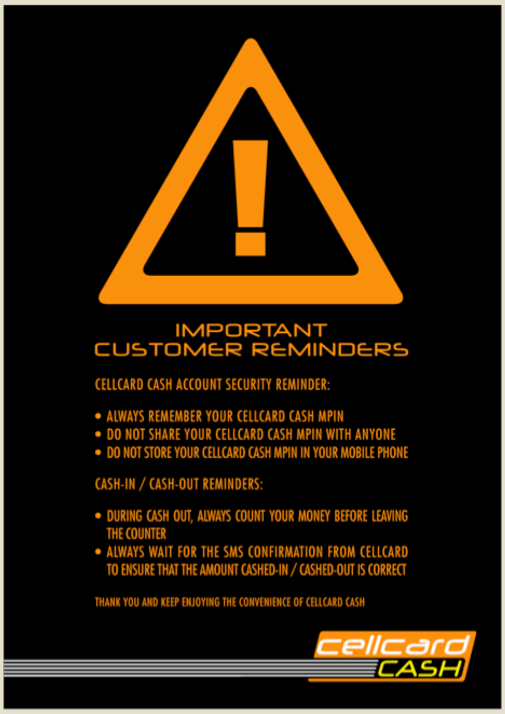
Although most of the early adopters of M-PESA were previously banked and thus had some experience with financial services, as M-PESA matured it increasing began to acquire customers which were completely unbanked. Research suggests that between August 2008 and December 2009, the percentage of unbanked adults who were using M-PESA went from 25% to 50%.[10]

Perhaps unsurprisingly, this trend dovetailed with an increased incidence of PIN-related fraud. After all, customers who have no experience devising, using, remembering, and protecting a PIN are unlikely to be able to do so without sensitisation. As such, Safaricom developed a mini-campaign to remind customers not to

[10] William Jack and Tavneet Suri, "The Economics of M-PESA: An Update," available at http://www9.georgetown.edu/faculty/wgj/papers/M-PESA_Update.pdf

share their PIN with anyone. Posters in agent shops were complimented with radio advertisements, to address the population which cannot read.

When launching CellcardCash in Cambodia, Cellcard hoped to stave off such problems and devised a similar poster for use in agent shops. (The poster depicted here has been translated into English from Khmer.) It also includes two pointers about the cash-in/cash-out process to help customers protect themselves from being defrauded by an agent.



Promotions

Customer promotions (offering them discounts or bonuses for performing certain transactions) can be an effective marketing tool to incentivise customer behaviour.

In general, **operators have found that promotions are more effective to drive repeat use rather than first-time use**. This may be because lapsed customers have, by definition, previously demonstrated demand for a particular service; they may have lapsed because they forgot their PIN, or because their agent closed, or for some other reason, but it is probably not because they don't need the service. As such, targeting such customers raises the likelihood that the promotion will be effective.

In contrast, **investing in customer promotions for new users risks offering bonuses to the wrong users** – ones that have no recurring need for the service in question and that are therefore less likely to become regular users in the future.

Sign-up Bonuses in Uganda

To drive customer adoption of MobileMoney, MTN ran a promotion in which customers who signed up for MTN MobileMoney were rewarded with a starting balance of 5,000 Ugandan shillings (about US$2). It is difficult to assess the impact that this promotion had on the rate of customer acquisition. But its effect on customer activation was disappointing. In an analysis of its customer database in July 2010, MTN discovered that roughly 40,000 customers who had never transacted still had a balance of exactly 5,000 shillings. It appeared that customers who had received the bonus had not just failed to become regular users – they hadn't even cashed out or converted into airtime the free initial deposit they had been awarded.

Careful design of promotions can dramatically improve their effectiveness. For example, customers in some markets appear to react more favourably to chance-based promotions such as giveaways and lucky draws (where they have a small chance of winning a big price) rather than a promotion in which their bonus is guaranteed but small.

"Recharge and Win" in Tanzania

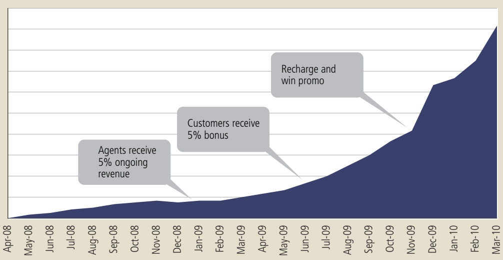
Vodacom Tanzania has for some time sought to drive customer adoption of M-PESA by promoting the airtime top-up functionality of the platform – the rationale being that customers find airtime top-up easier to grasp conceptually than money transfer.

M-PESA management identified that agents would be key to helping to drive top-up volumes – or, more to the point, that they would hinder customer adoption of this service if not specially incentivised to be supportive. Why? Because the margin that agents earn selling airtime is greater than the commission that they earn converting cash into electronic value, and agents would be reluctant to cannibalize their own sales of airtime in favour of a less profitable cash-in transaction. So Vodacom offered agents a special deal: every time customers who signed up with a given agent purchased airtime with M-PESA, the agent would receive a 5% commission. This "annuity" meant that it was in agents' best interest to persuade customers to start purchasing airtime through M-PESA, assuming that the agent could register them for M-PESA.

Although this had an effect, Vodacom decided that it needed to complement this channel incentive with a consumer promotion. (This is likely because the commission bonus only incentivised agents to encourage customers that they themselves had registered to M-PESA to top up using mobile money.) So it rolled out a new offer: a 5% bonus on all airtime purchased on the M-PESA platform. This helped to drive a more pronounced increase in top-up volumes.

Remarkably, however, it was a chance-based promotion called "Recharge and Win" that seemed to be the most effective driver of airtime top-up using M-PESA. Under this scheme, customers who used M-PESA to top-up were entered into a drawing to win various prizes. Although the typical customer was unlikely to win a prize each time they topped up (unlike the 5% bonus, which applied to every transaction), it seemed to capture customers' attention in a way that was highly effective.

It's impossible to know whether "Recharge and Win" would have been as effective without the 5% channel commission and customer bonuses that were already in place when it was launched. But what is clear is that "Recharge and Win", like most chance-based promotions, was significantly cheaper than ongoing discounts or commissions (which, combined, mean that Vodacom is now paying significantly more to distribute airtime via M-PESA than via scratchcards). And they are easier to discontinue.



Because operators can offer airtime to customers at essentially no marginal cost, it is a particularly cheap "currency" to use in customer promotions and therefore popular as a giveaway when driving adoption of mobile money.

Targeted Promotions in the Philippines

To increase usage of SMART Money in the Philippines, SMART has experimented with giving bonuses, in the form or either airtime or free SMSs, to customers when they transfer money. Such bonuses are given only during certain promotional periods, and SMART does not intend for them to become regular rewards that customers come to expect over time; rather, the idea is to incentivise customers, particularly inactive ones, to try SMART Money (again or for the first time) in the hopes that they will do so again, even without a bonus, in the future.

A final word of caution regarding promotions that offer customers blanket discounts: like any change in pricing, they should be scrutinized from the perspective of a fraudster to ensure that they will not incentivise undesirable behaviour.

A Transaction-Fee Holiday in Afghanistan

In early 2010 Roshan ran a "Send Money Free" promotion, waiving the usual tariff for transferring money, in an attempt to get people to try M-Paisa. This triggered a massive spike in transactions. Unfortunately, transaction monitoring revealed that approximately 75% of these transactions were agents who took advantage of the system: by making multiple small cash-ins to a wallet, then sending money to another wallet and cashing out, they could earn more in commissions than these transactions cost them in fees. Approximately 35 agents took part, who were then suspended or entirely removed from the system.

SMS

Like their ability to dispense airtime relatively cheaply, operators are able to exploit the SMS channel to cheaply deliver messages to customers. The character limitation of this medium makes it less effective for the early stages of marketing, but **SMS comes into its own as a retention tool**. This is because operators can draw on customer data and transactional histories associated with a particular line to deliver highly targeted messages to certain customers. For example:

- Customers who send money to unregistered customers receive a message after completing the transfer reminding them that they could save money on transaction fees by encouraging the recipient to sign up for the service. This could be combined with a promotion offering the customer a referral bonus for signing up the recipient.
- Senders and recipients of an operator's airtime transfer functionality receive a message touting the benefits of using mobile money instead – which, again, could be combined with a promotion to incentivize migration to mobile money.

Budget and Effectiveness

Establishing a Budget

One of the biggest headaches that operators face is establishing a marketing budget for their mobile money campaigns. Benchmarks are challenging to find, since every country, service, and target market is different, and each of these variables affects required spend. That having been said, those mobile money deployments that currently enjoy momentum in growth of active users have generally invested in a multi-million-US-dollar advertising campaign.

Like mobile services, money transfer services are characterized by strong network effects, which means that the value of registering for the mobile money platform increases as the number of other registered customers increases – just as the value of owning a phone increases as the number of other people with phones increases. This makes it hard to convince early adopters of mobile money to sign up, since they will have a small number of transaction partners. This has two implications for marketing mobile money. First, **a large investment in marketing sends a signal to potential users of commitment: this service is here to stay**, and so you can count on more and more people joining the network in the future. Second, **making a big splash in a shorter time period makes more sense than investing the same amount of money into a longer, lower intensity campaign**. This is an axiom in marketing that is even more important when network effects are at play because the goal is to bring lots of customers onto the platform in a short period of time, minimizing the period during which the small number of registered users makes joining seems relatively unattractive to everyone else.

Raising Awareness in Tanzania

It is easy to underestimate the investment that is necessary to raise awareness of a mobile money service. Vodacom Tanzania launched M-PESA in April 2008 and invested over US$5 million in marketing and agent acquisition over the course of the subsequent 25 months. Yet a telephone survey conducted in February 2010 revealed that just 20% of Vodacom customers were aware of what M-PESA does and how to use it.

Vodacom is confronting these low levels of awareness with a three-pronged initiative:

- a major above-the-line marketing campaign focused on communicating the functional benefits of using M-PESA
- a retraining campaign for agents, designed to improve their capacity to serve as ambassadors for M-PESA
- a dramatic increase in the resources allocated to field marketing

Is it possible to spend too much on marketing mobile money? Of course. **The cost of acquiring a customer – or, in the case of mobile money, the cost of activating a customer – should not exceed the lifetime value of that customer,** which is defined as the present value of the revenues (less direct costs) that that customer is likely to generate. The lifetime value of a customer can be estimated by working out the revenues that an average customer is likely to generate in a year, deducting the commissions that will have to be paid to agents to facilitate those transactions, and then multiplying that number by five.[11] The resulting figure can be thought of as a marketing budget: the upper bound on what an operator should be willing to spend to activate a single customer.

Analysing the Cost of Activation in Uganda

Between March 2009, when MobileMoney was launched, and June 2010, MTN Uganda spent approximately US$700,000 on direct marketing expenses. During this time, it registered 973,000 customers, of which 371,000 were active at the end of the period.

The ROI for MTN's marketing spend increased over time. As customers started to tell each other about the service and network effects started to kick in, MTN needed to spend less and less in order to drive customer adoption. In the month it launched, for example, MTN spent a little less than $10 on above-the-line marketing for each new active customer it gained; fourteen months later, that figured had dropped to approximately $0.10.

In markets where the concept of mobile money is already understood, new mobile money deployments may be able to spend less, because some of awareness building and customer education has already been done. In these cases, the marketing challenge is to persuade users that one mobile money service is better than another, rather than having to start by explaining what mobile money is.

[11] This rule of thumb values the stream of after-commission revenues from a customer as a growing perpetuity, and assumes that the operator's discount rate minus the growth rate of the annual after-commission revenues equals 20%.

Measuring Effectiveness

Operators typically measure success on three levels. At the highest level, they try and answer the question of the overall success of the mobile money program. They then look back at the customer journey, to identify if customers are losing their way from awareness to regular use. And at the most granular level, they measure the effectiveness of each marketing tactic utilized.

High-level Measures of Success

In the early days of mobile money, the number of customers registered for a mobile money platform was the most commonly used metric for evaluating success. **Today, however, it is more common to hear operators refer to the number of active users,** which is typically defined as a user that has initiated a value-movement transaction in the last 30, 60, or 90 days. (Operators decide how long of a period to use by assessing what a regular use pattern would look like for customers in their target market.)

> The number of active users is one of the key performance indicators reported in the mobile money dashboard, a tool that is available for mobile operators to use and customize. It is available upon request by e-mailing mmu@gsm.org.

It can be even more meaningful to put the number of active mobile money users in context. Dividing the number of active mobile money users by the number of the operator's mobile connections gives a sense of the mobile money penetration within the broader subscriber base.

A different tack is to measure success in terms of market share. This is an easy calculation to do for bill payments – simply divide the number of bills paid using mobile money by the total number of bills paid in a given period (a figure which the biller can provide). However, it is much more challenging to analyze money transfer market share since direct and indirect competitors will not all reveal their transaction volumes regularly.

Tracking Customers' Progression on the Journey to Regular Use

Metrics that measure the number of active users are less helpful when diagnosing low levels of customer adoption. That's because they reveal nothing about where customers have gotten stuck in the journey toward regular use. **By administering a survey to a sample of potential customers in the target market, operators ascertain how far along customers have come, and where they have gotten stuck.** This is a somewhat costly approach, but does provide operators with a clear indication of how to retool their marketing mix in order to better reach nonusers. A simplified version of this approach is described "Diagnosing Customer Activation Issues" (p. 29).

> **Awareness of MTN MobileMoney in Ghana**
>
> MTN launched MobileMoney in Ghana in July 2009. It invested heavily in TV and radio advertisements (including spots on local-language radio stations) to good effect: a survey commissioned by MTN in 2010 revealed that 88% of MTN subscribers were aware of MobileMoney. But usage rates were low, and the survey revealed why: fewer than 40% of respondents knew what the platform could be used for and how to use it.
>
> In response, MTN Ghana made two changes to its marketing mix. First, it retooled its above-the-line advertising to stress the functional aspects of MobileMoney. Second, it invested in a major customer-education campaign, relying primarily on front-line MobileMoney representatives, including agents, to teach customers about the platform and how to use it.

Evaluating Tactics

Finally, at the most granular level, **operators measure the effectiveness of specific marketing tactics**. For example, if customer promotions were utilized, one can measure their effectiveness by calculating the total cost, the number of customer activations, and the number of customers that remained active after a given period of time. The effectiveness of marketing campaigns targeted at certain geographical areas can be measured by monitoring agents' transaction levels in the target area. This type of analysis is a worthwhile exercise because it provides direct input to the optimum marketing mix; unfortunately, it is easier to measure the effectiveness of some tactics than others.

Supplement: Diagnosing Customer Activation Issues

Mobile money deployments hit a number of challenges as they try and bring the customer along the journey from awareness to regular use. The following diagnostic highlights the main challenges operators face and indicates possible causes.

Challenges with Building Awareness and Understanding

In a number of markets, operators have faced problems with low levels of customer awareness. This at times is a complete lack of awareness from the consumer, in the sense that they have never heard of the programme. Or they have heard about the mobile money service but they do not understand what it could be useful for. In both cases, these problems are apparent through market research with the target market.

Possible causes	Diagnostic tools	Corrective actions	Reference section(s)
Wrong marketing mix for campaign	Analyse the audience of media employed: are marketing communications reaching the target market?	Redirect marketing spend to reach the target audience	Segmentation (p. 7) Marketing Communications (p. 14)
Customers don't understand why they should try mobile money / Communications messages are unclear	Elicit customer feedback on marketing communications: is the product's functionality and positioning clearly communicated? Does it resonate with the target market?	Revisit marketing communications to clarify messaging	Positioning (p. 13) Marketing Communications (p. 14)
Insufficient budget for marketing	If neither of the two culprits above apply, insufficient budget is likely the problem	Invest more aggressively in marketing communications	Budget and Effectiveness (p. 27)

Barriers to Trial, including Education and Registration

If market research indicates that customers in the target market are aware of the service and understand how it is beneficial to them, but still do not sign up for the service, there are a number of possible issues around registration and trial to explore.

Possible causes	Diagnostic tools	Corrective actions	Reference section(s)
Customers don't understand how to perform a transaction	Mystery shop at agents: do they explain to users how to transact?	Employ more marketing tactics to educate consumers through field or transactional agents	Educating and Activating Customers (p. 19)
Customers struggle to find a registration agent	■ Seek customer feedback: have they tried to register, but could not find an agent? ■ Analyse the geographic distribution and density of registration agents: are they situated where customers in the target market live or work?	Optimise the number and location of registration agents	Transactional Agents (p. 20)
Mobile money does not meet the needs of customers better than existing alternatives	■ Analyse the competition: in what ways is mobile money better than alternatives? ■ Seek customer feedback: what do customers value about competitors' products over mobile money?	Revisit customer segments to identify the target market with the most potential for mobile money	Competitive Analysis (p. 5) Segmentation (p. 7)

Possible causes	Diagnostic tools	Corrective actions	Reference section(s)
Customers don't trust the operator's brand or its network	Seek customer feedback: how do customers perceive the operator's brand?		Branding (p. 18)
Onerous process for user registration	■ Seek customer feedback: have they tried to register, but been deterred by onerous requirements? ■ Benchmark the registration process with good practice globally: is KYC proportionate? ■ Assess the availability of required documentation (i.e., IDs) among the target market: is this a constraint?	Streamline customer registration process – engaging the regulatory authorities if necessary	
Agents find registering customers is more profitable than transacting with them – so they only do the former	■ Mystery shop at agents: are they promoting the service? ■ Seek customer feedback: are agents taking the time to show them how to transact? ■ Analyse the agent value proposition: are their incentives skewed toward registration rather than transactions? ■ Review agent e-money float balances: are agents able to facilitate cash-in transactions?	Analyse the agent value proposition and revamp commissions if necessary	Transactional Agents (p. 20)
There is a waiting period between registration and account activation, during which customers cannot transact	Benchmark the registration process with good practice globally: can customers begin to transact immediately?	Streamline customer registration process – engaging the regulatory authorities if necessary	
Different agents are responsible for registration and cash-in/cash-out transactions	Seek feedback from customers registered by registration agents: were they directed to a transactional agent? Are they likely users of the service?	Revamp the registration agent commission model to make commissions contingent on customers' transactions	Transactional Agents (p. 20)

Barriers to Regular Use

Finally, if the operator's database is showing that users are trying the service once and not transacting again, there are a number of possible issues that may be curbing regular use.

Possible causes	Diagnostic tools	Corrective actions	Reference section(s)
Customers are having unsatisfactory experiences at the retail level ■ Agents are illiquid or "too busy" to serve customers	■ Seek customer feedback: do they struggle to locate liquid agents? ■ Mystery shop at agents: are they liquid in cash? ■ Review agent e-money float balances: are they liquid in e-money?	■ Analyse the agent value proposition and revamp the commission model if necessary ■ Optimise the customer/agent balance, at the local and system level	Transactional Agents (p. 20)
■ Agents are insufficiently trained	Mystery shop at agents: do agents demonstrate mastery of the service and competently explain the service and how it works to potential users?	Assess the effectiveness of agent training, monitoring, and disciplinary procedures	Transactional Agents (p. 20)
■ Agents are scarce	Analyse the geographic distribution and density of agents: are they situated where customers in the target market live or work?	Optimise the customer/agent balance, at the local and system level	Transactional Agents (p. 20)
■ Agents are unclearly branded/differentiated from ordinary airtime retailers	Review store branding guidelines and compliance: are mobile money agents clearly marked?	Revamp agent branding/merchandising guidelines/requirements	Transactional Agents (p. 20)
■ Agents are defrauding customers	Seek customer feedback: have they been defrauded?	Assess the effectiveness of, and revamp if necessary, agent training, monitoring, and disciplinary procedures	Transactional Agents (p. 20)
Customers are having unsatisfactory experiences with customer care	Seek customer feedback: did customer care resolve their issue in a timely way?	Improve existing customer service and/or launch dedicated mobile money customer service scheme	
Customers are having unsatisfactory experiences with the user interface	Seek customer feedback: do they find the user interface intuitive?	Improve the user interface based on feedback	

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