



Teleonomy Newsletter

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CONTENTS

FORTHCOMING SUCCESS- MMS, ‘POWER PACKETS’ AND EVOLUTION 3

INTERNET BEHAVIOURS 4

THE ART OF CONVERSATION 5

THE INTERNET GIANT AT THE HEART OF THE MIDDLE EAST..... 6

MRA MEMBERS’ NEWS..... 8



Forthcoming Success- MMS, 'Power Packets' and Evolution

By Michael Hulme

MMS will be a huge success! Or it will be if the need for quick profits is controlled, and sufficient thought is given to product establishment and evolution. And if we do get this right, we may well open the door to many of the more glamorous services that are still a 'dream' away.

Based on Teleonomy's longitudinal studies of emergent mobile device-centred behaviours, combined with our examination of more broad-based issues of technology adoption and evolution, a clear insight is possible into the conditions for MMS adoption and its future evolution.

The youth market has been essential in the success of text messages because the ability to share experiences with fixed-cost SMS is particularly significant to the youth market. MMS has the same innate qualities for success because, as part of a 'power package' of voice and data information, it has the capacity to effectively translate in image, text and speech format a physical location or experience

So what does the experience of SMS tell us about MMS?

1. Rapid successful adoption will centre upon access: physical, financial and social. Physical access is obviously a priority. There needs to be a critical mass of devices capable of talking to one another, within and beyond individual networks: currently phones cannot send picture messages to other networks and this functionality is not expected until well into 2003.

Financially the enabled mobile device needs to be. The high prices of MMS-enabled phones are well out of the reach of the youth market that will drive growth. Furthermore, just as importantly, connection packages need to combine simplicity with, at least initially, a high degree of affordability for the sort of quick basic services that most fit into 'early adopter' behaviours, encouraging messages to be sent spontaneously. The adoption of MMS is almost certain to centre round packages of spontaneous, rapid communication - what we have called 'power packages' – that can combine voice and data in simple pricing formats that enhance device usage at minimum cost.

Social access requires physical and financial requirements to be met, and from this point it becomes increasingly important that the new service becomes part of social lifestyle. Achieving lifestyle status drives the pace of initial adoption and encourages new or novel behaviours or usage. It is only at this stage of novelty (or sustaining cool) usage that increasingly significant profit opportunities will develop.

2. Secondly, initial adoption will almost certainly be as an extended form of communication. It will become an issue of co-presence: the ability to share experiences that is particularly significant to the youth market. So, for example, it allows a teenager in a club to maintain his or her social network in a similar manner to SMS, but with richer opportunities to share, virtualise and translate the physical and experiential presence of being in that club to their friends. The adoption of MMS is almost certainly to centre round packages of spontaneous, rapid communication - what we have called 'power packages' – that can combine voice and data in new pricing formats.
3. Thirdly, its evolution curve will almost certainly, by using frozen frame pictures, act as the 'gateway' for moving image/video and the further development of 'power packets'.

Ultimately successful adoption is about there being a reason for use. The service must either substitute or enhance an existing format or experience. Successful adoption will ultimately depend on the imagination



of the network providers to create the optimum access conditions. If they succeed they may find they have unlocked the evolutionary door to many future generations of mobile services.

Internet Behaviours

By Sue Peters

If you think about it, a web page is like a blank piece of paper. The screen through which we look at a web page is about 32 by 25cm. Over the last couple of years websites have evolved and there are many commonalities between them. Customers expect a contact us section and an 'about us' section, and have certain expectations according to what type of website we are accessing: retail sites have a place to buy goods and services, games sites have a place to interact and so on.

But research conducted by Teleonomy asked 2 different groups of experienced users and 2 different groups of novice internet users to visually depict what they thought the internet was. Between the likeminded groups there are overwhelming similarities, but the research has highlighted fundamental differences between experienced Internet users and novice Internet users. Our level of Internet experience clearly influences our understanding of what the Internet is.

Novice users



Experienced users



Novice users tend to think of the Internet as a linear, ordered experience as they move from the particular to the global. In reality, the novice users are quickly disoriented and confused, as the Internet is not a linear experience. Novices tend to have poor navigation capabilities. Interestingly, they blame themselves if they think they encounter problems.

Experienced Internet users, on the other hand, are more realistic in their depiction of the Internet, showing more of a chaotic and fragmented experience. In reality, these experienced users tend to use URLs to try and cut through the information overload and provide a more direct experience.

So what does this mean for the design of a website? I presented a paper at the Research Show in October suggesting that we should think more about the level of internet experience a user has before designing journeys through websites. Take this one step further, and we could even start to segment web pages by experience so that a beginner user has a different experience from a regular user. Experienced users desire a more direct experience whereas a novice may need to be told about security and shown the purchase process online.

This may sound like a technical nightmare, but some highly successful websites are already doing this. Take Amazon, for example. Its one click service provides less hand-holding than a novice would need by automatically attaching repeat visitors' address and credit card details to orders which cuts out a number



of web pages. First-time users, on the other hand, are immediately offered a step-by-step guide to ordering or an exhaustive list of topics at the online help desk.

If you would like to discuss this research please contact Sue Peters on +44(0)1524 382000 or email sue.peters@teleonomy.com

The Art of Conversation

By Fiona Mathieson

NASSCOM (National Association of Software and Service Companies), who work closely with the Indian government to build the local IT industry, recently projected that the call centre industry in India will create 2 million new jobs by the year 2008. However, the role of these new employees will be an extremely complex one; not only will they need language skills, listening skills and diagnostic skills, but also knowledge of the impact of different cultures on the style of conversation they employ.

Contact Centres worldwide record information about the individuals that they speak to, but research is emerging that shows there are significant differences in reactions to using personal information in different parts of the globe.

In order to provide repeat customers with personalised servicing two things are needed; firstly, a record of the relevant data, and then secondly a knowledge of how to use the information without making customers feel uncomfortable.

There are two types of information that can be recorded for personalised use:

- Personal Data – name, address, telephone number
- Conversational Data – account information, details of previous contact

Both types of information have the capability to alarm the customer if handled in the wrong way.

The UK population, for example, is generally happy to provide personal data and expects the contact centre operator to know relevant account history information. Recollection of personal data is particularly expected in all forms of contact: 77% of those surveyed are comfortable with companies recording this data. This UK population are quite sophisticated in their understanding of contact centres and the role of marketing, and are typically not averse to receiving, for example, special offers based on their personal information.

However, the personal information gathered has to be sensitively used: UK callers expect contact centre operators to answer their queries, not engage in conversation about callers' conversational data. This immediately implies a 'Big Brother' scenario to the caller, whereby unknown amounts of conversational data seems to be held by unknown individuals. Only 68% of those surveyed were comfortable with this information being recorded.

Southern Europeans, on the other hand, do not like giving up their personal data at all, but do expect a highly personal conversation that draws on their conversational data. Ideally, Southern Europeans would like a face-to-face conversation, but in the absence of this, the conversation has to tease out personal data without directly asking for it or alluding to it. Only 42% expected the agent to be able to recall their address when they make further contact, yet 81% expect to be recognised as existing customers.

Worldwide, the recollection of customer names during subsequent conversations is a bedrock of expectation: for example, 91% of Australasia & South Africans and 90% of Scandinavians expect their name to be recalled. Yet, as another example of the sensitivity required, only 56% of these same Scandinavians are comfortable handing out that information.

And furthermore, these data types are open to further differentiation: as the personal data recalled becomes more in-depth (data like address and telephone number) the expectancy of recollection by

the agent can change. With Australasia & South Africa for instance, expectancy of recollection fell to 72% for address and further to 57% when concerning telephone number.

As contact centres become increasingly globalised, the art of conversation becomes ever more complex. The biggest problem being faced by recruiters for contact centres in India is getting the right people for the job. Research suggests their range of skills must be even greater than originally thought.

The Internet giant at the heart of the Middle East

By Qmars Safikhani

The information technology revolution has had a low profile in the chessboard of power struggles that categorise the Middle East, but one thing is now clear. Israel, one of the most intricate pieces on the board, has emerged as a regional IT giant. By capitalising on technology accumulated from its vaunted military-intelligence superiority, Israel is brimming with thousands of IT startups, and a large number are now registered on the NASDAQ.

Mobile

With a population of over 6 million people, according to figureSeeq the Teleonomy multi-channel statistics database, the country in Q3 2002 has 4.54 million mobile phone subscribers and the penetration rate is rapidly approaching 100 percent. Moreover, from this September the 3G networks has been rolled-out by Pelephone which costs around 150 million dollars. This puts the country ahead of many European countries in terms of 3G networks, but the high penetration of mobile phones in the country is not surprising given that for most Israelis mobile phones are regarded as an essential security supplement.

mobile phone	3Q 2001	4Q 2001	1Q 2002	2Q 2002	3Q 2002	4Q 2002
2G mobile phone subscribers (million units)	4.37	4.40	4.49	4.50	4.49	4.48
2G mobile phone subscribers (per 10,000 inhabitants)	7,357	7,402	7,444	7,468	7,446	7,436
2.5G mobile phone subscribers (million units)	0.00	0.00	0.01	0.02	0.04	0.06
2.5G mobile phone subscribers (per 10,000 inhabitants)	0	7	15	29	66	95
3G mobile phone subscribers (million units)	0.00	0.00	0.00	0.00	0.00	0.00
3G mobile phone subscribers (per 10,000 inhabitants)	0	0	0	0	0	0
Total mobile phone subscribers (million units)	4.37	4.40	4.50	4.52	4.53	4.54
Mobile phone subscribers (per 10,000 inhabitants)	7,357	7,409	7,458	7,497	7,512	7,531
FigureSeeq TM						

Internet

Internet access	3Q 2001	4Q 2001	1Q 2002	2Q 2002	3Q 2002	4Q 2002
Internet access (million units)	1.63	1.78	1.90	2.01	2.13	2.25
Internet access (per 10,000 inhabitants)	2,748	2,991	3,149	3,331	3,530	3,726
FigureSeeq TM						

Since the mid-1980's Israel has made itself part of the worldwide development of the Internet. It was academia that spurred the first Internet growth and it has continued to grow with Israeli government supervision and regulation. IBM supplied several universities access to the academic BITNET network in 1984 and in 1988 the Israeli Academic Network (ILAN) was formed. The centre manages the network and maintains the connections of local universities to the Internet, through hook-ups to the U.S. and Europe.

The government later allowed the Centre to connect corporations and other non-university organisations involved in R&D to ILAN, while the Ministry of Communications allowed Internet providers to connect the public to the Internet, as long as they obtained a state license to do so. The Communications Ministry relaxed its restriction in mid '90s and consequently the Internet began to grow rapidly.

In the Q3 2002, there are nearly 115,000 businesses and 820,000 households with Internet access.

Israel has 3.48 million fixed phone lines and a high teledensity rate that is the highest in the Middle East. But what has been particularly lacking has been the introduction of new services, such as high-speed Internet access.

The price of Internet use in Israel is also among the highest in the world, resulting from the monopolistic structure of the industry. This tight state control has affected both telephone and Internet rates. As the result Israelis pay a high price for Internet service and receive in return a slow and 'crowded' infrastructure. The average cost for an hour's surfing on the Internet is between US\$1.1 and 2.4.

Online households	3Q 2001	4Q 2001	1Q 2002	2Q 2002	3Q 2002	4Q 2002
Online households with narrowband access (million households)	0.51	0.62	0.67	0.72	0.76	0.81
Online households with narrowband access (% of total households)	2,860	3,487	3,730	3,972	4,212	4,451
Online households with broadband access (million households)	0.02	0.04	0.04	0.06	0.06	0.08
Online households with broadband access (% of total households)	106	227	223	333	332	442
Online households (million households)	0.53	0.66	0.71	0.78	0.82	0.89
Online households (% of total households)	2,966	3,714	3,953	4,305	4,544	4,893
FigureSeeq TM						

Information Communication technology

In 2000, Israel had a surplus of nearly 7 billion dollars in its ICT export, a clear leader in the region. The volume of ICT exports represents nearly 30% of the country's total export. The Israeli government is adopting the latest economic development theories based on using human resources as the main source of economic development.

In the short term, Israel's prosperity may be subject of social and political turmoil caused by conflict with its neighbours, but the long term prosperity may depend on how those expenditures on ICT turn into the peaceful process of economic development rather than military action.

Value of national IT & Telecoms revenue (US \$bn), 2001-2006

IT & Telecoms market	2001	2002	2003	2004	2005	2006
Total IT	2.10	2.23	2.25	2.24	2.24	2.27
Total Telecom	5.43	5.46	5.58	5.67	5.77	5.86
Total IT & Telecom	7.53	7.69	7.83	7.91	8.01	8.13
FigureSeeq ^{IM}						

For more information and statistics about Israel and other 82 countries please visit www.teleonomy.com/figureseeq.

MRA Members' News



Diary Date: -

13.12.02 Deadline for input on Brand Project

New Members

We are delighted to welcome The London Business School in to membership of the MRA and are exploring opportunities for joint working in which MRA members may participate.

Quarterly Review Update

The Autumn Quarterly Review is due for imminent release. To get this to you sooner in a more convenient and accessible way, this will be made available in a new format in which you will receive an email that links directly to the Quarterly Review located on the Teleonomy.com website. If you require a CD copy please follow the instructions on the notification email to let us know and this will be sent directly to you.

The next Quarterly Review is a 'special' brand issue and as this is such a wide-spanning area we would recommend that if you have any particular interests within this area that you provide input into the 3 topics, within the brand theme that we will be looking to explore. As always this will be gratefully appreciated, please contact us at:

www.MRA@teleonomy.com

Members' Days

The feedback from the three members days in September and October has been brilliant with 73% members agreeing completely or strongly that the days provide a good opportunity to meet other members and share research concerns and interests. The topic of Technology and Cynicism was also a hit as 75% of members completely agreed or strongly agreed that the research was interesting and stimulating.

"Best members day – most applicable and meaningful"

The most encouraging feedback was that 84% of members completely agreed or strongly agreed that they



enjoyed discussing the research and building on the ideas of others. Thank you to all our members for their input; it is appreciated.

Research projects

Introduction

“Companies should evaluate different media channels so that the role of an individual channel can be defined and its effectiveness closely monitored. The style of the message should be appropriate for the media channel and the audience.” – Henley Centre

Brand has always been a ‘hot topic’ for both MRA members, and a wider sector of business’s with a strong brand focus. In many ways it is a ‘melting pot’ of fragmented ideas in which many organisation’s research teams and buyers choose to ‘dip’ into when and how they please. Due to recent demand from MRA members for brand related projects it has been decided that the next project, the Winter quantitative report will focus on this key area. Specifically in relation to media channel use and brand portability.

There are a number of possible avenues of exploration within this subject, therefore it is important that MRA members are able to provide valuable input into what actually is of interest to you and your organisation at this point in time?

Possible research areas of interest:

- Consumer relationship with brand – across channel
- Expectations of brand across channel
- Advertising and brand values
- Trust and brand
- The nature of values mapped onto brand
- Cross-channel use – the nature of inter-relationships
- ‘Brand strength’ across channels
- The influence of anti-brand across different channels

To tell us what you want out of the project and to express your interest please contact the MRA at: MRA@teleonomy.com

Please could you provide input by 13th December, once all suggestions have been collected a full outline will be provided towards the end of 2002

If you have any feedback to offer, ideas or suggestions for the programme, or queries on any aspect of the MRA, please contact MRA@teleonomy.com or call 01524 382000.