

América Móvil's Mobile Advertising Service



EXECUTIVE SUMMARY

COMPANY PROFILE

América Móvil is a leading mobile service provider in Latin America. It has operations in over 18 countries and more than 225 million mobile subscribers. It also has 28 million fixed-line subscribers.

COMPANY HISTORY

América Móvil was founded in 2000. América Móvil is headquartered in Mexico, where it holds about 75 percent of the country's mobile market share through its subsidiary Telcel. The company also participates in telecommunications joint ventures in several other South American countries as well as in the United States.

Challenge/Opportunity

América Móvil (AM) has the largest mobile subscriber base in Latin America. Their subscriber base represents a massive potential target base for mobile advertising. AM has partnered with MyScreen to explore the opportunity.

In launching mobile advertising, América Móvil is faced with following challenges:

- As with most mobile advertising initiatives, the challenge is not to repulse customers with intrusive ads. AM and MyScreen have implemented an opt-in system so as to avoid customer backlash for the service. This approach will help AM not to undermine the good relation that it already has with its customers.
- Although MyScreen claims to have a patented technology for the service, this fact will not confer a superlative advantage to the AM. The service is not designed to bring in new customers for the operator. Rather, it is designed to exploit the operator's existing large customer base, a key enticement for advertisers.
- MyScreen could offer the service to other operators around the world. For now, MyScreen claims to have confirmed deals with operators serving over 200 million mobile customers. These deals would include AM's markets in Argentina, Brazil, and Mexico. Also, MyScreen has already signed a deal with Turkcell in Turkey.

However, this service has also provided a number of opportunities to América Móvil listed below.

- The clearest opportunity for AM is to generate more revenue from its vast customer base. With 225 million subscribers, AM's customer base is a valuable resource for advertisers. Given that mobile phones have penetrated deeply into all facets of the society, the medium has added attraction to advertisers that want to use mobile phones to target a more diverse audience.
- Although basic voice and data services are still the most lucrative revenue sources for AM, mobile advertising will help diversify its revenue base and generate incremental revenue. AM has also embraced other new products/services in mobile messaging, social networks, and app stores.
- A successful mobile ads push will further expand the reach of the AM brand. Presently its brands in the region, Claro and Telcel, are very well known. By diversifying into services such as mobile advertising, AM will be able to spread its brand into other areas of society, diversify the brand beyond mobile voice, and increase the worth of its brand goodwill.
- For an operator that already commands market leadership in many of its Latin American markets, this strategy will provide AM an opportunity to lead in the development of mobile advertising in the region. This move will show AM as an innovator, a pace setter, and a company that is prepared to break new ground to bring new products and services to Latin America.

“MyScreen is proud of our partnership with Claro and América Móvil and looks forward to meeting the Argentinean consumer demand for better access and closer interaction with their favorite brands. Claro is among many companies recognizing the value of the new advertising channel that MyScreen is creating, and we are very pleased with the overwhelming positive reception we are receiving from advertisers and consumers in Mexico and Brazil, where we have already launched and are generating revenue.”

—Maurizio Angelone, CEO, MyScreen

Alliances/Partnerships

AM has taken the route to buy in mobile advertising expertise from outside rather than develop it internally as some other operators do. This approach gives AM the opportunity to access best-in-class solutions with the flexibility of choosing any supplier that it wants. The choice of outsourcing also reduces AM's risk. Mobile advertising is still in its infancy and has not yet lived up to many people's lofty expectations. By avoiding internal investments, AM is freer to walk away from the service of its chosen partner with few worries about investment losses.

- AM has partnered with MyScreen to implement mobile advertising solution. Originally the service is targeted to launch in Argentina, Brazil, and Mexico, and there are plans for expansion. In partnering with MyScreen, AM has opted to collaborate with a partner that will provide a complete solution for mobile advertising. This arrangement frees AM from the day-to-day provisioning of ads and allows it to focus on its core business of winning new mobile customers. MyScreen has developed a patent-pending technology that delivers full-screen, incentive-based ads directly to the mobile phones of subscribers. It manages the whole process, focusing on bringing together advertisers and operators. It does this by playing the role of the industry advocate, forming relationships with advertisers and operators. MyScreen also runs a mobile marketing consultancy, the MyScreen Agency, which collaborates with traditional ad agencies and brand advertisers.
- AM has a good number of advertising partners. Confirmed partners for the launch in Argentina include: Samsung Electronics, Easy, Hoytos Cinema, Unilever, Yellow Pages, General Motors, DIA%, Citibank, and MacStation.

Strategy

- **Collaborative innovation at play.** Much of the functionality of the mobile ad solution comes from MyScreen. The company developed the proprietary technology behind the solution and is fully committed to its development. Together with AM's resources, the two players are able to demonstrate innovation to their customers and the market.
- **Full-screen visual graphics.** Ads are delivered on a full screen and are visually captivating. This capability enables the advertiser to convey a brand's image eloquently (see Figure 1 below).

Figure 1. Mocked-up BlackBerry and Unilever Mobile Phone Coupon



- **Delivered at the end of a call.** Ads are delivered at the end of a call, helping ensure that they get better visibility than SMS messages or banner ads.
- **MyScreen's proprietary "ad value hot keys."** This innovation is the most valuable part of MyScreen's ad design. The keys offer operators extra targeting options, enabling them to place targeted or niche ads within other ads (see Figure 1). This feature is the chief reason why MyScreen is achieving its high click-through rate (CTR).

- **Individually targeted.** Each subscriber opting in is asked to complete a demographic and psychographic profile. The results are then used to serve up ads relevant to the subscriber's interests and lifestyle. This approach also enhances the uniqueness of the channel, providing exclusivity to the brands.
- **Incentive based.** This is where AM comes in. Subscribers accumulate reward points for each ad that they view. Subscribers can then redeem rewards such as free voice and Short Message Service (SMS) services from AM. This rewards program incentivizes customers to continue using the service and acts as a kind of promotional bonus for AM. Thus AM offers what it could simply have offered as a customer bonus, but in return, has the chance to earn incremental revenue.

“Mobile advertising has tremendous potential, as the penetration and individuality of the cellular phone allows us to reach a significant and highly segmented public. MyScreen’s solution joins other mobile advertising solutions already offered by América Móvil. This launch reflects our commitment to stay in the forefront of the mobile communications industry, offering our subscribers and shareholders greater value.”

—Marco Quatorze, Director of Value Added Services, América Móvil

Success Factors/Metrics/Monetization

- AM has a sizeable incremental revenue opportunity from sharing the revenue that comes from advertisers. So far, neither AM nor MyScreen has confirmed the revenue-sharing percentages. However, MyScreen says that it has secured about US\$1.5 million of advertising commitment.
- At a CTR of 20 percent and above, MyScreen’s solution should appeal to advertisers and brand managers. Other ad platforms, such as Google AdWords, have an average CTR of 2 percent. Therefore, if the initial phase proves successful and the CTR rate remains high, the solution is likely to become a sought-after advertising platform in Latin America and possibly beyond.
- For AM, the partnership adds robustness to MyScreen’s solution. Other non-operators, such as Blyk, have tried to set up similar mobile ad platforms independently. However, these platforms have not been very successful. If AM can bring its clout, expertise, reach, and efficiencies to MyScreen’s mobile ad solution, it is sure to be a win-win for both AM and MyScreen.

Company Background

- Read [América Móvil overview](#)

Case Study Source: Cisco sponsored research developed by [Ovum](#)



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