Promotions

Driving mobile money adoption and usage with advanced promotion tools

Since the launch of mobile money platforms worldwide, there has been significant growth in the number of deployments. However, despite this success, the active user base has not grown with the same vigour as that of initial subscription. Current statistics show that for the 299m registered accounts, only 103m are 'active'. An active user is usually defined as having performed at least one transaction in the last 90 days.

"80% of customers who are active in their first month after registration become dormant by their fourth month."

Though the challenges are not uniform across the various markets, service providers have identified those that are specific to customer activity. Understanding these challenges is key to overcoming the gap between account adoption, and consistent rates of activity.

As can be seen in the following graphs, the importance of an active customer base is vital to the success of mobile financial services.

The graph in Figure 1 shows that many customers' level of activity drops over time, without any external influence.
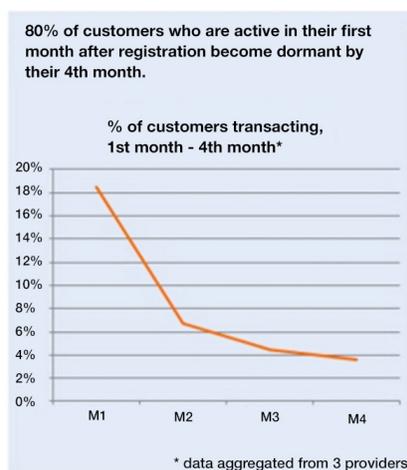

Figure 1.

As demonstrated by the graphs in Figure 2, by CGAP, low activity rates create a sharp increase in the investment needed by a provider to acquire each active customer. Whilst levels of spending remain high for the least active users, this means that a far longer period of time is required just to break even.
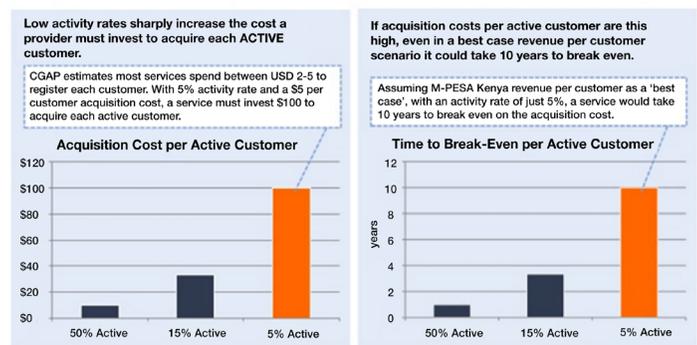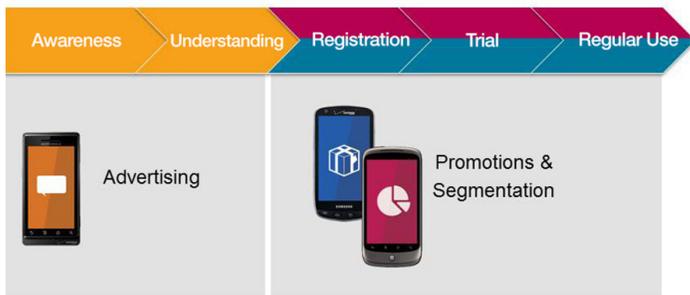

Figure 2.

As mobile money is still a new financial solution in many markets, service providers must continuously search for the right tools to encourage subscription and increase usage. An emerging trend from innovative operators and financial service providers is to harness the potential of user stimulation and promotions with services such as mobile money or recharge in order to ensure uptake of their services.

Promotions are a particularly powerful tool to drive customer usage. A promotions campaign can be activated at different stages of the customer journey depending on the outcome that the service provider hopes to achieve. Employing a promotion at the point of registration for example, will provide the opportunity to trial mobile money, and to increase account subscription. Alternatively, promotions offered post registration, upon reaching a certain level of activity, can encourage usage and customer retention.

Mobile wallet use can be linked to a loyalty reward program, and the transaction information can be used to build rich subscriber segmentation for future promotions.

Agents can also be targeted with an appropriate commission structure that might include incentives and promotion. Attracting the right agents based on structures like these helps build quality networks, which again helps to drive customer adoption and usage. Evidence shows that those who have a positive first time experience with mobile money are most likely to continue using it.

Figure 1 & 2. 'The Challenge of Inactive Customers', CGAP, 21 March 2012

| Awareness | Understanding | Registration | Trial | Regular Use |

Advertising

Promotions & Segmentation

Segmentation as a support to promotion

Segmentation is a primary tool that must always be linked to a practical (secondary) application. When used to feed accurate information into promotional campaigns, it can be an effective method to incentivise both end-users and agents.

As customer needs differ from one individual to the next, it is impossible to address everyone equally with only one marketing strategy. Segmentation works to differentiate customer behaviours, and effectively drive tailored customer activation promotions.

Designing a promotion based on customer segmentation can significantly improve its success rate. Some markets might favour chance-based promotions such as giveaways and lucky draws, over promotions in which a bonus, albeit smaller, is guaranteed. Investing in one type of promotion that unknowingly targets those who would prefer the alternative is certain to be a waste of time and money.

However, in order for segmentation to be effective, a substantial bank of data is a necessary requirement from which to pull information. The GSMA recommends at least 1 year of customer activity in order to provide a sufficient scope for analysis.

The advantages of telco in segmentation

The ubiquity of the mobile in emerging markets uniquely positions the operator. While financial institutions are aware of the potential of services such as micro credit and micro savings for the unbanked, they lack the crucial user data needed to make this a reality.

Before they are able to launch mobile financial services, financial institutions need the ability to target customers through the evaluation of their behaviour.

This is where telecommunication operators are able to capitalise on the extensive user data that exists within their network. Through the analysis of telecommunication usage it is possible to identify customer spending and geographical behaviour, in order to build lists of eligible customers for mobile financial services.

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What tools are available to ensure ongoing customer activity?

eServGlobal has developed an easy-to-use web-based application to create and manage promotions.

The self-service Advanced Customer Adoption (ACA) tool enables service providers to deliver targeted, customised and timely promotions, and rewards, each with a quick turnaround time to market. With a step-by-step approach to launching a promotional campaign, service providers can simply import or configure eligible customer lists, which will help drive the right strategy to achieve the most effective results.

Used additionally alongside segmentation, the ACA tool can dramatically improve not only mobile money adoption, but increase rates of continued activity, and promote a loyal customer base which will assist with future marketing strategies.

About eServGlobal.

We are eServGlobal. We are a pioneering digital financial transactions technology company. We enable financial and telecommunications service providers to create smoother transactions for their customers through deep technical expertise and rapid implementation.

We utilise the latest technology platforms, with the largest global reach, to offer a range of transaction services including digital wallets, commerce, remittance, recharge, rapid service connection and business analytics.

We combine more than 30 years experience, with an agile, future-focused mindset. We live by relentless progress. We push ourselves to be ahead of upcoming digital disruptions to continue to support our clients in future-proofing their businesses.