

Widgets drive mobile content consumption

Widgets have already successfully changed the landscape of the Internet. These pieces of portable online code or content that can be taken from one site and placed on another have become a profitable way for content providers and advertisers to get content into the right audience both inside and outside of their domains. The benefits range from brand propagation to instant web transactions.

According to a comScore report, a total of 615 million people representing 65 percent of worldwide internet users viewed or engaged with a widget in June 2008 alone.¹

Now the widget concept is poised to make an impact on the mobile industry. After mobile operator attempts to control the user experience using Wireless Application Protocol (WAP) and not seeing any significant data uptake, operators have now embraced a full browsing experience, thanks to the proliferation of smartphones. Smartphones are offering a significantly improved mobile internet experience which is proving to drive mobile data consumption.

The fact that consumers have begun to think differently about the value of the mobile Internet as a result of these new designs is reflected in the financial metrics of mobile operators. In particular, AT&T Mobility, the exclusive operator for the iPhone in the US, continually reports that iPhone users consume a significant amount of data, which translates into significant revenue increases.²

While smartphones are significantly improving the mobile internet experience for end users, they still have their limitations. The majority of customers still don't own a smartphone, and the mobile internet browsing experience is difficult to replicate on feature phones because of hardware constraints. Thus, operators are challenged to replicate that browsing experience for all of their subscribers and offer an array of

Unleashing the Mobile Internet for the Masses

SPONSORED BY



attractive data-enabled devices that will bring in new customers and convince existing users to trade up.

Increasingly, mobile widgets are proving they can fill in that gap.

Mobile widgets explained

Mobile widgets are single-purpose, internet-connected applications that sit idle on a phone's screen to appear as a graphically rich miniaturized icon. These light-weight applications are designed to deliver highly personalized content to the end user with two clicks or less—without requiring the user to launch a mobile browser or search for content within a secondary screen. Information within the widget is continually updated without user intervention.

Each widget is typically dedicated to a specific type of content, such as weather, news and sports, and may either be a standalone icon or contain links to a web page where a user can access more content. The beauty of a widget is its ability to provide a simple, highly personalized content experience to the end user by allowing them to obtain the specific information they are seeking in a quick manner.

Research shows that a simpler application, such as that presented by a widget, spurs data content purchases. comScore indicates the number of people using their mobile device to access news and information on the internet more than doubled from January 2008 to January 2009. Much of the growth in news

and information usage was driven by the increased popularity of downloaded applications.³

While not mobile-related, research from The Diffusion Group (TDG) points to a general acceptance among consumers of the widget concept. TDG surveyed television users about their attitudes toward using a widget toolbar on their primary television set. The firm found that 76 percent of consumers said such a capability would be valuable.⁴

“Rarely in quantitative consumer research does a new feature or application receive such overwhelming support,” concluded Michael Greeson, president of TDG. “The widget concept is something consumers seem to understand—they just get it.”

As such, widgets are quickly proving that they have the power to improve end users' data experiences and drive mobile content consumption.

How widgets benefit all of the players in the mobile content chain

Mobile operators

The name of the game for mobile operators is revenue, and mobile data is increasingly becoming a critical component. Even during an economic downturn, operators are reporting increases in data average revenue per user (ARPU).

As a whole, mobile data services are growing at a rapid pace, thanks in part to the proliferation of smartphones. Chetan Sharma Consulting estimates that mobile data accounted for 20 percent of worldwide operator revenues and as much as 40 percent for some leading operators in the first half of 2008.⁵ Informa Telecoms & Media anticipates annual data services will more than double from \$148 billion in 2007 to \$347 billion in 2013.⁶

Apple's iPhone changed the mobile data consumption game, offering enhanced browsing capabilities, a touch screen and icons as graphical references that have been attractive to end users. Apple's US operator partner AT&T Mobility took the step of bundling the phone with unlimited data plans, spurring users to consume mobile data uninhibited.



But operators want to broaden this experience across multiple phones and deeper into their customer base to drive revenue. Widgets can bring a streamlined mobile internet experience on devices other than smartphones, broaden the audience for mobile content services and spur more customers to pay for data plans.

Moreover, operators are increasingly giving up control on the content side by allowing off-deck content and application stores run by the likes of Apple and Google. Operators realize they can make up for the lost revenue from content sales through the data plans they charge to the customers who are flocking to the iconic devices they offer. At some point, however, access plan ARPU flattens as operators find difficulty in increasing customer spending. Mobile widgets have the ability to bring that control back to the operator, allowing them to share revenue with content players while giving their customers control over their content experience.

Recommended actions for operators

- Partner with platform providers that offer a strong track record in the mobile internet space and a strong network of ecosystem partners;
- Work with or recommend to phone vendors a technology partner that is capable of integrating widgets on a wide range of consumer electronics, from low-end to high-end devices;
- Consider incorporating an “out-of-the-box” widget experience whereby a mobile device comes preloaded with widgets to immediately engage the customer and drive mobile data consumption.

Handset vendors

Every handset vendor is challenged today to offer the next iconic device that will drive customers for their operator partners. While high-end smartphones are increasingly coming to market with open platforms and attracting a variety of content developers offering compelling content, feature phones are most often closed environments, which can hurt innovation on the content side in a traditional sense. Therefore, device makers are challenged to replicate the smartphone experience on lower end phones—a capability that is highly desired in order to drive up data revenues and create brand loyalty to particular devices.

Widgets offer a way to create “open” feature phones and foster brand loyalty and relationships with end users as they access content via widgets over time. The ability to marry Web 2.0 services with device-

Widgets can broaden the audience for mobile content services

resident capabilities such as GPS, address book, calendar and pictures creates a powerful loyalty proposition for handset vendors.

Moreover, handset vendors have the opportunity to cost-effectively create highly personalized customer experiences across a wide range of demographics and regions by incorporating widgets. The same device may be shipped to two different countries but the pre-installed widget will offer language and content that is applicable to that region. Device manufacturers have the ability to target certain customer demographics such as teenagers, sports enthusiasts or movie buffs. The demographic segmentation opportunities are plentiful.

Recommended actions for handset vendors

- Look to work with carrier partners to pre-set widgets on the mobile device for that out-of-the-box, personalized content experience;
- Work with a software partner that has a solid business, global reach and reactive manpower to provide a customized widget experience across a multitude of handset models, targeting different demographics and regions;
- Find a software partner that has the ability to create a widget experience across as many hardware devices as possible thus benefiting from economies of scale.

Content providers and advertisers

Because mobile widgets provide a simple way for end users to quickly receive the targeted information they are looking for, they are an attractive avenue for both content providers and advertisers.

AccuWeather.com can be held up as a prime example of how content providers can capitalize on mobile widgets. The premier weather company views mobile widgets as a way to engage the mobile user. Easy discoverability and the ability for an end user

to personalize weather forecasts translates into significant uptake of content, both via the widget and beyond as end users have the capability to discover additional AccuWeather content within the content provider's mobile web site.

AccuWeather and its mobile software partner ACCESS have made several agreements with operators and device makers to preload mobile widgets on devices to provide an "out-of-the-box" content experience. When a user takes the device out of its packaging and powers it up, he immediately sees a content-rich icon on the screen that, with one click, offers customized weather forecasts.

While users have access to the information they need at their finger tips, AccuWeather also provides a way to give them more, if they so desire, in a simple fashion. For more detailed content, such as an hour-by-hour or extended forecast, the end users can simply click on the widget link and be directed to the company's mobile web site without initiating a separate browser, typing in a URL or conducting a search.

Early evidence from AccuWeather indicates that mobile widgets are a top driver to a content provider's web site. AccuWeather has made widgets available on certain models of devices for more than a year and reports that data traffic coming from these widgets is one of the top five drivers to the company's mobile web site, where additional content and advertising awaits.

A primary component of mobile widgets is the idea of immediate access to personalized and customized content. End users are empowered to customize their mobile widgets to suit their personal preferences, which offers content providers the ability appeal to new audiences and to find new ways to connect with their audiences, which in turn translates into brand awareness and loyalty.

For instance, AccuWeather has successfully sold online a number of weather indexes and is bringing this capability to the mobile internet this year. This custom index targeting offers highly personalized content such as a frizz index, which uses a proprietary algorithm especially developed by AccuWeather that combines measurements of atmospheric humidity with other weather factors that create hair frizz. The index correlates to the level of frizz that can be expected under various conditions.

Highly targeted and customized mobile widgets in turn allow advertisers to extend the value of their advertising by triggering ad impressions based on conditions from specific weather indexes. It ties their advertising into the conditions that most call for their products.

Because consumers can effectively select their interests in content and services, they virtually eliminate the guess work for advertisers. That is both powerful in terms of selling more of their products and increasing brand positioning.

A recent report from Analysys Mason indicates that with consumers spending more time at home and looking for free or cheap entertainment and information in the midst of the economic downturn, advertisers will require media that is highly engaging and highly personal.⁷ Further, research from media agency Starcom USA indicates that wireless subscribers demand more personalized content in mobile ads. The firm analyzed light and heavy users of mobile data in the Chicago, Houston, New York and San Francisco areas of the US.⁸

At the same time, advertisers are interested in opportunities that enhance their brands. Mobile widgets offer a way for advertisers to get in front of mobile users by giving them a branded service they find significant value in. Using mobile widgets, advertisers in essence could sponsor a "Daily Deal" widget or promote ringtones. A record label might sponsor a widget that gives away a free music single as it displays a page of the newly released album complete with a ringtone from the album. Revenue would then

A primary component of mobile widgets is the idea of immediate access to personalized and customized content.

be shared among the record label, widget provider and operator.

In other cases, advertisers can launch their own application widgets or partner with content providers to work to create even more targeted widgets, offering compelling pieces of content that also increases brand awareness. The local museum, for instance, might introduce a widget that is updated on a regular basis to communicate what exhibit is showing. The effect is giving valuable content while increasing brand awareness.

Mobile widgets also offer a host of advertising opportunities in the form of sponsorships, click-to-purchase transactions, click-to-call and premium listings.

Recommended actions for content providers and advertisers

- Find a software partner that leverage a development environment based on open standard W3C specifications, facilitating the development of widget content;
- Work with a software partner that can help integrate content on a broad range of consumer electronics products to expand brands and services to reach a global audience.

Widgets beyond the mobile device

The proliferation of the mobile internet is giving way to a connected digital lifestyle. The internet is reaching out beyond PCs and mobile phones to digital cameras, electronic books (e-books), automotive navigation systems, digital TVs and set-top boxes. As such, widgets will play a critical role in internet-enabling these devices, simplifying the content experience for end users, differentiating hardware vendors and extending the reach of operators, content providers and advertisers.

Several factors are driving this demand. Broadband wireless networks are now pervasive, embedded module prices have dropped to more affordable price points and wireless operators are devoting resources to this burgeoning area. While operators see big business in areas such as home automation, they can derive even more revenue by incorporating widgets, which can turn otherwise dumb devices into those capable of offering up consumable content.

A navigation system, for instance, would have the capability to customize weather forecasts as a user travels to his destination. Refrigerators could feature



widgets that suggest what fruit is in season and available fresh in the local grocery store.

The challenge is creating the right internet experience for each hardware device. While this sounded futurist just a few years ago, companies like ACCESS see demand for their mobile browser and widgets beyond the traditional PCs and mobile phones in devices ranging from game consoles and car navigation systems to digital picture frames and e-books.

Increasingly, mobile operators, pay TV and internet players are talking up the three-screen opportunity over the TV, web and mobile device. Their vision is to build upon their core network assets by continually refreshing their service offerings and delivering them in a personalized way across these mediums along with targeted advertisements and promotions.

Ideally, the widget platform operators, content providers, advertisers and device makers should choose a software partner that is capable of moving them to this next level. As operators look beyond the mobile phone, they want hardware providers that are capable of integrating widgets in a manner that makes sense on a wide range of devices, from electronic books to home thermostats. Content providers and advertisers want partners that will bring their content and services not only across a multitude of handsets but across billions of other connected devices.



In short, operators, content providers and advertisers will be vying for the opportunity to establish themselves in a consistent way across all connected devices as the preferred “landing page.” That is a powerful proposition. Hardware vendors will be looking to obtain brand loyalty and continually add value by engaging with the end user.

Conclusion

Thanks to the advent of smartphones, consumers have begun to think differently about the value of the mobile internet. Smartphones have improved the mobile internet experience, but not for everyone. Operators are challenged to replicate this optimal browsing experience on feature phones because of hardware constraints.

But widgets have the power to bring a compelling mobile internet experience on devices other than smartphones, broaden the audience for mobile content services and spur more customers to pay for data plans. Widgets put consumers in control of the content they desire, giving them simple access to the mobile internet and thus empowering them to use the mobile devices for more than just voice and text services.

Broadening the internet beyond the PC will always be a challenge but teaming with the right partners today means all of the players in the mobile internet ecosystem will be well prepared to capitalize on the internet-enabled devices of tomorrow.

Endnotes

- ¹ “comScore Widget Metrix Report: 615 million people viewed or interacted with a widget,” www.centernetworks.com, Aug. 13, 2008
- ² “AT&T reports Q4 mobile data revenues of \$3.1 billion,” FierceMobileContent, Jan. 28, 2008
- ³ “comScore: Mobile internet becoming a daily activity for many,” comScore press release, March 16, 2009
- ⁴ “Widgets to spark tipping point for web-enabled TV,” The Diffusion Group press release, March 17, 2009
- ⁵ “Mobile data services big, says Chetan Sharma,” Wireless and Mobile News, Sept. 29, 2008
- ⁶ “Forecast: Data revenues growing to \$347B by 2013,” FierceMobileContent, Dec. 12, 2008
- ⁷ “Report: Downturn will yield mobile ad opportunities,” FierceMobileContent, Feb. 19, 2009
- ⁸ “Study: Consumers want more relevant mobile ads,” FierceMobileContent, Jan. 25, 2008

For more information:


www.access-company.com


www.accuweather.com