



# Mobile payback

ADVERTISING GOES MOBILE – WITH A SLIGHT TWIST – AS HUGE GROUP AND EYEBALLS MOBILE ADVERTISING INTRODUCE AN OPT-IN ADVERTISING SERVICE. HOLD ONTO YOUR CELLPHONES.

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**M**obile advertising is the next great marketing frontier. Consumers have long been overloaded with advertising in every space it can fit – from television to radio, billboards, e-mail, print media and websites... the list goes on. The major downside for advertisers is consumers' ability to switch off, tune out or get downright hostile with marketers' attempts to secure their spend.

Mobile advertising has come to the fore in recent years as marketers and mobile operators look to maximise revenue. For operators, advertising offers another way to recoup revenue spent on network rollouts in the face of declining average revenue per user (ARPU) rates brought about by the commoditisation of basic telecommunications offerings. For marketers, mobile represents a new medium. And with mobile internet penetration increasing, advertisements can very quickly be turned into sales – at a click, if you like.

Huge Group acquired a 25 percent stake in mobile advertising company Eyeballs Mobile

Advertising in May. Founded by Nathan Lewin in 2005, Eyeballs has developed a product that delivers rich media to mobile phones every time a call is received. For example, when you receive a call and have opted into the service, you'll see the caller's name and number at the bottom of the screen. Depending on the information supplied when you signed up for the service, an advert for the latest James Bond movie, vehicle finance or other service appears.

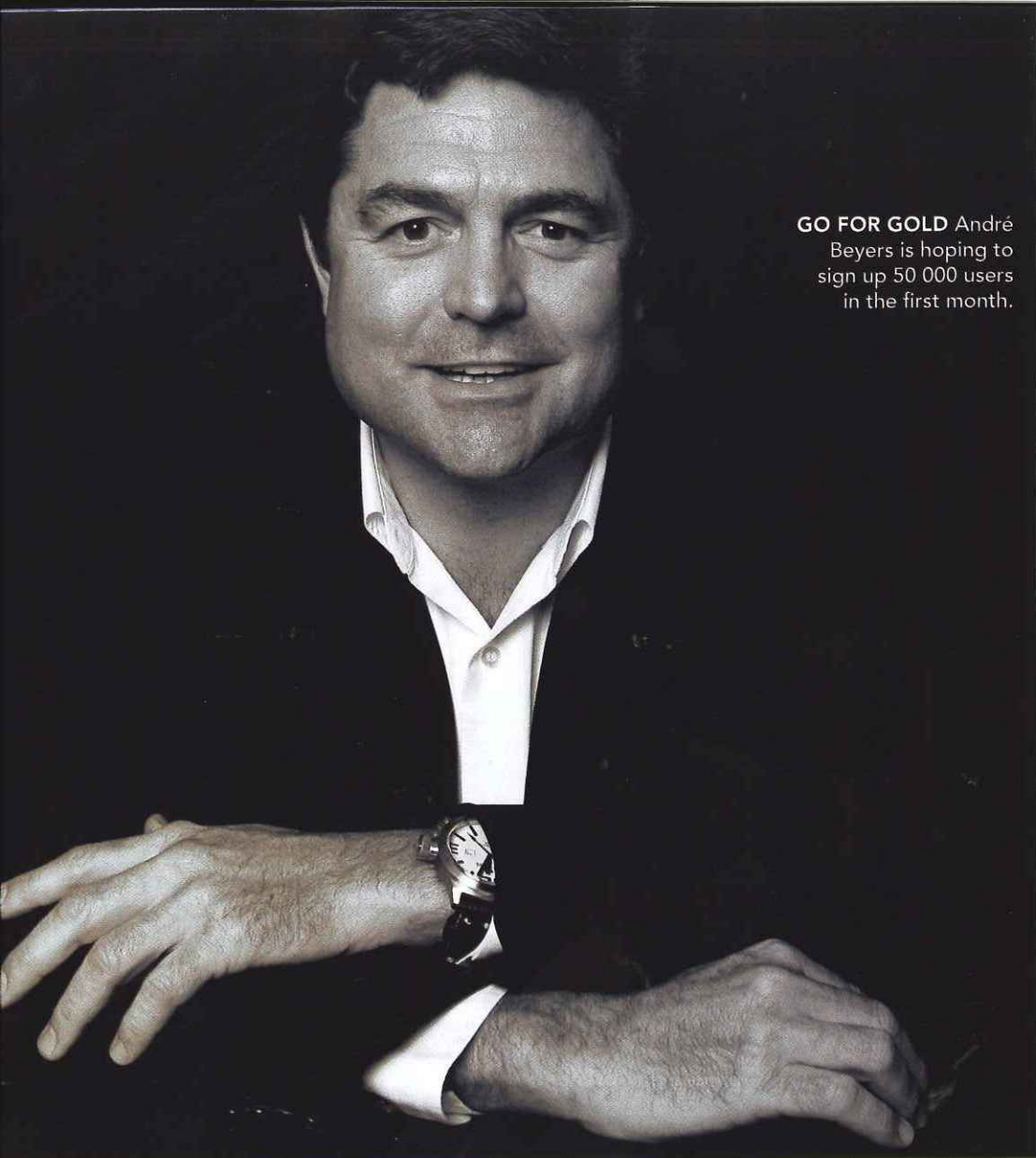
The service has been in beta for the past three months, with a soft launch scheduled for 4 August. Beta testers will be able to refer their friends to the service, and, says Eyeballs Mobile chairman André Beyers, a viral marketing campaign will do the rest. This is to be followed by a hard launch with above-the-line advertising support later in the month.

Huge Group CEO Anton Potgieter says there are between two million and four million smartphone users in South Africa. And Eyeballs lists 43 Symbian handsets with which its product is compatible. Beyers says the company is launching its service with more than 20 advertisers, including First National Bank, Coca-Cola, Levi Strauss, Woolworths, Cell C, Dell, Multi-choice and Media 24.

"We're hoping to sign up 50 000 users in the first month and get to around 200 000 by year end," he says. "We'll gauge take-up in the first month and turn up the marketing dial as we go along."

## Pick me

Users may sign up for the service at wap.eyeballs.mobi. Says Beyers: "Users are required to fill in demographic information such as their age, gender and interests before they can take part." This information is used only by Eyeballs to ensure that users receive information that's



**GO FOR GOLD** André Beyers is hoping to sign up 50 000 users in the first month.

relevant to them, notes Potgieter. "The profiling works in the user's favour."

If a call is missed, the advert is sent again to ensure the user does, in fact, see it. And because the service is opt-in only, advertisers are assured that viewers actually want to see their adverts. Each user receives what Eyeballs Mobile calls 'paybacks' for viewing adverts. Says Potgieter: "The phone rings, you see an advert, you answer the call, the advert disappears and you get two cents." Rewards are currently available as pre-paid airtime vouchers, but Eyeballs is expanding its rewards offering further and will continue to do so along the same lines as eBucks has. Paybacks can be

traded on the Eyeballs website and the expanded rewards will be live on 1 November.

Payback during launch is two cents, which will increase to four cents in future. Users may refer their friends cell-to-cell, and will receive a portion (one cent) of the paybacks earned by their friends in return. Paybacks can also be paid out to another Eyeballs phone, which is useful for parents who need to fund their teenagers' cellphone bills.

### Who are you?

Beyers says Eyeballs has identified three specific target markets for its service. The first, called 'brats', are at an age when people start using phones, typically 13 to

17 years old. "Although the advertising will not be targeted directly at them, they are a big part of the market," he says. "In wealthy homes, parents pass on new fancy phones to children and keep the older phones (that they can use) for themselves. This demographic is socially networked, lives on pocket money and will do anything it can to stretch available cash. If this group can make R10 or R20 back (which is a lot of Mxit messages), they will.

"The next segment, called 'cats', includes the 18- to 24-year-olds, single students, first-time workers who have been living with Mxit for the last three years, know how it works and are socially networked. Times are

## ➔ Fisheye view

For advertisers and marketers, the mobile space is largely untapped.

Traditional media is expensive, marketing budgets are shrinking, production costs are high and smaller advertisers can't afford to make an impact on the market.

"Advertisers are looking for a break-through medium that's inexpensive and has a high level of targeting," says Eyeballs Mobile Advertising chairman André Beyers. "All other advertising options in South Africa at present require the viewer to do something. With mobile, advertising is currently sent via SMS, MMS or in 'please call me' messages. We're offering fresh, dynamic inventory with the associated cool factor."

Eyeballs' user profiling means advertisers can target consumer groups with their advertising, for example, 25 percent off a Steers burger sent to students at lunchtime on a Friday. Advertisers then receive a report detailing the number of students who viewed the advert at that time.

"What's also helped [take-up of the service] is the global hype around mobile advertising," says Hume Group CEO Anton Potgieter.

According to the dotMobi Advisory Group\*, global mobile advertising revenue was approaching \$1 billion last year. Vodacom, which recently introduced its mobile advertising offering, estimates that mobile advertising revenues in South Africa could reach R1.5 billion by 2011\*\*. Rich pickings for those who dare to venture into new advertising territory.

\* *Mobile Advertising in a .mobi World – dotMobi Advisory Group, November 2007*

\*\* *Press release – Vodacom enters new multi-billion rand media space, 11 October 2007*

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ANTON POTGIETER,  
HUGE GROUP

tough – cars, food and beer cost money – and they don’t necessarily want to save on their phone costs, but will opt for something that offers them a way to keep up with their social networking. Their ARPU is higher and they will earn bigger rewards.”

The last group, dubbed ‘bats’, refers to long-suffering parents who frequently find themselves signed up by their children to services they cannot and don’t want to understand. “We’re looking at putting a different rewards system together. For example, green rewards where they can use their payback to contribute to an environmental cause,” Beyers notes.

### Taking over the world

“We started gearing up for launch about two months ago,” says Potgieter. “We couldn’t afford to lose any time. This type of technology is the hottest on the planet and the product is rock solid with full Symbian certification. The world of business is not pretty; you need to move or someone else moves ahead. This is definitely the right time. We can’t wait or we may end up kicking ourselves.”

Beyers says Eyeballs aims to become the biggest independent “rewards for viewing”

media company in the country. “The biggest opportunity is to export the functionality globally,” he adds.

For Huge Group, Potgieter says: “This is probably the most exciting thing we’ve seen since we launched. It has a much bigger potential upside than the iTalk acquisition. We got excited when we first saw it and feel we can add a lot of value around the strategy and, of course, funding. It’s potentially exportable and fits into what we’re already doing in the ICT space.”

Potgieter says Huge will probably exercise its option to acquire another 15 percent of Eyeballs. As per the original deal, it has two years to do so.

### New advertising age

Says Eyeballs founder and CTO Nathan Lewin: “This is a media product, an exciting new-age technology. I want to push two further bottom lines for the company as we go – environmental and social responsibility.”

Potgieter echoes this thought: “It’s business you can feel good about. It’ll be nice to sit back at the end of the month and be able to say, ‘Every one of those guys [involved with Eyeballs] got something’.”

As Lewin states: “Advertising is everywhere; you may as well get paid for it.”

And that’s the bottom line really. Consumers are drowning in unwanted advertising and marketers are desperate for new media. Giving consumers the option to view advertising that may be relevant – and paying them for it – while charging marketers 20 cents per view to target willing consumers, seems about as close to a win-win as the instant-gratification age could deliver. **B**

**FEEL GOOD** Anton Potgieter would love to sit back and say everyone benefited.



### Chasing waterfalls

The idea for Eyeballs Mobile Advertising struck Nathan Lewin while standing above a waterfall. He was in the first week of a month-long honeymoon in 2005.

“I just couldn’t wait to get home and see if it would work,” he recalls. Based on an earlier idea of providing offline advertising to people while they waited for their modems to dial up, Eyeballs Mobile Advertising did indeed work and a company was born. Lewin got financial director Richard Bendel on board who, in turn, introduced CEO Larry Katz. Chairman André Beyers is the most recent addition to the Eyeballs executive team.

“In the beginning,” says Lewin, “I gave them equity because I couldn’t afford to pay them.” With Eyeballs poised to launch, and with recent buy-in from Beyers and Huge Group, Lewin shouldn’t be having that problem again.

Today, Eyeballs employs an in-house development team of four, which works on the rewards system, and an outsourced development team of seven. “This was part of the core strategy when I first developed the business plan: keep the core team small and outsource the rest to best-of-breed players in their particular silos.”

Eyeballs has four executive directors as well as non-executive directors from shareholders Huge Group and The Consumer Group.

Lewin’s grand plan, now that Eyeballs is up and running, is to give something back in terms of social responsibility and the environment. *Brainstorm* suspects he has ambitions to be the next Richard Branson. All we can say is: watch this space!