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Australia: the land of digital opportunity - Making it relevant and personal for customers with digital advertising

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- First of all, I would like to welcome you all to the iStrategy conference here in Melbourne.
- I am sure it will be an informative two days and we will all learn a lot from each other.
- We are here to share and listen to fellow marketing professionals about the digital media field.
- This field is one that I am immensely passionate about, and have worked in for many years.

THE DIGITAL EXPERIENCE

- A question I often get asked is – what is digital?
- It seems like such a basic question.
- How many of you have a standard definition of what 'digital' means?
- For me, digital is about delivering new online solutions to consumers and taking advantage of their growing love affair with the latest improvements in technology.
- Digital is about allowing brands to communicate and interact with consumers in both 'real' and 'virtual' worlds.
- All these experiences need a platform.
- They are all delivered by products that continue to evolve, such as next-generation TV services, e-magazines, music, services that offer localised content, cloud-based computing and gaming, and many more that would take too long to list right now.
- However, it all boils down to one simple fact – digital is really about our customers' online experience.
- This online experience can deepen customer relationships, increase revenue and reduce customer acquisition costs.

- But only if it is done right.
- Before I talk about some of the digital activities and opportunities that excite me at the moment, let us look at the forces at play that showcase how digital forms the crux of the current consumer environment.

AUSTRALIA'S DIGITAL LANDSCAPE

- Mobile subscriber rates are over 130 per cent of the population.ⁱ
- 51 per cent of Australians aged over 16 own a smartphone – that gives us the second highest smartphone penetration in the world behind Singapore.
- We spend, on average, 10 hours a week using our mobile devices.ⁱⁱ
- Whether that's working, watching video, playing online games or social networking – it is a lot of time spent staring at our smartphones and tablets!
- Smartphones have become so ingrained in our lives that 23 per cent of people would rather give up the television than their smartphone.ⁱⁱⁱ
- Another way of thinking about this is in terms of data.
- The amount of data used by Australians on-the-go has doubled in the last year.
- According to Cisco, 8,799 terrabytes of mobile data is consumed each month – the storage equivalent of two million DVDs each month.^{iv}
- Just on the Optus network, we've seen a sixfold increase of 3G data due to the popularity of smartphones.
- As marketers, I am sure we are well aware of these how this mobile growth impacts us.
- But what we should be focusing on is the changing consumer behaviour trends that result.
- Now, this uptake of technology is not slowing down.
- Mobile networks are getting faster.
- The introduction of the Optus 4G network around the country means Australians can enjoy superfast speeds when downloading multiple songs at the same time, uploading videos and photos to social media, and browsing websites over the mobile.
- I'm extremely confident in the power of our network, which has been touted by the media as stronger than our competitors'.
- It is a robust platform on which to shop, research and recommend products online - this increases a customer's engagement with a brand.
- Keep in mind that this will only jump from strength to strength.
- In the UK, they're already researching 5G services.
- Our marketing practices are already having trouble keeping up with the advent of 4G.

- Imagine what our customers will be expecting from us when they hear about 5G.
- Your brand is already digital, no question about it.
- It's just a matter of whether you're making the most of this opportunity by keeping up to date with the latest innovations.
- We know the rate at which Australian consumers are taking up mobile devices is breathtaking.
- But what are they doing on these devices?

HOW ARE AUSTRALIANS USING DEVICES?

- Multi-tasking with media consumption is an increasing phenomenon.
- Advertisers are still grappling with what this means for reach.
- Three in four online Australians consume more than one type of media at the same time.
- 35 per cent use the internet while they're listening to the radio, and 60 per cent are online while they watch TV.
- At the moment, this is happening on separate devices.
- But we expect this to change, with more people viewing, sharing and interacting with material concurrently on the same device.
- A great example of this is the Australian Centre for Broadband Innovation partnership with the ABC.
- They are working on a set-top box that overlays social media activity on live TV broadcasts.
- You may see this happen on a few shows already such as Q&A, but these are all manually moderated.
- This new technology takes it a step further.
- It adds a recommendation engine and the ability to view tweets or friends' status updates for any show, not just those selected by the broadcasters.
- Australians are also consuming TV content over the internet at times more convenient to them.
- The Nielsen Australian Online Consumer Report found that 43 per cent of online Australians consumed TV, movies and related content over the internet.^v
- All the free-to-air TV networks have launched catch-up services.
- As ABC managing director Mark Scott recently put it, "If you're asking what's on television tonight, you're just showing your age."
- Services like iView are attracting three million visits per month and reinforcing the growing culture of delivering media to "any device, any time"
- All these points that I've brought up illustrate that Australians are highly literate with technology.

- We've welcomed entertainment innovation into our daily lives.
- This is now expected of the retail sector, where online sales are growing.

THE RETAIL REVOLUTION

- NAB recently reported that year-on-year online retail sales were up 23 per cent in September this year.^{vi}
- Australia's online retail sales now total \$12.1 billion.^{vii}
- 7.8 million adult Australians used the internet to buy goods and services in the last year.^{viii}
- Digital has blurred the lines between offline and online shopping, so how are businesses taking advantage of Australia's desire to shop when it's most convenient?
- First of all, let's take a look at the structure of the purchasing process.
- Right at the start, consumers look to their friends, family and peers during the discovery process.
- Traditionally they'd ask around for opinions in person.
- Now they turn to social media and the online world to seek others' opinions to inform purchases.
- You may have heard the term 'couch commerce', which refers to the nearly two million tablets in the market right now being used to research purchases.
- Google has identified a 20 per cent increase in shopping-related searches, year-on-year.^{ix}
- This has been driven by a strong take-up to tablet devices, with nearly 40 per cent of retail searches now carried out on tablets and smartphones.^x
- User-generated blogs such as www.thefancy.com showcase stylised images of products that give you the impression you are looking at a fashion website.
- Including the ability to purchase fancied items direct from retailer with generous discounts, sites like these are combining the research and purchasing function into one.
- As we look further down the chain, there are two retailers I want to highlight to you all today.
- Kogan and Sportsgirl.
- That's right, Sportsgirl.

SPORTSGIRL

- Even though I'm clearly not the target demographic of Sportsgirl, my 16 year old daughter is.
- She has taught me a lot about how her generation is using technology in their everyday lives.
- A SheSpot poll with over 5,000 of their readers showed 27 per cent of Australian women cannot live without their phones.^{xi}

- Amazingly, 24 per cent even feel an emotional relationship with their mobile device.^{xii}
- It's only natural for business to combine this love of their smartphones with their love of shopping.
- And this takes me back to Sportsgirl.
- It's a brand with a long history reaching back to 1948, with its origins right here in Melbourne.
- For as long as it has been around, its target market has been teenage girls looking for the latest in fashion trends.
- As what could be considered a heritage brand, they had to reinvent the shopping experience to keep up with their customers – probably some of the most tech-savvy customers you could wish for!
- Sportsgirl was able to extend their traditional '9 to 5' shopping hours to a 24/7 on demand shopping experience by being the first bricks and mortar retailer to introduce multi-channelling through QR codes.
- If shoppers see an item they like in the store window, they simply scan the QR code with their smartphone – even when the shop is closed.
- They are then taken straight to the Sportsgirl mobile site to check-out for an instant purchase.
- Now their customers have the added convenience of shopping whenever they want, wherever they are.
- What a great way to reach the 28 per cent of smartphone users that make purchases on their phone.^{xiii}
- This is really a unique shopping experience for Sportsgirl fans, which I'm sure my daughter is enjoying spending her money on!
- Now to move away from the fashion scene to an area I'm more comfortable with.

KOGAN

- Technology retailing, and what I think is a brilliant and unique example of combining value with a positive customer experience.
- Online electrical goods retailer Kogan offers their customers a new level of value.
- Consumers are willing to pay for speed and convenience – that's why people pay for valets.
- Kogan has adapted this idea into their retail model by offering their customers the ability to purchase a product while it is still being manufactured.
- Customers who get in earliest in the production chain, get the best value.
- The price usually increases the further along the chain the product moves.
- This distinctive way of using digital has streamlined their supply chain and gives customers access to discounts – always a positive for them!
- These are two examples of how businesses are creatively approaching the customers' purchasing decision.

- It's evident a cross-platform strategy is needed to engage customers on another level, merging the real and virtual world.

INNOVATIONS IN PAYMENTS

- These two worlds have also come together when customers look to pay for goods.
- Australians are some of the most wirelessly connected in the world and this has coincided with a five-fold growth in mobile payments in 2011.^{xiv}
- The key here is to remove friction from payments and create a seamless shopping experience for consumers.
- The physical action of making a payment is being taken online.
- Credit cards are an extremely mobile form of currency but the infrastructure to accept these payments was traditionally static.
- PayPal, just last week, announced they would be bringing cash-less and card-less in-store payment options into Australian shopping centres and retail stores for the first time.
- PayPal Here is a thumb-sized card reader that allows businesses to complete transactions on their smartphones.
- They simply slot the mini card reader onto their smartphone, and they're ready to accept a payment.
- Great for businesses on the move, and for when those unexpected transactions pop up.
- Not too long ago, I did an online encyclopaedia search for digital media.
- Surprisingly, this article was meant to define digital media but it came up as 'incomplete'.
- It was an error, but quite a profound one.
- The area of digital media really is incomplete.
- There is limitless potential for technology to transform so much of what we do everyday.
- One of these things is carry around our wallet or purse.
- This will change in the not too distant future.
- Another piece of innovation we can expect to see in the hands of our customers soon is NFC, or near field communications.

THE WALLET GOES DIGITAL

- To put it simply – the 'digital wallet'.
- Imagine not having to carry around a wallet in your handbag or back pocket.
- Imagine paying for purchases with a swipe of your smartphone.

- Consumers are already prepared to complete financial transactions on-the-go.
- Millions of Australians are banking on their mobile devices.
- The appetite for technologies such as NFC is clearly there with Australians.
- They recognise it will bring speed and simplicity.
- But what will it bring for the brands?
- Another level of engagement and interactivity with the customer.
- Richer content at the time they make payments.
- More effective loyalty schemes.
- Right now we pay with a card, and we receive back a paper receipt.
- A mature NFC experience could turn that cold transaction into one where a thank you note automatically pops up on the customer's smartphone when they pay.
- An immediate stamp on their digital loyalty app with your brand.
- A chance to on-sell other products that may complement their purchase.
- The opportunities here are endless.
- With a high level smartphone penetration, increasing infrastructure, and a good understanding of NFC in Australia, I am sure we'll see it hitting the mainstream market quicker than we expect.
- But it's not all about credit cards and increasing the payment capabilities of your smartphone.
- Aggregating your purchases in the digital world into the one bill can introduce added convenience.
- Optus recently partnered with Boku and Blackberry to introduce unified mobile and online payment innovation to our customers.
- These partnerships mean our customers can now purchase apps on the Blackberry App World and credits for Facebook games and applications and have the charges appear on their Optus bills.
- As you can see, the digital world revolves around convenience.
- Now I've spoken in depth around how the retail industry has embraced the digital world to reach their customers on their terms.

TOUGH TIMES FOR TELECOMMUNICATIONS

- In a similar vein, the telecommunications industry is facing a similar predicament as the retail industry.
- We all know the telco industry has gone through what can be considered a golden period.
- More smartphones entered the marketplace, which meant more customers coming onto our networks and more revenue for the telcos.

- But a figure I mentioned earlier paints the picture.
- Mobile subscriber rates are over 130 per cent of our population!
- How many more phones can we sell?
- We are dangerously close to being considered merely as the pipes that deliver content and entertainment.
- Furthermore, our competition has expanded beyond traditional telecommunications companies.
- They also include players in the digital space, like device manufacturers, content producers and numerous other firms with web-based service operating models (often described as “over-the-top” or “OTT” players).
- They are moving beyond their boundaries of old.
- We are all playing on the same turf, battling it out for an increased share of consumer wallets.
- As a result, our relationship with customers is becoming less exclusive, and we run the risk of being marginalised if we do nothing.
- It’s not all bleak though.
- These changes also represent new opportunities for telcos to expand our share of the customer’s wallet.
- To succeed, we need to stay focused on leveraging our many unique strengths and sustainable advantages.

SINGTEL GROUP DIGITAL LIFE

- SingTel and Optus recently went through a restructure to ensure we play to these unique strengths.
- My role within Optus is to lead the move from being a telecommunications provider, to being a principal player in the digital ecosystem.
- We’ll always connect people with the traditional phone call but we also want to give our customers access to cutting-edge digital services to bond over.
- As a result, the SingTel Group Digital Life was formed to develop and deliver global innovations.
- This digital arm has already launched 30 products and services since conception.
- These include cloud-based data storage services, online entertainment guides, IPTV and other services.
- We have also built apps for partners such as Football Federation Australia and streamed events including the Australian Open, the ARIAs and Mardi Gras.
- At Optus, we believe we are at the forefront of how consumers consume technology.
- We have extensive customer touch points that are difficult to replicate.
- These include shops, online stores and billing relationships which build and maintain trust.
- This is a competitive edge against online content providers.

- This is where our value lies.

GDL HOLDS THE EDGE

- Combining our large and strong customer base with the technology innovation we possess, we can shape the future of the connected society.
- Of course, this is an ambitious goal to define the way people discover, share and communicate.
- But consider the fact that we can analyse our customers' user behaviour data to discover what they like and don't like.
- This might be information about someone's location, preferences, gender, behaviour, interest, reviews and even intent.
- We can then prioritise this data to build an understanding of each customer.
- Ultimately, we can ensure the right message gets to the right person, at the time they're ready to hear it.
- And we can do this to the 463 million mobile subscribers throughout the SingTel group, stretching from Australia to Africa.
- Of course we must do this with consumer consent and full disclosure.
- Important for all of us is understanding this is already being done.
- The key is not to be invasive, disrespectful and to make sure the consumer is always protected and information is secure
- At Optus, we always make it apparent that our customers' privacy is paramount.
- It is our duty of care to ensure their personal information is not misused.
- The internet is about giving consumers the control of what they are linked to.
- They want to know WHY they are seeing what they are seeing.
- When was the last time you got annoyed because a website you were on intelligently recommended a product you might like?
- Be transparent about it.
- Personalised and localised services need to deliver information in a context that's useful to consumers, right when they need it.
- Now where this knowledge comes into real value is mobile advertising.
- Every day, people are bombarded with mass-advertising that means absolutely nothing to them.
- With a massive increase of daily ad impressions over the past decade, click through rates have dropped from 7 per cent down to a measly 0.1 per cent.^{xv}

- 66 per cent of people will actively unsubscribe from a brand for bombarding them with irrelevant ads.^{xvi}
- Ads need to help people get what they want by being more relevant.
- This is where the information telcos like Optus hold, come into play.
- The location data produced in the normal course of our network operations can help us, with permission from the customer, to uniquely identify customer preferences and habits.
- We are able to add context for customers for the mobile advertising platform.
- We can raise the effectiveness of advertisers' promotions and the value of their marketing expenditure.
- This leads to much better mobile experience for consumers.
- A recent survey showed Australians are already the most open in the world to receiving advertising on their mobiles.
- 75 per cent of Australians are comfortable with seeing ads on their smartphones and tablets, compared to only 68 per cent for Europeans and 63 per cent of Americans.^{xvii}
- It is projected the Asia Pacific region will, in fact, have the largest mobile ad market in the world by 2015.^{xviii}
- Right now though, the mobile advertising and marketing industry is in a nascent stage.
- But let me tell you, this is where the next decade of our careers will focus.
- IP-based advertising to mobile devices will optimise the interaction your brand will have with your customers.
- Every aspect of your consumer engagement will be exposable, traceable and improvable.
- There are significant opportunities here and we believe we are on our way to fulfilling this potential.
- SingTel announced in March this year, our acquisition of Amobee.
- Based in Silicon Valley, Amobee is a young, exciting, global leader in mobile advertising.
- So exciting, in fact, that we had to add them to the SingTel group.
- Founded in 2005 by three entrepreneurs, they raised a staggering \$54 million in funding from a range of investors.
- They sit in a dynamic space at the moment.
- As a premium provider of mobile advertising solutions to global advertisers, we plan to combine their expertise and advertising platforms with our customer reach and knowledge.
- We will offer advertisers a unique proposition and effective returns on their marketing spend.
- No longer will these words by John Wanamaker, considered to be the father of modern advertising, be true.
- "I know half the money I spend on advertising is wasted. Now if I only knew which half."

- The fact is that digital advertising has the ability to be so much more pertinent and individual than mass-audience marketing.
- We will be making similar moves in other exciting digital spaces as we continue to enhance and leverage the assets of our core carrier business.
- This is just a taste of how Australians will be and should be interacting with brands into the future.
- Through the entire purchasing cycle – from research, to browsing, to payments, to the advertising – it will be entirely digital, relevant and targeted.
- What are you currently doing in this space?
- Are you embracing this change, or are local industries moving too slowly to keep up with this pace of innovation?
- In my opinion, we need to put in place steps to ensure we develop tools and practices to reach consumers effectively on the digital level.

AUSTRALIAN INNOVATION

- By now, you will most definitely have realised I am a “new” Australian, not born here but proudly Australian.
- However allow me to reference the world’s most recognised digital hub, Silicon Valley as I feel there is much we can consider from their model.
- Their culture of entrepreneurship and emphasis on funding and nurturing technology startups has resulted in Facebook, Twitter and Google – not a bad effort.
- The same can be said for Tel Aviv.
- As Israel’s epicentre of innovation, the government itself has played a key role in funding and incentivising growth.
- Over time, they have instilled an entrepreneurial and engineering culture into the educational process.
- Some truly remarkable stuff has come out of the startup environment there due to this support.
- But sometimes it’s something as simple as making capital more readily available to early stage ventures.
- We have recognised there is a wealth of local startup talent.
- Australia is an extremely literate country when it comes to consuming digital innovation.
- But we need to turn more of that consumption into production.
- As such, we have established a few initiatives locally to help foster and support this innovation.
- A few months ago, we launched the Optus-Innov8 Seed Program, in conjunction with SingTel Innov8 to support startups with disruptive digital solutions.

- We're proud to have announced last week our inaugural investments.
- Coincidentally, the founders are proud Melbournites!
- Both launched in 2012, 121cast and Venuemob look to provide inventive solutions in two different areas.
- Venuemob has re-imagined the venue booking industry by providing users with a simple-to-use database of party and function locations in Melbourne.
- 121cast offers added convenience through a free and personalised digital audio feed to inform and entertain on-the-go.
- I'd advise you all to keep an eye on them as they are destined for big things, of course made possible with some help from Optus along the way.
- As well as the Seed Program, we've partnered up with leading startup co-working spaces – Fishburners in Sydney and York Butter Factory here in Melbourne.
- We also run the annual 'Unleash Your App' competition, in conjunction with National ICT Australia.
- This aims to unearth great apps developed by university students, as there are some ingenious ideas floating around those campuses.
- Now don't get me wrong, Optus is still a business.
- We have gained some invaluable insights into how these thinkers are approaching business.
- These startups have forced us to change our approach.
- We have embraced this methodology in place of our heritage, traditional approach.
- By initiating small groups to run proofs of concept, they are tasked with developing an entire concept from idea to customer testing.
- All in a short timeframe.
- We all need to embrace the very nature that makes startups so successful in the digital world.
- This way, we will keep our relevance in such a fast-paced and dynamic environment.

THE ONLINE EXPERIENCE

- I would like to share a few quick points about the online experience to take away.
- First of all, it is about helping customers connect to save time and reduce friction in daily life.
- As a marketer, don't have an online or digital presence to simply tick a box.
- Consider how the customer moves through the value chain.
- Consider how you will use this platform to better connect with your customer.
- There is little distinction now between the real world and the virtual world.

- Your brand needs to sit right in the middle of this distinction.
- But remember, transparency and trust are the key.
- Build that trust with consumers to ensure they don't question your motives in delivering relevant and targeted advertising.
- Don't back away from the challenge of evolution.
- Make some bold first moves, particularly during times of industry change otherwise you'll get left behind.
- Establish longer-term relationships with the Australian consumer.
- At Optus, we continue to sharpen our customer focus and intend to take full advantage of our scale and our knowledge.
- I hope you will do the same with your unique abilities.
- Thank you all for your time this morning and hope you enjoy the next two days.

ⁱ <http://www.budde.com.au/Research/Australia-Mobile-Communications-Statistics-and-Forecasts.html>

ⁱⁱ Nielsen, The Australian Online Consumer Landscape, March 2012

ⁱⁱⁱ Google Market Study: Our Mobile Australia, May 2012

^{iv} Cisco Virtual Networking Index: Global Mobile Data Traffic Forecast, 2011-2016

^v Nielsen, Australian Online Consumer Report, February 2012

^{vi} NAB Online Retail Sales Index monthly update, September 2012

^{vii} NAB Online Retail Sales Index monthly update, September 2012

^{viii} ACMA, Australia's progress in the digital economy, November 2012

^{ix} Google Australia research as cited in <http://www.news.com.au/business/breaking-news/xmas-shopping-by-smart-phones-set-to-boom/story-e6frfkur-1226516237012>, last accessed 15 November 2012

^x Google Australia research as cited in <http://www.news.com.au/business/breaking-news/xmas-shopping-by-smart-phones-set-to-boom/story-e6frfkur-1226516237012>, last accessed 15 November 2012

^{xi} SheSpot, Women & Technology research, September 2011

^{xii} SheSpot, Women & Technology research, September 2011

^{xiii} Google Market Study: Our Mobile Australia, May 2012

^{xiv} PayPal, Secure Insight Future of Shopping, March 2012

^{xv} YouGov research as cited in <http://www.businessrevieweurope.eu/marketing/mobile-marketing/digital-presence-vs-digital-bombardment>, last accessed 15 November 2012

^{xvi} YouGov research as cited in <http://www.businessrevieweurope.eu/marketing/mobile-marketing/digital-presence-vs-digital-bombardment>, last accessed 15 November 2012

^{xvii} InMobi and comScore, A Global Perspective on Mobile Advertising, February 2012

^{xviii} InMobi and comScore, A Global Perspective on Mobile Advertising, February 2012