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Thoughts on Revenue Models in Mobile Internet

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Problem

What revenue models of
mobile Internet services are
most successful
in Finland?



Conceptual Framework

- Two-sided market
- Revenue model
 - Advertising, Subscription, Transaction
- Value network
- Attention economics
 - Attention as a kind of currency

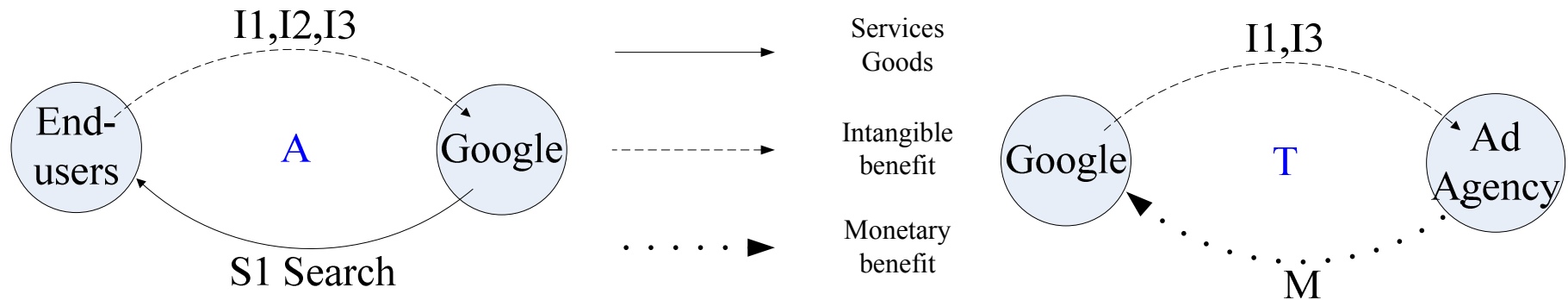


Value Exchange Notation

- Services & Goods
 - S1: core service (central benefit for users)
 - S2: enabler service (facilitating core service)
- Monetary benefit: M
- Intangible benefit
 - I1: Attention
 - I2: Loyalty (incl. brand recognition, reputation, etc.)
 - I3: Information (actors' background, preference, etc.)



Value Exchange Examples



- **Google provides free search service for users in exchange of their attention, loyalty and information.**
- **Advertising revenue model**

- **Google sells the attention and information of users (i.e. ad place) to ad agencies in exchange of money.**
- **Transaction revenue model**



Analysis Procedure

1. Select the most successful services
2. Analyze the services case by case
3. Derive a general model from the findings



Selection of Services

- Selection criteria:

1. number of tryers:
market penetration rate

2. number of users:
customer retention rate

Smartphone Service	Share Tried %	Share Repetitively Usd %	Company	Rev model
Visual Radio	24.05%	3.81%	Nokia	A
Maps	15.57%	6.23%	Nokia	A
Lifelog	12.46%	0.52%	Nokia	A
Search	10.38%	0.87%	Nokia	A
Navicore	9.86%	5.71%	Navicore	S
Opera Mini	8.30%	4.67%	Opera	A
Opera Mobile	7.27%	2.25%	Opera	T
Channels	6.40%	0.52%	Nokia	A
Google Mail	6.06%	2.25%	Google	A
Google Maps	5.71%	1.56%	Google	A
WidSets	5.36%	2.42%	Nokia	A
Fring	4.50%	1.90%	Fring	A
Landmarks	4.50%	0.00%	Nokia	A
Elisa Mobi	3.98%	0.69%	Elisa	A
TomTom	3.98%	1.38%	TomTom	S
MobileSearch	3.11%	0.00%	Nokia	A
Navigation	2.94%	0.35%	Nokia	S
Internet Radio	2.77%	0.87%	Nokia	A
MSN	2.77%	0.35%	Microsoft	A
Photo Print	2.60%	0.00%	Nokia	T
Music store	1.90%	0.00%	Nokia	T



Advertising Outperforms

Ad : Trans

1.service

13:3:4

2.tryers:

629:68:120

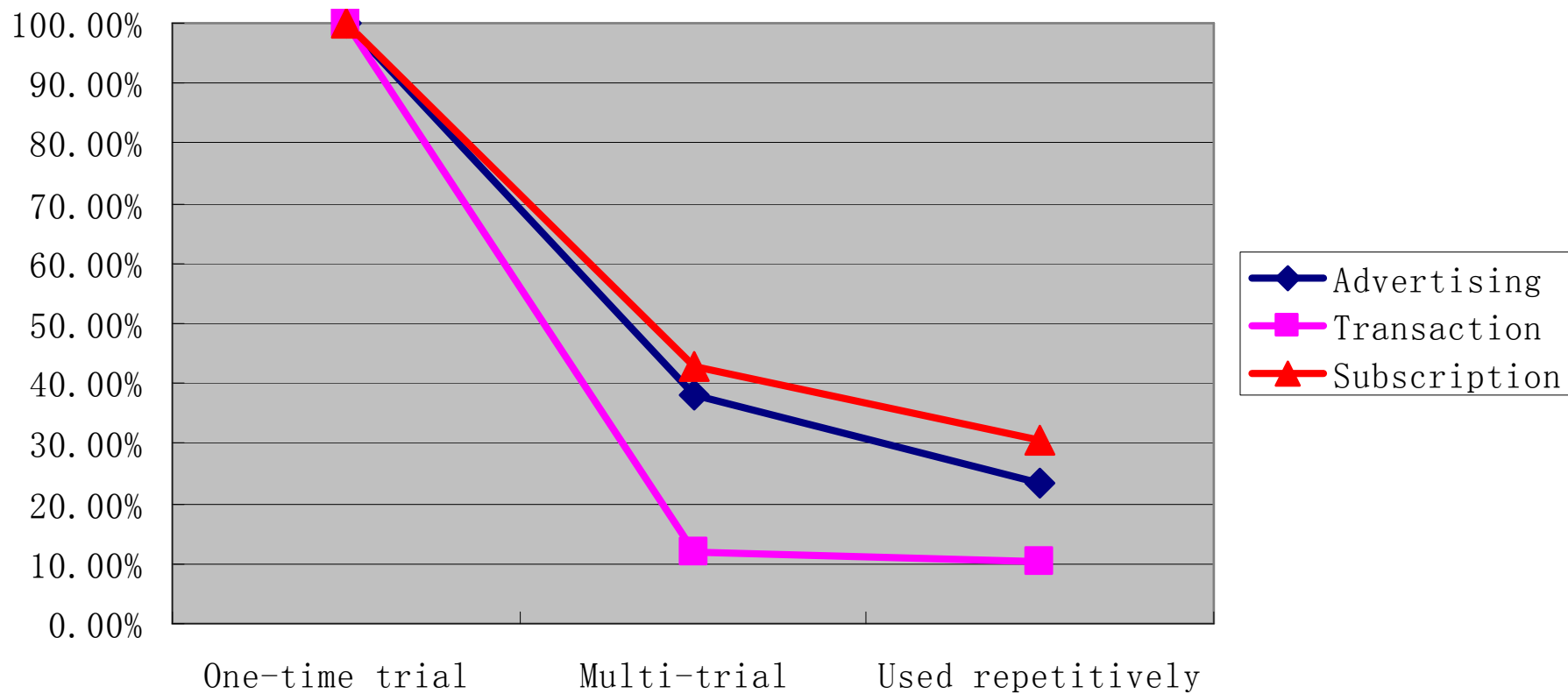
3.users:

150:13:47

Smartphone Service	number of tryers	number of users	Smartphone Service	number of tryers	number of users
Advertising			Transaction		
Maps	90.00	36.00	Opera Mobile	42.00	13.00
Opera Mini	48.00	27.00	TomTom	23.00	8.00
Visual Radio	139.00	22.00	Photo Print	15.00	0.00
WidSets	31.00	14.00	Music store	11.00	0.00
Google Mail	35.00	13.00	Total	91.00	21.00
Fring	26.00	11.00	Average	22.75	5.25
Google Maps	33.00	9.00			
Search	60.00	5.00	Subscription		
Internet Radio	16.00	5.00	Navicore	57.00	33.00
Lifelog	72.00	3.00	Elisa Mobi	23.00	4.00
Channels	37.00	3.00	Navigation	17.00	2.00
MSN	16.00	2.00	Total	97.00	39.00
Landmarks	26.00	0.00	Average	32.33	13.00
Total	629.00	150.00			
Average	48.38	11.54			



Subscription Stickier



A bigger portion of tryers turn to be users on average



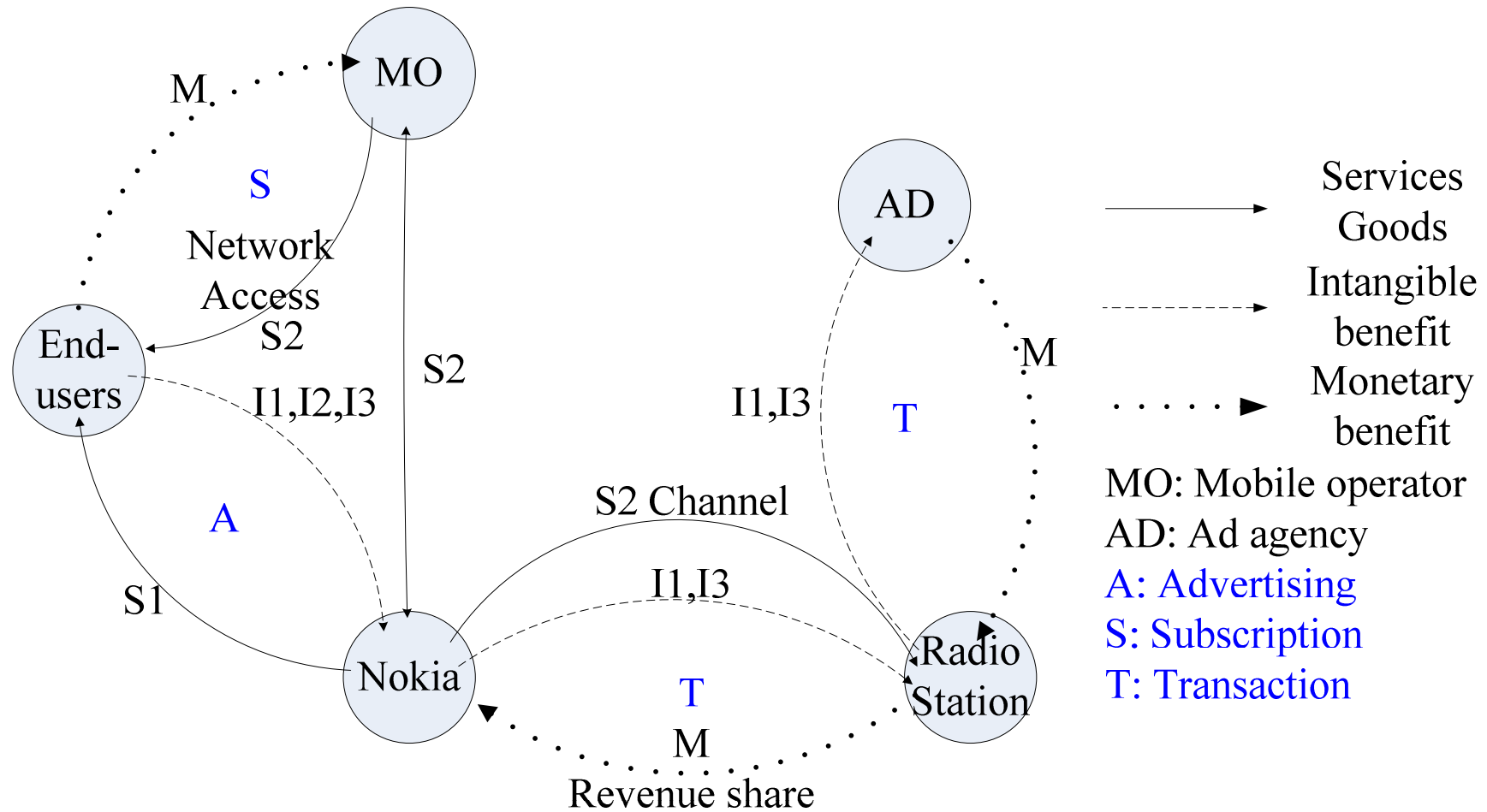
Examples of Analysis

- Nokia Visual radio
- Nokia Internet radio
- Opera Mini
- Google Maps



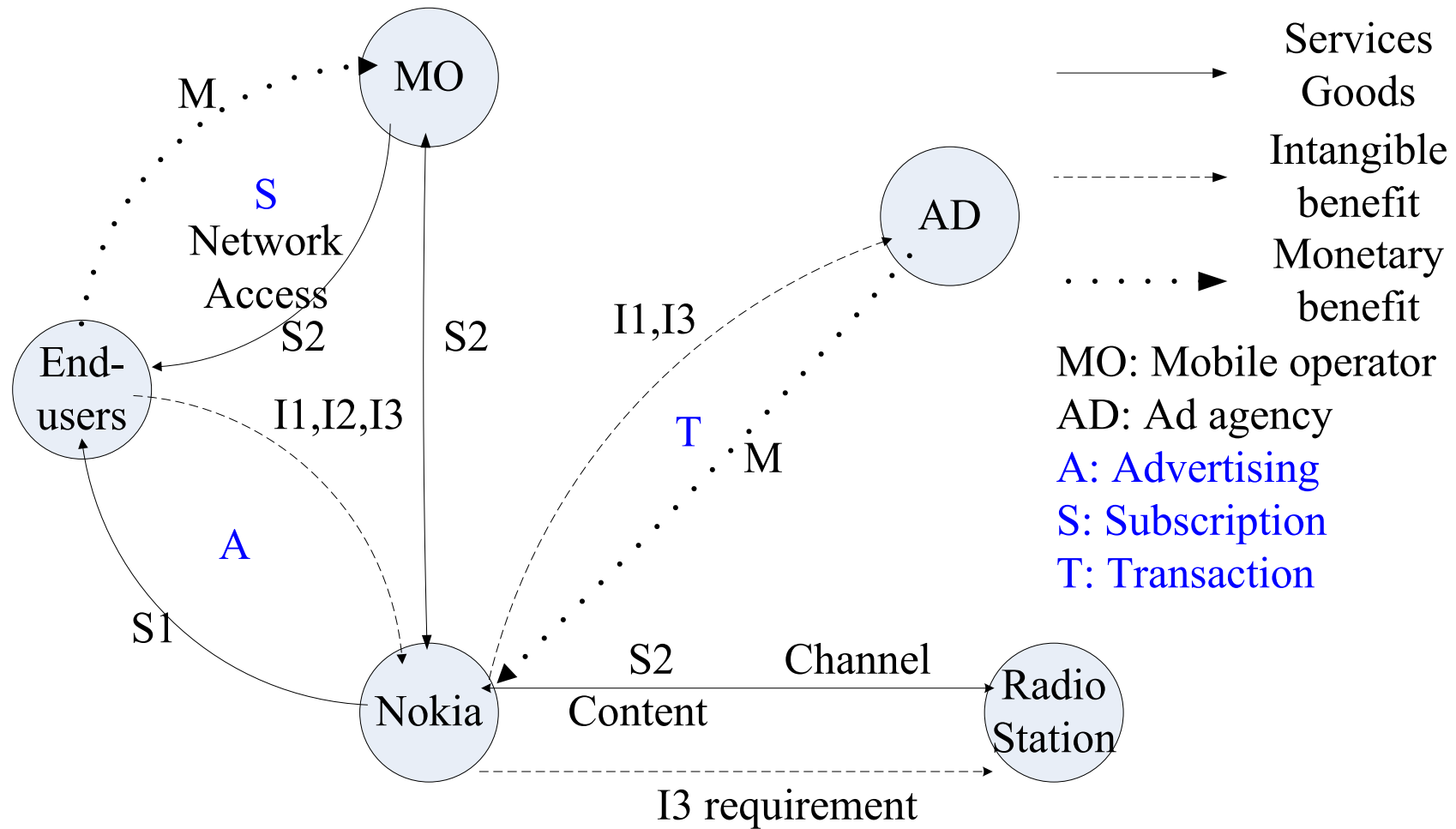


Nokia Visual Radio



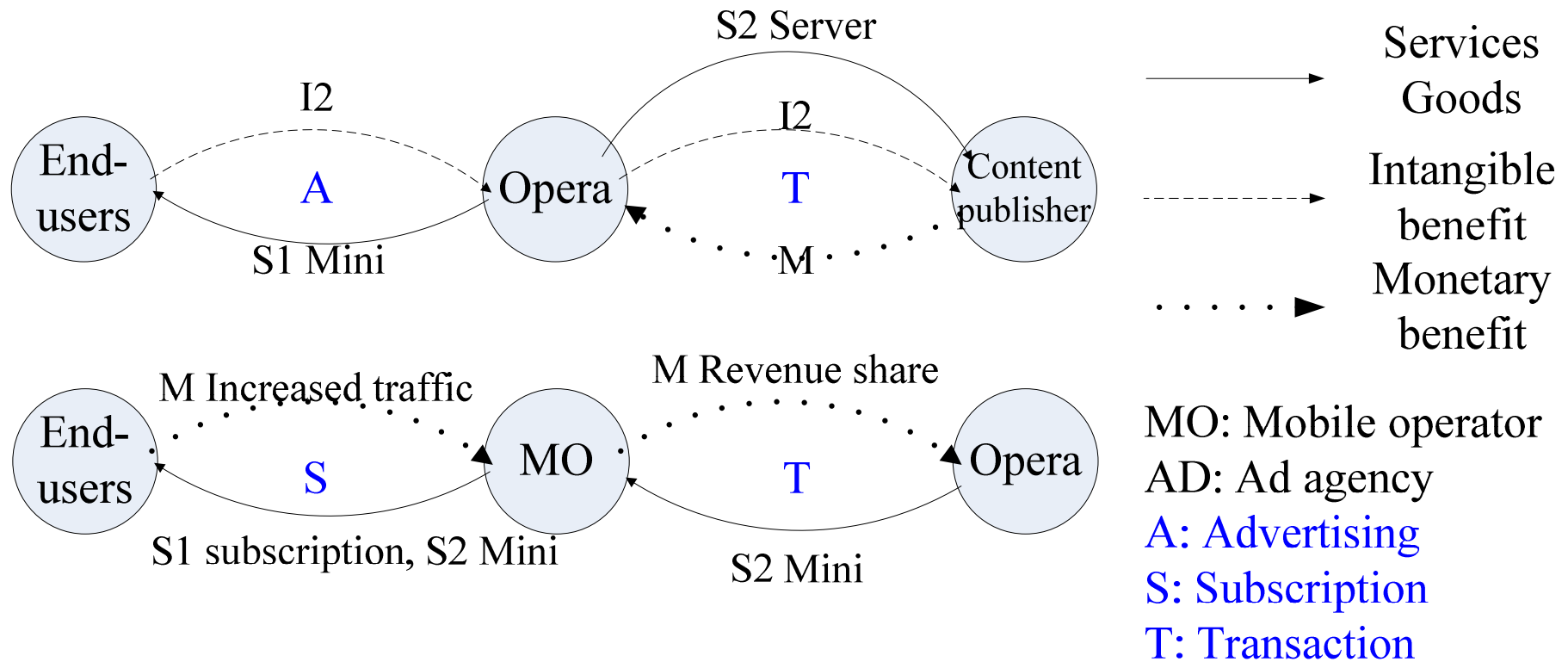


Nokia Internet Radio



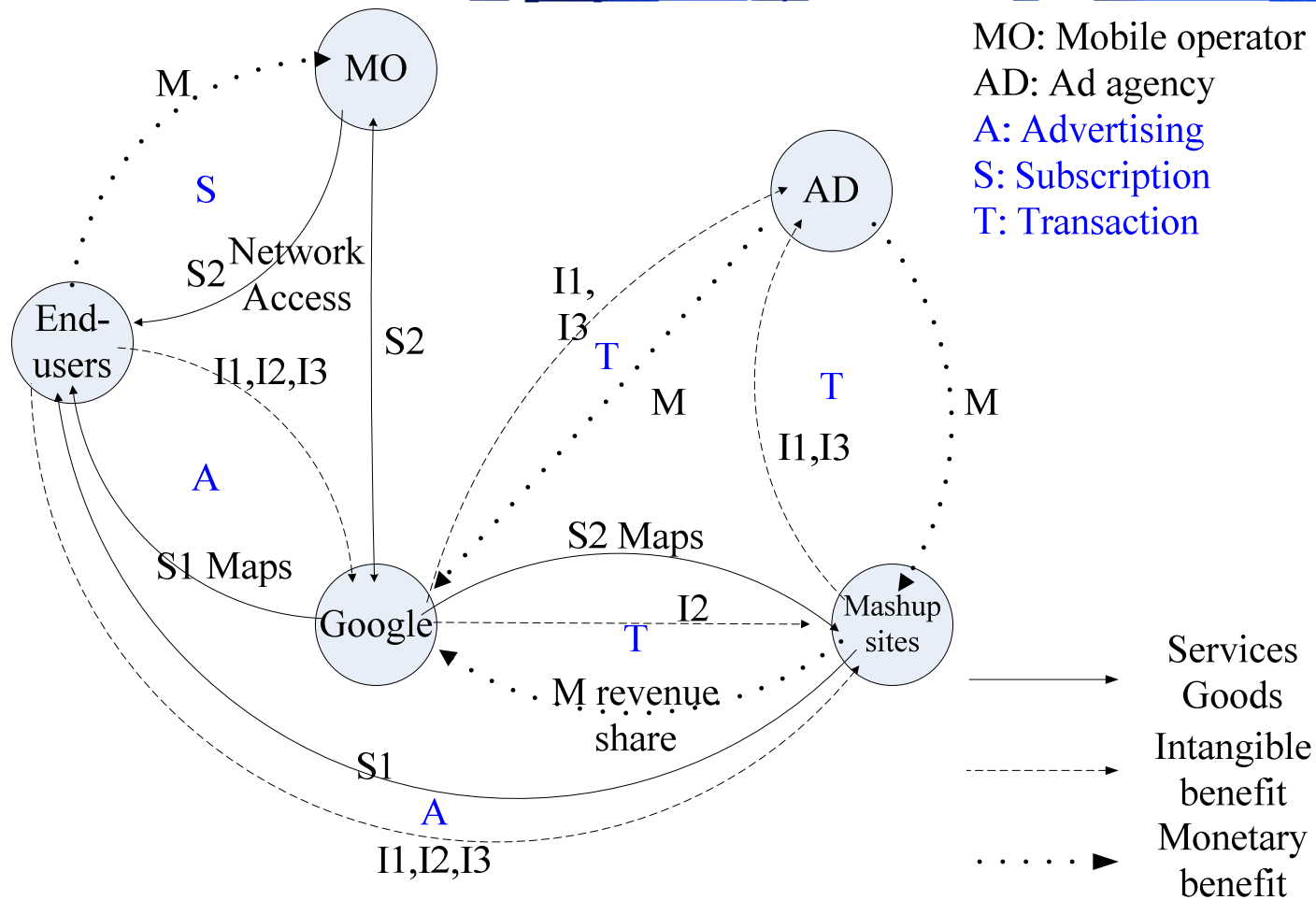


Opera Mini





Google Maps





Classification of Ad Models

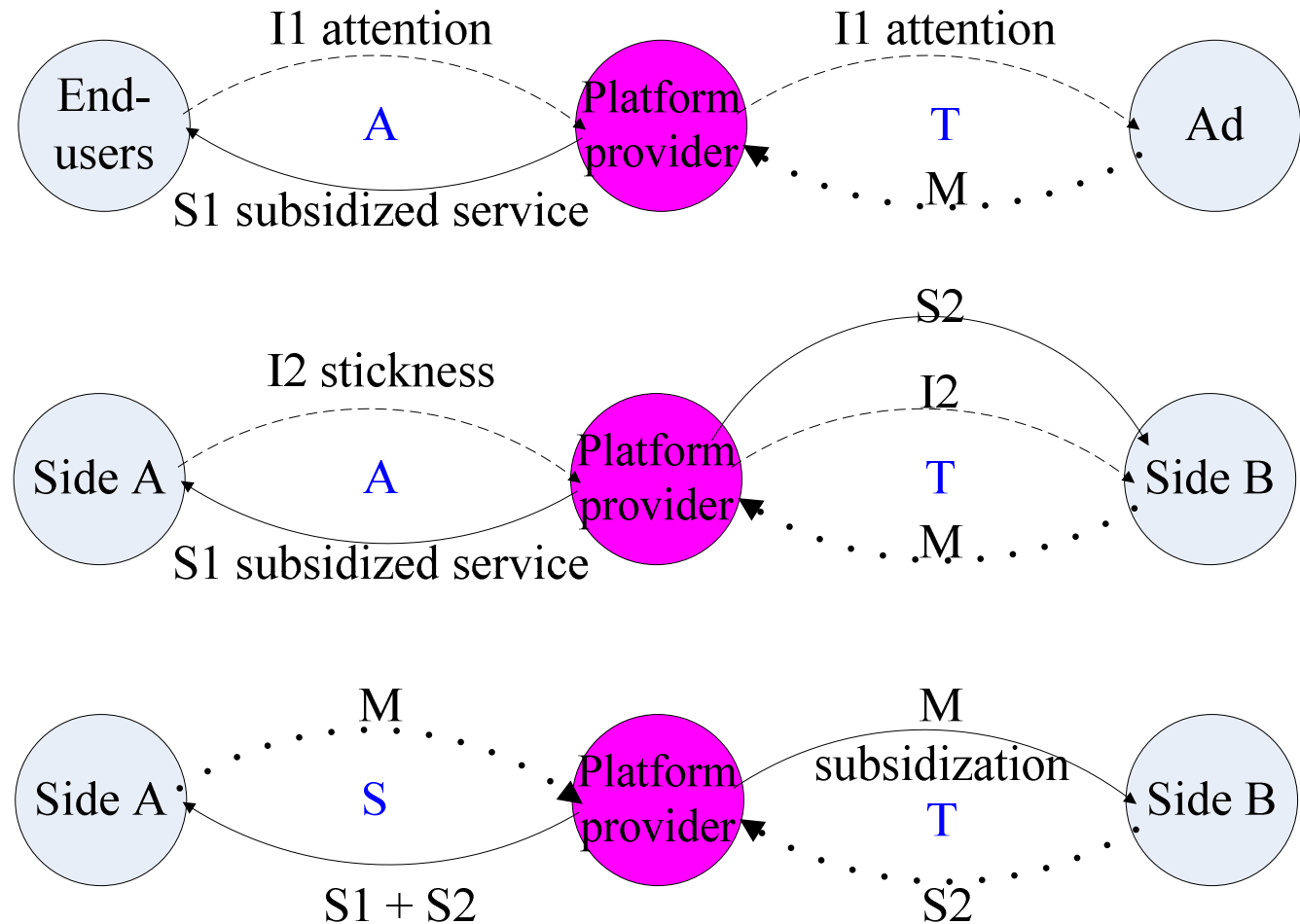
Four general ad models derived from case studies:

- Two-sided market
Opera Mini, MSN, Google Mail,
- Double two-sided market
Visual radio, Nokia web & image search,
- Three-sided market
Internet radio, Channels, Widsets,
- Hybrid
Google maps, Lifeblog, Nokia maps,
Nokia local search,



Two-Sided Market

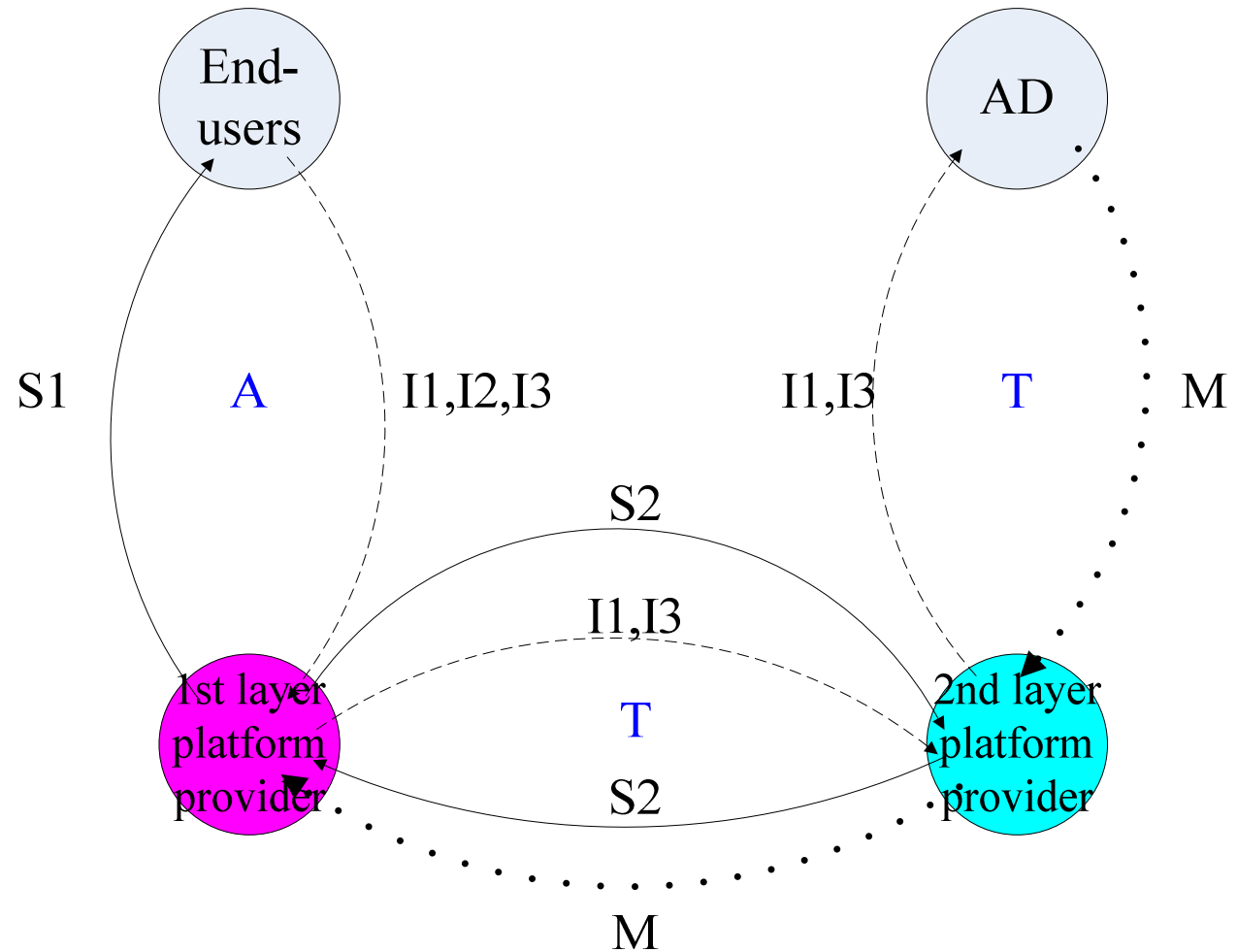
Platform provider subsidizes one side and makes money from the other side.





Double Two-Sided Market

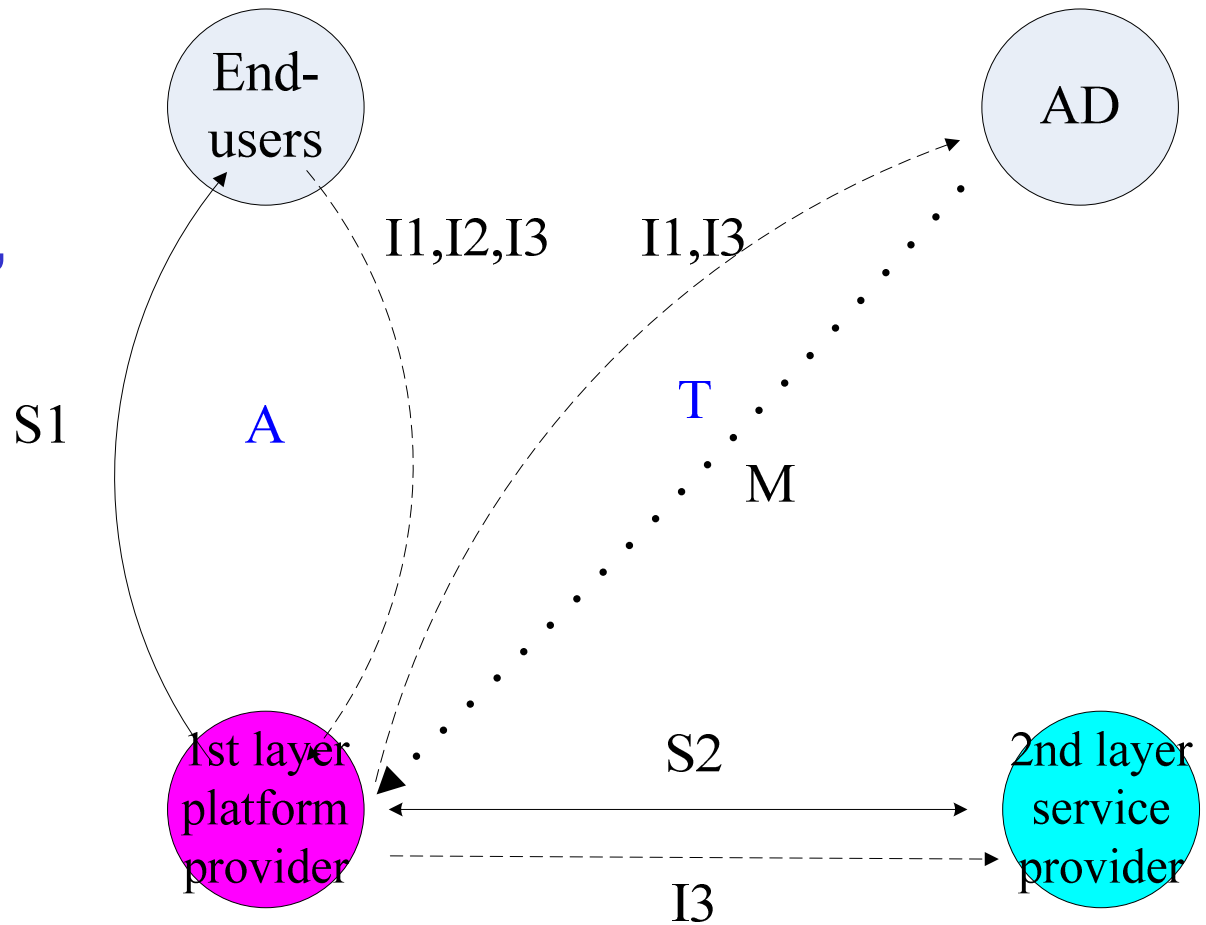
Two actors at different layers (from service provision viewpoint) adopt two-sided market simultaneously.





Three-Sided Market

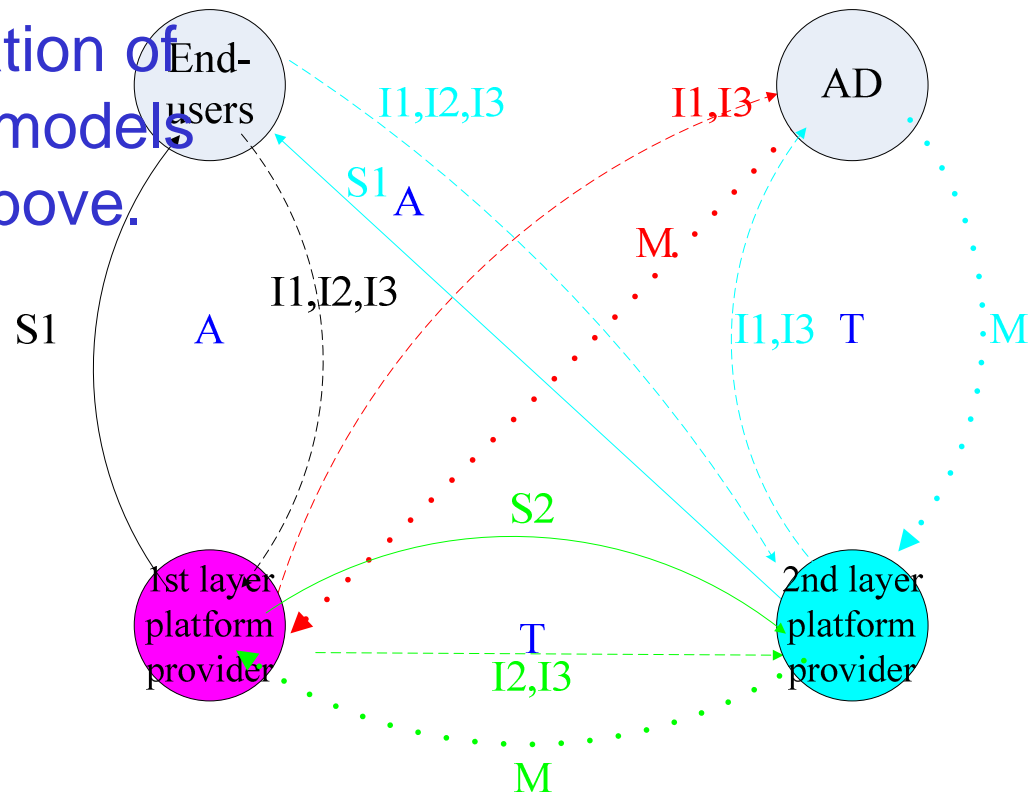
1st layer platform providers have three sides, i.e. customers, 2nd layer service providers and ad agencies.





Hybrid

Any combination of two or three models mentioned above.





Conclusion

- Advertising model outperforms in general
- No single orchestrator of value networks visible
- Limitations of this research method
 - No commonly accepted interaction framework
 - Nokia's strong influence in the Finnish market
 - Services in introduction stage, future unclear
 - Usage measurement data limited