

South African mobile market differs from developed markets

At a recent UCT Graduate School of Business Distinguished Speaker's Programme, Wilter du Toit, CEO of Virtual Mobile Technologies warned South African business leaders and marketing professionals that the temptation to follow developed market trends when designing marketing campaigns or deciding how to improve business processes through the adoption of mobile devices is strong but misleading.

The reality of the mobile market in South Africa is said to be vastly different to developed markets.

Mobile technologies offer businesses new ways of reaching and interacting with consumers and clients, and improved communication platforms that can help streamline business processes. With every new technology that emerges, depending on how disruptive it is, shifts in business and communications models occur. It is here that the temptation to adopt every new thing on the market can become problematic.

"Consider personal computing as an example. The development of the technology disrupted how people were doing things, how they were communicating and how things were produced. From the very first computer, which took up an entire room, to the first personal computer and now to mobile phones, there have been considerable shifts in the daily workings of business and of personal life," says Du Toit.

Monitor returns closely

He adds that along the continuum of the development of the computer and internet, each shift lasts roughly ten years. Therefore, today's trends might very well be obsolete tomorrow. This is why it is so important for businesses to understand the technology, identify what it is they want to achieve by adopting a certain technology and then monitor very closely the returns they are getting from their investments into new technology adoption.

When it comes to mobile technology, companies in South Africa have been easily misled by developed market trends.

"If one relies on the US and European press alone to stay informed of the growing trends, one may think that any business process or marketing campaign today should be targeted exclusively at smartphones, specifically iPhone and Android. That might be true in Europe, but that is definitely not true for South Africa or the rest of the emerging markets. In emerging markets, mobile deployments should be targeted at both smartphones and feature phones in order to have any hope of achieving targeted ROI."

Popular phones not necessarily smart

Although there has been a buzz around smartphones, the reality, proven in The Mobile Consumer in SA report, is that most South Africans only have access to feature phones. The three most popular mobile phones in the country are the Nokia 5110, Blackberry 8250 and Samsung E250.

The report, conducted by World Wide Worx and supported by FNB, found that Nokia is the most popular phone in the country, holding 50% of market share and it is expected to hold this percentage until the end of 2013.

The second most popular phone is the Blackberry, which has 18% market share. This is expected to grow, as 16% of cellphone users said they would buy a Blackberry next.

These numbers are in direct contrast to developed market numbers where Nokia and Blackberry both face decline in the marketplace.

iPhone share not expected to grow much

The report also said that iPhones have held only 1% of the market for the past 18 months and its share isn't expected to grow much, suggesting that it will remain a 'toy' of the elite.

Arthur Goldstuck, managing director of World Wide Worx, said in a release, "The iPhone is an aspirational phone that is mostly out of reach for the majority. The Blackberry is also an aspirational phone but is in reach for most people."

What this means is that most cellphone users in South Africa have the first generation capabilities that all feature phones possess: SMS, USSD, mobisites and native applications. The majority do not own second-generation phones, smartphones (they hold a combined market share of only 3%), that have HTML5.

US analysis irrelevant

"This is where one can see that US analysts are completely irrelevant to the South African context," added Du Toit. "When making decisions about improving business processes through mobile technology or by rolling out elaborate mobile marketing campaigns, businesses should best understand the realities and implications of the local context."

Before implementing a current trend, he suggests starting with a four-point checklist: identify the priorities for improvement - what aspects of a business need improving soonest, determine the return on investment of a first-generation improvement, determine the return on investment of second-generation improvement and then select the technology based on the target audience.

Therefore, while both feature phones and smartphones offer second-generation capabilities, companies should consider first generation improvements and then explicitly consider second-generation improvements to make sure they are taking full advantage of the new technology's capabilities.

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