# WHAT VALUE DO CUSTOMERS ATTACH TO INSTANT NEWS?

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**This paper describes the work that has been carried out to understand the relevance, importance and value attached to instant news by consumers in a developing country. A unique methodology combining off line and on line approaches was used to identify the consumers' response to the concept and identify the stated vs. real intent to use the service. The methodology was designed to capture the interest drop from heightened interest stage to product fatigue stage.**

## MANY AVATARS OF NEWS IN INDIA

In a country of one billion people with 26 states, each approximately the size of Spain, with 20 different languages and more than 600 dialects of these languages, it is difficult to pinpoint what is “news”.

India traditionally has relied on the spoken word to disseminate knowledge, values, principles and also news. Even today in rural areas and among the urban poor, news is disseminated orally from a head of the village or the literate in the village reading the newspapers aloud to others. Given the wide disparity in literacy rates, this is an efficient way of disseminating news within the community.

Urban India is characterized by an active press in English and local languages in newspapers and periodical magazines and a slew of TV channels in English and local languages. The literacy rate in India is 65%.

Apart from the 24-hour news channels in English and local languages, all the general interest channels have regular news bulletins at regular intervals.

Urban India can still be considered as moderately news hungry.

## IMPACT OF TECHNOLOGY

### The Telecom Transition and its Impact on News Dissemination

The Indian telecom sector has been undergoing a transformation for the past five years. From a government controlled and run monopoly, the telecom sector opened for the private sector in 1997 and this has transformed the telecom scenario in India. From a largely terrestrial network with a teledensity of 2.9 in 1997, today teledensity has moved to 3.94 as compared to a world average of 32.5.

The most dramatic shift is happening in the mobile telephony sector – which has grown from nil in 1997 to7.1 million connections in 2002 and growing at a rapid rate. An advantage India had over other mobile telephony countries was the entry into a much higher technology in mobile telephony at entry point. India started with GSM technology and hence avoided the pains of migrating from one technology and the attendant problems that many a country went through.

Despite the rapid growth in the past few years, Internet penetration is only 20% in the relevant urban population (belonging to the top tier of the socio economic spectrum – SEC A and B in urban areas). The relatively high cost of PCs has been a limiting factor for growth of net penetration in India.

## The Profile of the Mobile Phone Owner in India

Mobile telephony has caught on very rapidly with the younger generation in India.

The profile of the mobile phone owner in India is

- aged below 40 years;
- Upper middle and Upper income groups
- employed, in business or a student.

## The Concept

- The client is one of the popular media conglomerates in India with presence in press, radio and outdoor. The client wished to launch a wireless product that will provide news alerts and astrological predictions on a daily basis. The news alerts will be in four broad categories and all will be only text based with no visuals.
- News
- Entertainment
- Business
- Sports

Apart from the news categories, this service will also provide astrological predictions through SMS. All these will be for a "fee".

# KEY RESEARCH ISSUES

## Attitudes Towards the News

How hungry are people for news?

Does news help in feeling "good"?

Is there a "sense of satisfaction" or "pride" or "feel good" in knowing news before others? What is their feeling when others break news to them?

How important / thrilling is it to "know the news before others"?

Do they propagate the "breaking news" / "news alerts"? How? – Word of mouth / forward through SMS / e mail?

What is the "Purchase Intent" for "news alerts" on Mobile phone?

## Need Identification – What News do People Like to Receive?

What type of news interests people?

- General News
- Entertainment
- Business
- Sports
- Astrological predictions

What type of a mobile news service would they prefer?

- Plain vanilla type – with no choice for newsers (news users)
- Sundae type – newsers having a choice of piped news.

What is the desired frequency of receiving news alerts on mobile?

When does “news” become “boring” – i.e. what is the threshold frequency of getting bored with news?

## Price Sensitivity

What pricing method do the consumers prefer?

- Charge per message basis
- Charge per day basis
- Charge per category per month basis

What price do they think is appropriate for receiving:

- News alerts
- Astrological predictions

# METHODOLOGY

## Challenge before the Research Team

The challenge before the research team was to test a concept which at face value is easy to explain and sounds almost simplistic – it is just news that pops up on your mobile screen every x hours or anytime something important takes place across the world. The impact of this service can only be felt in person and not described in words.

The conventional concept tests may show high stated interest due to the novelty of the service, but does that translate into real sign ups? To address this challenge the research was designed to have two phases – pre experience and post experience.

## The Research Design

- Concept and pricing test before use , and
- Usage experience test and pricing test after use.

**Stage I**

1. Test of Concept
2. Measure Purchase Intent for the service
3. Pre Use Value perceptions (derived from Price willing to pay for the services)
4. Sign up for the service – respondents go online to register themselves and agree to receive news on his/her mobile for a reimbursable fee.

**Stage II**

1. Feedback after experience with the service
2. Identify Preferred types of news
3. Purchase Intent after usage
4. Post Usage Price perceptions

## Concept Acceptability Metrics

"Willingness to pay and use the service" was taken as the metric for the acceptability of the concept. This was measured pre and post exposure to the service.

## Target Respondents

The target respondents for this study were:

- Current and Regular users of Mobile phone – should have owned a mobile for at least the last three months continuously
- In the age group of
    - 15 - 21 years (students)
    - 22 - 27 years (first job holders)
    - 31 - 50 years (established employees/ professionals/businessmen)
- Men as well as women
- Socio Economic Category A

### Data Collection Methodology

The study was conducted in two phases. In both cases, data was collected through a structured questionnaire with both open and close-ended questions. Based on the responses in the first phase, those who showed interest in being a part of the panel for testing the services were taken in for second phase. They were asked to go online to a specified site and register to receive the service.

The news alerts were provided to those who took part in phase II, depending on their choice of news alerts. Two post experience interviews were taken – feedback after two days of experience and after five days of experience.

The reasons for checking the reaction after two days and five days was:

- to provide time for news of interest to happen so as to get the real response; and
- to measure the fatigue build up for an intrusive service like news alerts on mobile.

## STUDY FINDINGS

### How News Hungry are People?

A substantial proportion of the population – 40% of the target group – was found to desire news at least once every four hours of their waking time. If they do not get the news at these intervals, they feel:

- Lagging behind the world
- Cut off from the world

Men were relatively hungrier for news and so were those in the highest socio-economic category. The feelings of lagging behind and cut off were uniform across the sexes and socio economic categories.

### Access to News – A Surrogate for Power

Nearly half the people feel very satisfied when they get news ahead of others and more than 40% felt happy about getting news ahead of others! A larger proportion of men and those in the highest socio-economic class felt happy to get the news ahead of others.

Conversely when others break news to them, a third felt that they are lagging behind the one who broke the news and 29% felt bad and jealous. Twelve percent felt the news was boring *when others* broke it.

For 70% of the population it is important that they get the news before others. That is a clear case of “Owners Pride – Neighbors Envy”! These indications point to access to news is being perceived as a surrogate indicator for power.

## What News Do People Like to Receive?

Breaking News, Entertainment, Business and Stocks is the most desired kinds of news among all.

## Does News Travel?

Nine out of ten people propagate the news they get. Almost all women do so and some men refrain from propagating the news. Word of mouth – either face to face or telephonically – was the most common method of spreading the news. Use of Mobile phones – Short Messaging Service – SMS – was used by 40% of the population only.

## Concept Test

Given the novelty and the experiential nature of the product, we measured the acceptance for the product pre and post experience of the service. The aim was to see if differences exist in response when the consumer is at:

- “heightened interest stage” – first exposure to concept;
- “fatigue stage” – after multiple exposures to the service for a few days.

## Concept Acceptability for “Push News”– Prior to Experience, Intent to Use

The concept of news as it happens through mobile phones was perceived as an exciting idea and a good concept. Nearly three-fifths of the population found it to be a useful idea. Of the respondents, 28% were ready to pay for the service and 11% were not ready to pay for the service. The remainder were undecided about paying for this service. Only 30% felt that this service can be an irritant.

## Price and News Frequency Sensitivity – Prior to Service Experience

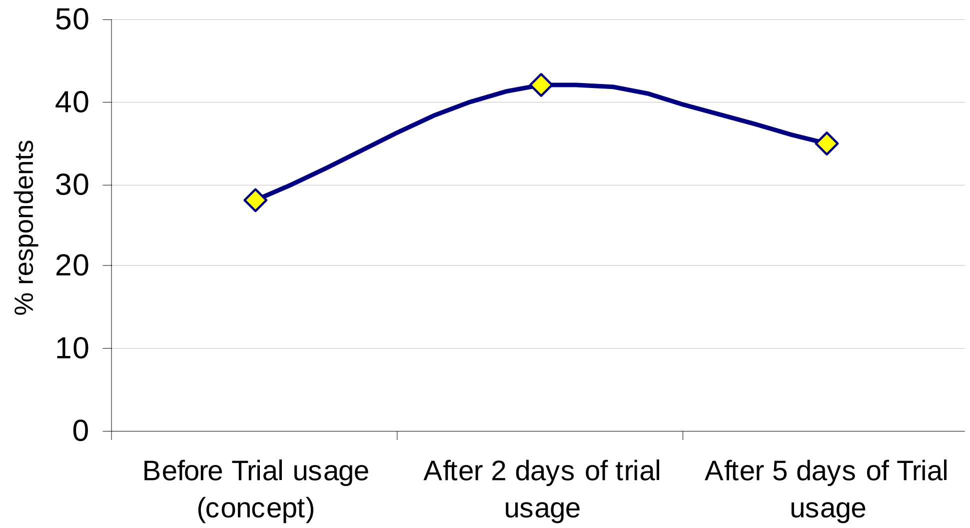
The preferred pricing option was a monthly lump sum payment for any number of messages. Typical expectations were three to four news alerts per day (waking time). This was the preferred news frequency prior to exposure.

The consumers were willing to pay 49 units per month for general news and 48 units for special interest news (Business, Stocks, Entertainment).

## Concept Acceptability –
## Intent to Pay and Use the Service - Post Service Experience

Concept acceptability jumped sharply after trial with 42% willing to pay for the service after experiencing it for two days and dipped to 35% after five days of exposure– as compared to the 28% acceptability prior to exposure (see figure 1).

**Figure 1**
**INTENT TO PAY FOR THE NEWS ALERTS**




These figures indicate two important facets of concept tests for technology driven services like news alerts through mobile phones.

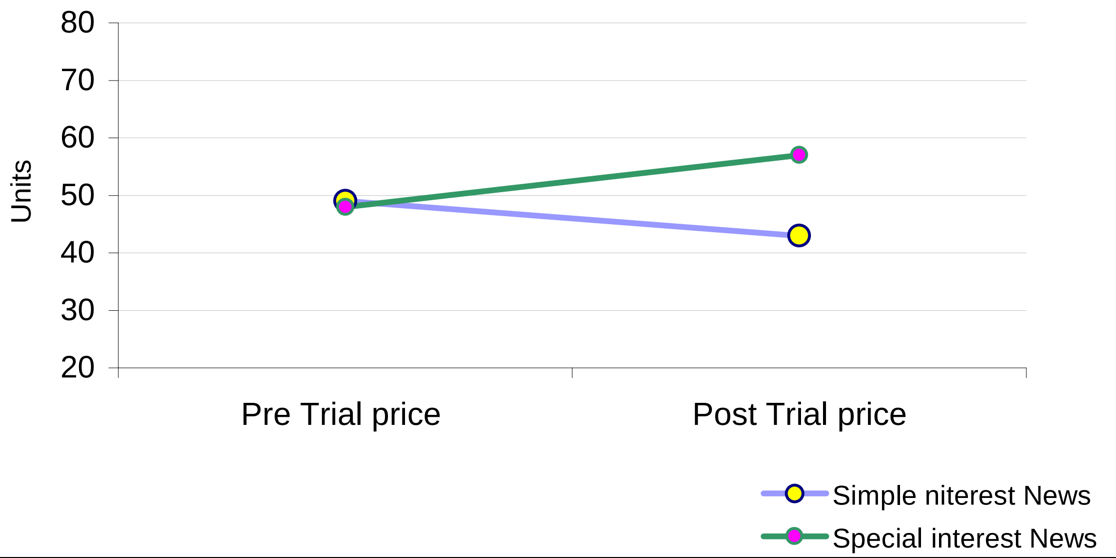
- Inability of the standard concept tests to measure and predict the purchase intent post usage
- The pattern of novelty driving initial euphoria and wearing off sharply soon thereafter.

## Price and News Frequency Sensitivity –
## Prior to Service Experience

Post service experience the frequency sensitivity to news reduced – people wanted to get more messages every day. Typical expectations were four to five messages per day after exposure to the service.

The consumers were willing to pay 43 units per month for general news and 57 units for special interest news (Business, Stocks, Entertainment) – i.e. the consumers were willing to pay a 18% premium for special interest news after service experience and discount general news by 12%.

**Figure 2**
**PRICE SENSITIVITY – PRE AND POST USAGE**




## CONCLUSIONS AND LEARNING

1. Technology driven services can not be researched in the same way as other services are researched.
2. The concepts can not be presented in the conventional way – through concept boards or computer simulations. Many of these services cannot be seen touched, smelt or eaten. They defy the normal human sensory parameters.
3. Often they can only be felt as an emotion – like the satisfaction of hearing the news that your country has won "football world cup", or the utility of getting to know "X road has a big traffic jam due to an accident" or the benefit of knowing "a jump in profits of stock X" and making the right move in the stock market. The emotion is ephemeral and has to be felt to be able to evaluate such services.
4. These feelings can only be felt in real life situations and can never be replicated otherwise.
5. Due to this, it helps to get reactions over an extended period of usage rather at single or discrete points.

6. Novelty factor tends to skew the results if steady state factor is not reached in experience of the service. It is important to measure the reactions over a stretch of time rather than at single time point.
7. Multiple metrics help to reconfirm findings. Face to face supplemented by online tracking of involvement helps to confirm or deny hypothesis.
8. Marketers should expect spikes in interest and usage of the service in its infancy which tends to dip sharply soon thereafter – as the novelty wears off.
9. It is important for the marketers of technology driven services to keep launching “spike inducing services” to engage consumer’s mind.
10. News is just not news – it is also a sense of power to the holder.

## THE AUTHORS

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