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BUILDING BRANDS

Mobiles and the value of a paisa

Big Picture

SANJIT CHATERJEE

Visiting us during her vacations, Manjari, my teenaged niece, asked me if I would help her with a summer project on the study of coins. She wanted to know what a one paisa coin looked like and, "what can one paisa buy?"

We were amused: why give a 'one paisa' project when the cheapest toffee costs 50 paisa. Manjari's search landed her at the Reserve Bank of India's monetary museum since one, two and three paisa coins were discontinued in the 1970s.

Then came a discovery of sorts. There was something that was worth a paisa, offered by the burgeoning, yet highly competitive, Indian telecom industry. For just one paisa, one can talk to someone in the farthest corner of India for one second, or send an SMS of 160 characters to any mobile phone user in India.

The Indian telecom industry, the world's fastest growing, must be credited with applying all the marketing tricks, ranging from product or service sampling, marginal costing, happy hours, family and friends packs, among others, to hook the customer.

This explains the offer for sending 15,000 SMSes for Rs 99 a month — three SMSes for two paise. Or for Rs 299, call 65 hours, or talk to your mother for an hour for under Rs 5. Nationally, at Rs 599 per month, you can talk for 65 hours, packing in 60 call minutes for a little over Rs 9.

For the service provider, there is little money to be made in the local or long-distance calls from and individual subscriber. However, money is made from value added services (VAS) — ringtones, astrology, music downloads, jokes, stock alerts, cricket scores, international calls and data services. It is estimated that there are at least 100 different VAS, some coming for as little as Rs 15 a month. If you include data services (web services, downloads and streaming video), the billing potential is huge and will grow manifold in the 3G regime. By subscribing to data packages on a mobile phone, the subscriber can navigate or make international calls for a song.

While all 600 million Indian mobile subscribers don't own a handset that supports data services, it is only a matter of time when some of the cheaper 'copycat' handsets will be within every mobile user's reach for one-tenth the average price of a smartphone. Industry analysts expect that a number of service providers will offer mobile voice over internet protocol (VOIP) services for international calls. Mobile VoIP services, once available, could see call rates drop from the current Rs.6.40 per minute at the lower band, to Rs 1-2 per minute.

FOR JUST ONE PAISA, ONE CAN TALK TO SOMEONE IN THE FARTHEST CORNER OF INDIA FOR ONE SECOND OR SEND A 160-CHARACTER MESSAGE

With the mass deployment of wi-fi networks in many countries and the introduction of cheap GPRS service, mobile VoIP is getting popular.

The low telecom tariffs in India have silently been making a visible difference at the sociological level: you see it on a bus, train or plane. At another level, there are mobile air space consumers who are busy converting phone calls from a primarily daytime activity to a 24/7 activity.

The time is not far when the mobile revolution will embrace the remaining half of the country — at a steady 20 million new mobile connections every month — in less than three years. The economies of scale will hopefully extract the India demographic advantage for many more seconds at the cost of a single paisa.

The writer is Director, Global Marketing & Strategy, REVE Systems