



**New research reveals a clear opportunity
for Mobile Loyalty Reward Programmes
to gain greater traction and impact in the UK**

Fewer than 1 in 3 of UK respondents participate in current telecom operator reward schemes to encourage loyalty and 27% in schemes to increase spend.

Consumers rank schemes that offer occasional high value gifts as most appealing, and points for a guaranteed prize were by far the most popular type of reward.

London June 22, 2011 —A new study on CRM and Loyalty unveiled today by Buongiorno (FTSE Italy STAR: BNG) a leading, global enabler of solutions for the mobile connected life, reveals that despite UK mobile consumers being familiar with the concept of rewarding loyalty (73% of UK mobile subscribers surveyed are members of non-mobile loyalty schemes such as store points, club points, frequent flyer programmes) only 29% participate in current mobile operator reward schemes to encourage loyalty, and 27% in schemes to increase spend.

The research, presented today at Telecom World Congress in Amsterdam, examines consumer attitudes toward mobile loyalty programmes and churn. The findings show that despite almost every UK Operator offering some type of programme rewarding tenure, spend, or a combination of the two, there is a clear opportunity for operators to improve loyalty schemes and raise subscriber interest in engaging.

The study, conducted by Analysys Mason and Buongiorno on mobile consumers in both developed (UK, Spain) and emerging (Russia, Africa) markets, highlights key areas to think about for those considering implementing a mobile loyalty scheme.

Adhish Kulkarni, Global Head of Telcos Product Solutions at Buongiorno commented on the research: “Telcos are using marketing budgets to drive mobile loyalty and CRM campaigns, however there is little available research that investigates the effectiveness of such programmes. Our study gives practical advice on the creation and optimisation of loyalty programmes, and coupled with our experience of implementing a variety of loyalty campaigns across the world can help operators see gross revenues increase typically between 4% and 9%.”

With 12 CRM/Loyalty programmes for telecom operators running currently, Buongiorno has a wealth of experience in tenure-based programmes like Orange Wednesdays, point-based programmes such as MTS Bonus in Russia, and ARPU-driving programmes such as Top Up Surprises for O2, Optus in Australia, TIM Italy and Telecom New Zealand among others.

Effective loyalty schemes should target the right customers -- those who have the likeliest propensity to churn -- identified by the research as younger subscribers and new customers, with the first 2 years being the “danger zone”. The top three reasons that subscribers plan to change providers are: wanting a new handset, believing they pay too much for calls and providers not offering additional loyalty benefits.

A separate survey research study published by Analysys Mason, “The Connected Consumer Survey”, found that in 5 European countries and the US, contract subscribers with higher ARPU, and higher activity, are also likely candidates for churn, with those who spend EUR30–50 per month are most likely to change network (16–17% of respondents). This study also found that intention to change network was about the



same for both contract and prepaid users (12% and 10%, respectively) while 20% of contract users want to stay with their existing provider, but change package.

A key takeaway from the Buongiorno-Analysys Mason survey was that the same incentives and scheme structures will not work equally well across all markets and subscriber segments. Overall, across all four markets in the study, subscribers rank schemes that offer occasional high value gifts as most appealing (76% prepaid, 71% contract). Collecting points is a favourite method, but subscribers vary in how they wish to use these. Points for a guaranteed prize (e.g. free/ subsidised handset after 12 months) were by far the most popular type of reward overall (chosen by nearly 50% of contract subscribers across all four countries).

The research indicates reward programmes are having the desired impact on subscriber behaviour with more of an effect on reducing churn than on driving spend or adoption of new services in developed markets. However designing the loyalty programme is critical. Done right, it can generate powerful behavioural change. Done wrong, it can damage the brand for the long term.

About Buongiorno Group:

Buongiorno's customer loyalty framework addresses each stage of the engagement, interaction and redemption cycle to reward profitable customers. Buongiorno's loyalty platform is powered by its carrier-grade messaging and CRM platform delivering over 250 million messages a month for more than 1000 campaigns on five continents. Buongiorno (FTSE Italy STAR: BNG) is a leading global enabler of the mobile connected life. With direct connections to more than 130 telecom operators in 57 countries, 10 years experience in the mobile ecosystem and a team of 1000 professionals, Buongiorno makes the mobile internet experience happen. Buongiorno is the preferred partner for telecoms, enterprises, handset and connected device manufacturers, supporting them in delivering customized mobile data experiences. Buongiorno has a potential reach of over 2 billion mobile consumers and an array of services and content spanning from mobile content based value added services (VAS), innovative solutions to deliver personalized mobile experience which are marketed or reside on many of the most popular OEM handsets and digital stores; to mobile advertising and marketing campaigns and to mobile loyalty programs. The Company is headquartered and listed in Milan (Italy).

For more information about Buongiorno, please visit: www.buongiorno.com

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