

Telcos are the real media giants in Africa

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Google and Facebook own the most popular media platforms online. As the two most dominant players in the online advertising space globally, they both have the largest amount of data on online audiences.



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The more insights gained on consumer behaviour, the better they have become at driving effective advertising results and the more their share prices have risen in the last five years.

Reaching the African consumer

However, when it comes to the African continent, a different approach is required to address the unique needs and challenges of reaching the African consumer.

Today, Google and Facebook are yet to develop solutions that relate to how African consumers use their mobile devices. This gap leaves a real opportunity for innovative tech partners and telecommunications companies to start delivering real value to advertisers and the consumers they aim to reach.

Africa is 'mobile first' and in many cases a 'mobile only' market. This is unlike the rest of the world. The African consumer is uniquely mobile.

However, the way African consumers use their mobile devices is different from almost all other markets. A larger portion of consumers in Africa are offline with only about 35% of the population actively connected to the internet.

This large offline population, 97% of whom are prepaid mobile subscribers, generate and consume media channels that sit within the telco environment. Think about it for a minute, how many times does an average subscriber interact directly with a telco daily?

Multiple times. A subscriber tops up, checks airtime balance, interacts with the telco network via USSD channels to access several other services; and with each interaction, receives a notification message either via SMS or USSD.

With higher mobile phone penetration rates, access to subscriber data, and continuous interaction between the telcos and subscribers; telcos reach far more people offline in Africa than Google and Facebook do online. Given such high levels of engagement and reach on the continent, it baffles the mind as to why telcos are not the lion of the African advertising ecosystem.

Making advertising work

Having the right assets for advertising is one thing, but making advertising work, is a tougher nut to crack. There is a complex value chain between advertisers with budgets to spend and the consumers they want to reach. Telcos suffer critical flaws along each stage of the value chain.

On the supply side, they suffer from fragmentation, as most African countries have at least three strong players that provide airtime and data.

On the platform side, they have not developed the right products to effectively harness their data and media channels in a way that meets the unique needs of advertisers.

On the demand side, telcos do not have the right distribution and sales channels to effectively monetise their inventory at scale.

So how does one awaken this sleeping lion?

To thrive in advertising, telcos need to harness the power of machine learning and other emerging technologies to transform their data assets and channels into a relevant advertising solution that can intelligently reach African consumers offline. Let's face it, this is still 60-70% of the market.

There is a need for indigenous tech companies to take up this challenge by developing purpose-built and market-fit solutions for the African market. Indeed some companies are already in on this. One of such company is Terragon Group, Africa's leading data and marketing technology company.

How can telcos position for growth?

Terragon has developed a proprietary solution that can help African telcos realise the full potential of their SMS and USSD inventory, unlock their full potential in the mobile advertising space and grow revenues. The solution can help telcos do the following:

1. **Deliver SMS (text-based ads) programmatically:**

Telcos can add text-based channels (SMS, USSD) to the programmatic ecosystem, enabling advertisers globally to bid for Telco inventory via a demand-side platform (DSP).

This is how AdWords works for Google Search Ads. By using this solution, advertisers will be able to reach offline mobile subscribers with the right message, to the right consumer, in real-time.

2. **Deliver zero-rated short (ten seconds) audio or video via SMS:**

In a continent grappling with very low literacy rates, brands can better engage with potential and existing consumers via audio and video. In partnership with Terragon, telcos can deliver high impact, short audios and video messages (in as little as ten seconds) via SMS.

The key difference is that audio/video will render within the SMS environment without consuming the subscriber data and without the need for a smartphone.

3. **Solve for offline attribution:**

Driving great value for advertisers offline via smart SMS/USSD marketing comes with several challenges - attribution is one.

To a large extent, attribution online has already been solved by a number of standard third-party players, however, the mechanics for online attribution fails offline.

This is largely due to limitations of the 'store and forward' nature of SMS. Communication via SMS and the service delivery leg of USSD is asynchronous (non-real-time), there is usually a waiting time or drop-off. Therefore, there is no way to get feedback or tell when someone has engaged with an ad.

Terragon's engagement trackers have the ability to correlate activities on telco channels to the final conversion that occur on the advertiser's platform. The technology is able to track events at every mobile interaction layer including app, device, SIM and Telco network.

The GSM Association (GSMA) 2017 Mobile Economy report says sub-Saharan Africa currently has 420 million unique mobile subscribers.

By 2020, this number is expected to hit over half a billion, making Africa the fastest growing mobile market. According to the data, there were 731 million SIM connections in Africa at the end of 2016 which will also rise to nearly 1 billion by 2020.

Going by these figures, at a modest estimate of \$1 per SIM connections, African telcos are all together sitting on a \$1billion dollar untapped goldmine.

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