

Location-Based Services Make A Comeback; How Can Mobile Operators Turn Them Into Profitable Value Propositions?

Operators need to take the initiative to profit from Location-Based Services, according to a probing article published by Mobile Communications International magazine.

The advance of Global Positioning Systems technology (GPS) clearly plays in favor of location-based services - and the companies that successfully harness the technology to offer consumers services in tune with their context. Nokia certainly needs little convincing. The Finnish handset maker has already built GPS receivers into select devices, including the N95 and the aptly named Nokia 6110 Navigator. The hope is that location-based services will become the cornerstone of a variety of "location-aware" services. More importantly, Nokia has snapped up mapping firm Navteq in a surprise \$8.1 billion acquisition, marking what one analyst called a "new order" in the mobile market and giving the LBS market a badly needed boost.

But Nokia shouldn't get all the credit. A few years ago, mobile operators were equally convinced the advance of location-based services would jumpstart new business models and generate significant revenues for companies up and down the value chain. The initial excitement about them fizzled out because neither the phones nor the data plans could deliver.

This time around, location-based services aren't a pipedream - provided mobile operators combine location with mobile search and advertising schemes to deliver users contextual content and services they will find genuinely useful.

Vodafone — which was one of the first out of the gates with location-based services from third-party providers, including a property search service it offers in partnership with RightMove, the U.K.'s number one property website - is upbeat about location. "As more compelling LBS content becomes available, more and more customers will increase their usage or start to use location-based services," a Vodafone spokesperson was quoted as saying.

New research from IDC, cited in the article, bodes well for operators and hints at the killer "opp" [opportunity] in local search services. A recent user survey reports "the majority of consumers are receptive to advertising sponsored local search services." And the eye-opener: "If service providers can agree on a free ad-based usage model, local search is a low hanging LBS fruit." In fact, the research reveals 60 percent of U.K. and 70 percent of

U.S. users would utilize such a service, while only a quarter of consumers in each country would consider paying."

While this is all quite encouraging, the article fails to explore the pay-off associated with providing more holistic LBS search services that span a multitude of communications devices and platforms to intuit what users want – even before they ask for it. Put simply, the business model is no longer about user-pull. Pull is built on the premise that users know what they want and are prepared to go look for it. That's quite an assumption. The pull model also ignores the rise of empowered customers who increasingly expect – even demand - content and services consistently tailored to their individual needs and in tune with their lifestyles and life stages.

The new paradigm is personalized content-push based on a deep understanding of the individual's purchases, passions and past click-behavior. It's even more compelling if the technology can learn users' likes and dislikes over time to dynamically and consistently deliver the right content mix. Fortunately, tailoring local search offers to meet the needs of individual users is likely to become a much easier task once companies and carriers embrace Unified Communications (UC) to leverage integrated voice, e-mail, instant messaging and video.

Indeed, some clever companies are already developing ways to combine these conversations to effectively intuit what users want - before they ask for it. (One promising approach looks for patterns and key words in IM exchanges over PC and mobile to better understand which information and offers a user would appreciate on the move.) If local search is indeed low hanging fruit, then imagine how easy it will be to pick if operators can deliver users zero-effort local search that simply "knows" what an individual user seeks because it connects the clues users leave - such as click history, content preferences, IM exchanges and personal profile - to better recommend results individual users are likely to want when they are on the move. Add relevant and targeted advertising messages to the mix and you have what it takes to make users an offer they can't refuse.