Columbia Business School

Columbia CaseWorks

ID#DRAFT

PUBLISHED ON
JUNE 2, 2008

Suvidha
Launching the Beam Card

BY KAMEL JEDIDI* AND MARTIN ZEMBORAIN†

ABSTRACT

In 2007 Suvidha introduced the Beam Card, a mobile phone transaction service that would allow consumers to send and receive cash and to make payments using SMS text messaging. CEO Anand Shrivastav and his team first needed to agree on product, pricing, communications, and distribution decisions. How should Suvidha present this revolutionary product to a consumer base currently relying on outdated payment systems? What type of impact would the Beam card have on India's growing middle class?

CONTENTS

** Professor and Chair of Marketing Division*
† Assistant Professor, Marketing Division

Acknowledgements
Meg Joseph, MBA '96, provided research and writing assistance for this case. Ronnie Sacco, MBA '79, also contributed research.

On May 7, 2007 Suvidha CEO Anand Shrivastav delivered a presentation to his board titled "Suvidha: A Dream Come True" to announce the birth of their new mobile financial transaction service. In less than two years, Shrivastav and his engineering team had completed the product development phase of the new service's backend hardware (SWIFT: Subscriber Wireless Inter-account Financial Transaction system). With extra care taken to build in security protocols, this system had been checked for robustness and audited twice for precision. Now, Suvidha, having received regulatory approval for its much anticipated consumer product, the Beam Card, could aggressively move forward with its launch plans. (See Exhibit 1 for the project financing structure.)

Shrivastav was justifiably optimistic about the growth opportunities for Beam. Equipped solely with Beam and a mobile phone, customers could not only send and receive cash but also make payments to merchants, utilities, and their mobile phone service provider (to credit, or "top-up", their mobile accounts) using their SMS (text messaging) option. While seemingly a close cousin to the credit or debit card, Beam had a distinct advantage for many Indians: customers need not be affiliated with a bank to use the service. Given the relatively low penetration of "banked" consumers in India and a steep growth rate in cell phone usage, the Suvidha team was eager to fill an important need-gap in the marketplace.

With the product features finalized, Shrivastav's dream vision began to blur as he grappled with how to position Beam in an increasingly complex competitive environment. While Beam shared some characteristics with other payment services, the onus was on Suvidha to educate consumers, merchants, and distributors about its product's unique uses and benefits. The Suvidha team was familiar with the complexities of the Indian marketplace having successfully launched other financial products there. However, the Beam product would be targeting a new client base: members of an emerging middle class who may be caught between an old cultural mistrust of banks and credit institutions and a desire to adopt a more "Western-style" attitude and lifestyle. As Beam's marketing team began to consider the market potential for their new product, they struggled to anticipate the needs and expectations of this rapidly evolving new breed of Indian consumer and considered what appeal, if any, Beam would have to more established middle-class consumers.

On the day after his "Dream" presentation, Shrivastav met with his marketing team in an effort to establish a strategy that would help them to maintain the delicate balancing act required by this product. Shrivastav's address to the group was brief and exacting. The following questions, he maintained, had to be answered before Beam's launch could proceed: How should we define the primary target audience? How should we price the Beam card? What product features/ competitive advantage should be featured in our communications strategy?

India's Evolving Economy

Economic Growth and Cultural Complexities

A densely populated and culturally diverse country, India's 1.1 billion people (the second largest in the world) reside in 28 states and 7 union territories, speaking a total of 15 different "official" languages. India has one of the youngest populations among industrialized countries, with more than 50% of the population less than 25 years old.

A growing pool of educated young professionals, coupled with significant economic reforms in the early 1990's, has spurred tremendous growth in India's GDP. While India currently has the world's 18th largest GDP, it owns both the highest GDP growth rate (over 8% per annum since 2005) and the fastest improving rate of education worldwide.

India's financial base not only has grown, but has been entirely reshaped by its shift away from an agrarian and towards a more service-based economy—a reflection of its emergence as a low-cost outsourcing center for global companies. Throughout the last decade, this increased demand for service employees has unlocked the gates that have historically kept lower class Indians from earning higher incomes. For example, as recently as 1985, 90% of Indians lived on less than $1 a day. By 2008, however, only around 25-30% of the population were living on less than $1 a day.

At the same time, this economic shift has resulted in the emergence of an upper middle class. Whereas the median annual family income in 2003 was approximately Rs 54,000 (US$ 1,350; 40 Rupees=$1)[1], by 2005, 5% of the population had real disposable household incomes of Rs 200,000 (US$ 5,000) to Rs 1,000,000 (US$ 25,000)[2]. The expectation was that, by 2025, this small group would swell to 41% of the population, and those households earning over Rs 1,000,000 would extend to nearly 2% of the population.[3]

By 2007, the impact of India's economic upturn had been largely restricted to the metropolitan areas, fueling a rural-urban migration of 39 million people, 54% of whom were women, since 1991. The urban population was projected to increase from 28% to 40% of the total population by 2020.

Trends in Consumer Spending

In accordance with India's growing GDP, its young age profile, and rapid rise in salaries, Beam's marketing team estimated that there were approximately 14.5 million retailers in the country. Likewise, they had reliable statistics that indicated retail sales in India were predicted to experience 30% per year growth through 2010. Determining the means by which Indians would make their future purchases, however, required a more complicated analysis of the data.

Historically, the utilization of non-cash financial instruments was extremely low in India due to a long-standing cultural stigma surrounding debt. But, in the 5 to 10 years before Beam's launch, the cultural norms had changed and Indians had become more accepting of debit card transactions as well as use of debt in terms of credit cards and loans. With between 16 and 20 million credit cards currently issued in India, only slightly more than 2% of retailers accepted credit cards at point of purchase, limiting their use to the top twenty Indian cities. Nonetheless, according to a report issued by the Reserve Bank of India at the end of 2006, the value of debit and credit card transactions increased 300% and 35%, respectively, from the year before.

The Unbanked Majority

Although India's new middle class was quickly adopting more Western-style attitudes and beliefs, many consumers, particularly in rural and semi-urban areas where 70% of Indians still lived, were content to remain citizens of a cash-based society. While nation-wide bank deposits had experienced a dramatic upturn in recent years, as the following statistics from the Reserve Bank of India's 2006 Annual Report (Table 1) make clear, Indians living beyond the city walls remained largely unbanked:

---

[1] India Together. (2003, August). *In Pictures: Middle Class, or Upper Class?* Retrieved May 27, 2008, from http://www.indiatogether.org/photo/2003/class.htm
[2] Narayanswamy, Subbu & Adil Zainulbhai. (2007, May 7). *India's Consumer Evolution.* Retrieved May 27, 2008, from http://www.mckinsey.com/mgi/mginews/indiaconsumerevolution.asp
[3] Ibid.

Table 1: Bank Accounts by Density

	2005	Growth vs. 2004	Share by Area (% of Total Deposited Amounts)
Total number of Accounts	466.7 million	2%	
Total Deposited Amounts	Rs 174,681,404 million*	15.6%	100%
Metro Area			50.3%
Urban Area			18.7%
Semi Urban Area			17.8%
Rural Area			13.2%

*Notes: - Areas are defined in terms of increasing population density, available job density and influence over surrounding populations.

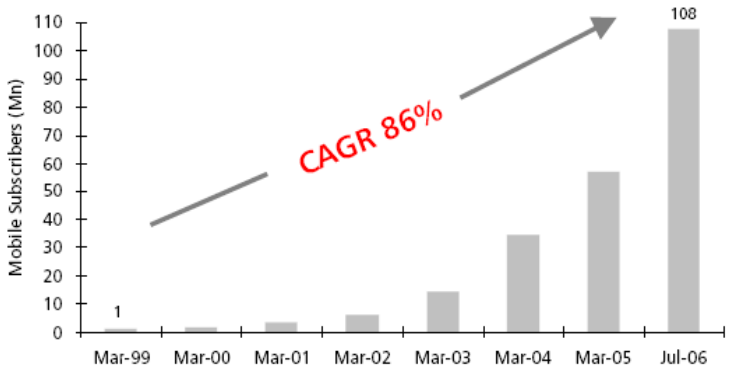
- Currency exchange rate: 1 USD = Rs 40

In addition to a cultural stigma surrounding debt, there were several hurdles facing the banking industry in rural India, including the scarcity of branches located in outlying areas, the low percentage of clients meeting banks' criteria, and a holding period of up to 30 days before a payment cleared.

The Rise of M-Commerce

As the Indian economy evolved, and as India's middle class aspired to more Western-style conveniences, the country experienced a boom in network technology. As of June 2006, there were approximately 109 million wireless subscribers in India as compared to only 53 million landline customers. With the industry adding over 6 million new subscribers every month at a compound annual growth rate (CAGR) of over 86%, India had emerged as the world's fastest growing telecom market (see Figure 2). As such, industry experts expected that the Indian wireless subscriber base would grow to between 320 to 420 million by the end of 2010.

Figure 2: Mobile Phone Service Subscribers in



Data source: Telecom Regulatory Authority of India

In addition to this increasing market penetration, the marketing team had data that suggested Indian mobile phone subscribers used their phones more than any other population in the world, except the United States, with greater than 400 minutes per subscriber per month.

In fact, research suggested that 20% of Indian consumers were already using their mobile phones as the primary means of accessing the Internet. This trend away from dial-up and broadband service and toward mobile phone usage for Internet transactions was expected to continue.[4] Culturally, it appeared that citizens were more comfortable with the mobile phone technology. There had been some cautious use of the Internet for shopping and bill payments, but concerns about dial-up and broadband security had inhibited the industry's growth.

The global growth of offerings related to mobile technology, however, would certainly complicate the competitive arena for Beam as both domestic and foreign multinational companies were primed to grab a share of the new mobile commerce (m-commerce) market in India.

Beam's Competition

Suvidha believed that Beam would compete with several existing modes of payment, including credit cards, debit cards, bank drafts, and money orders with services provided by both banks and telecom companies.

Non-Mobile Competition

Prior to the launch of Beam, money orders paid for and delivered through the post office, were the dominant vehicle used to transfer money and make payments in India. These money transfers typically originated from recent urban migrants and were received by family members and friends in rural areas.

In 2007, India Post (http://www.indiapost.gov.in) had a network of 155,516 post offices of which 125,148 catered exclusively to the rural areas. India Post charged a flat fee of 5% of the money order amount (i.e., Rs. 1 for every Rs. 20 sent). India Post set Rs. 5000 as the maximum amount of a money order.

Table 2 shows the trends for money order transactions and amounts in Rs:

Table 2: Money Orders Traffic and Value

	2004 – 2005	2005 – 2006	Increase / Decrease
Money order traffic (millions of transactions)	101.60	95.79	- 5.72%
Value of money orders (Rs in millions)	70,521.65	71,834.30	+ 1.86%
Average amounts per money order	694.11	749.91	+ 8.04%

Source: http://www.indiapost.gov.in/AnnualReport2006-07.htm

[4] Philip, Joji Thomas & Deepshikha Monga. (2007, October 6). *Net user base shrinks as Indians go mobile.* Retrieved May 27, 2008, from http://economictimes.indiatimes.com/Infotech/Internet_/Net_user_base_shrinks_as_Indians_go_mobile/articleshow/msid-2433752,curpg-1.cms

The appearance of competing methods to transfer money was one of the factors that could explain the decrease in number of transactions in the past few years. Other factors that could explain the downturn in the number of money order transactions were related to consumer dissatisfaction.

There were often delays of up to 10-45 days to complete a transaction and, not infrequently, a payment was redirected, stolen or kept by the delivering postman. Yet for consumers without a bank affiliation or access to the internet, postal money orders, prior to the launch of Beam, was the only money transfer game in town.

M-Commerce Competitors

In preparing to carve out a niche for Beam in the fast-growing mobile finance market, the Beam marketing team set out to catalogue the product offerings and price points for a select group of key industry players. These companies advertised their ability to transfer money quickly to friends and relatives, pay merchants directly, and make secure purchases, via mobile phone SMS (text-messaging) and/or the Internet. Security issues were of particular importance in India, where consumers felt at high risk for technology-based fraud.

PAYMATE

PayMate, based in Mumbai, India, was founded in May, 2006. According to its website (http://www.paymate.co.in/index.asp):

> Simply put, PayMate is money on your fingertips. It links your mobile phone to your existing bank account or credit card thereby giving you the unmatched convenience and security of paying anywhere, anytime. Once registered for this free service, you can pay for online purchases, shopping bills, monthly utility bills and much more simply with your mobile. In fact you can even buy things like flight tickets, movie tickets and other cool stuff on your mobile itself. All payments are authorized by you with a secure 4-digit PIN thereby ensuring complete control and security.

In early 2008, PayMate advertised a network of 2,500 affiliated merchants, and customers could register for PayMate with their banks over the phone for free.

OBOPAY

Obopay (http://obopay.co.in/home.html), an American-based company, announced it would enter the Indian market on January 23, 2007. This decision was based on the country's preference for cash-based retail transactions and an extremely low penetration of ATMs (Automatic Teller Machines). In fact, it was Obopay's management that had perceptively linked mobile phone service and microfinance:

> The prepaid mobile phone represents a unique leap forward in financial business models. The approach of converting physical money into digitized value in the form of "minutes" has profitably served billions of people, without the traditional obstacle of credit and long term relationships with a mobile service provider.
>
> Microfinance institutions (MFIs) provide unique financial services for low income people, but most MFIs still face a resource crunch in getting these services to a large part of the population. The potential to expand microfinance transactions across India is significant as the Obopay service will enable banks and microfinance institutions to provide a universally acceptable and low cost, last mile reach for banking services and especially in semi-urban and rural areas. By using Obopay for cash management and loan servicing, MFIs can improve operational efficiency and reduce costs.

With Obopay, the cell phone worked just like a debit card, so customers needed a bank account in order to use the service. However, there was no charge to set up an Obopay account.

According to Carol Realini, Obopay's founder and CEO:

> What the iPod did for music, the mobile phone will do for money. With Obopay, people have convenient and affordable access to their money from any mobile phone. Our service, which will be provided through leading banks and telecom providers, will bring affordable financial services to every mobile phone subscriber – even those not currently benefitting from banking services today.

NGPAY

Ngpay was the brand name for the mobile-commerce service provided by the 2004 Indian start-up, JiGrahak Mobility Solutions (P) Ltd. Overall, the company's service was very similar to PayMate's, except that the Ngpay customer could only use credit or debit cards to pay for goods and services.

According to Ngpay's website (http://ngpay.com/index.jsp):

> Select any partner from your favorite list and go through the intuitive steps. Once you reach the pay screen while transacting with any partner, pay using a variety of payment instruments. Currently, your regular Visa/MasterCard credit cards and HDFC Bank Account are supported. Very soon, you would be able to use other bank accounts, cash cards, and debit cards as well.

Although there appeared to be no fee to set up an Ngpay account, Ngpay, even by early 2008, did not have a definitive policy on transaction fees. Some transactions were free – "With Ngpay, you only pay for the price of the product or service as charged by the Ngpay partner" – and some were not – "For some services, Ngpay might charge a small service fee, which would be clearly mentioned on the Confirm Payment screen." Specifically, it appeared that fees would eventually be charged for bill-paying services, but, according to the web site, "[a]s an introductory offer, [Ngpay has] waived the convenience fee."

ITZ CASH

ITZ Cash Card Ltd. (www.itzcash.com) was launched in 2005. Unlike the services of the aforementioned competitors, ITZ's product was a pre-paid card that could be used to transfer funds by cell phone or Internet:

> ITZ Cash is a full usage product, without any hidden costs, is transferable and empowers you to do transactions anytime – anywhere. ITZ Cash is an 'Easy to Acquire & Use' multipurpose prepaid card. You do not incur any additional costs or require any eligibility criteria to acquire an ITZ Cash Card… It facilitates online and on-mobile payment for a host of services… ITZ Cash currently has tie-ups with more than 3000 merchants and this number is constantly increasing.

According to the web site, there was no fee to purchase an ITZ Cash card.

Suvidha's Own Competitive Research

Suvidha's marketing team believed that all four major competitors -- PayMate, Obopay, Ngpay, and ITZ Cash -- required customers to have Internet access, even though none of the competitors discussed this requirement on its web site. The team also concluded that only Ngpay and ITZ Cash provided mobile phone top-up services, and only ITZ Cash offered

utility payment services (even though PayMate claimed to offer the latter as well). Finally, although the team would have liked some information on how much each competitor was charging its merchants, no data was available.

A Thought-Provoking Model from Overseas

The mobile commerce industry was relatively new in India, but it had existed in the Philippines for the last eight years. The Philippine company Globe Telecom, had partnered with the U.S. non-profit organization USAID, to develop GCash.[5] Like Beam, GCash was introduced as a secure, easy to use "electronic wallet" for customers utilizing text messaging services provided by cell phones. Unlike Beam, however, banks were involved in the money transfer: cash distributors or merchants in towns without banks actually partnered with banks in more developed areas in order to make funds available to its rural customers. As a result of these partnerships and streamlined operations, the GCash affiliated banks provided services to rural customers at reduced rates and without the delays associated with long-distance banking.

An article published by the Washington Post[6] described the Philippines experience with virtual wallets since its inception in 2000. The article reported that, by 2006, more than four million cell phone subscribers (out of about 30 million) in the Philippines used their cell phones as virtual wallets to buy things or transfer cash. There was no doubt that opportunity abounded in the mobile commerce industry!

And yet, the Beam marketing team couldn't help but wonder: Was the opportunity directly linked to bank-based partnerships? If banks were to become a familiar and reliable "partner" with rural merchants, would Indians continue to perceive them as untrustworthy institutions?

The Beam Card

New Delhi-based Suvidha, whose name meant "convenience" in Sanskrit, was established in 2002 with a vision to be a "globally respected corporation that continuously provides novel services through wireless connectivity." Suvidha (www.suvidha.net) officially entered the mobile transaction service provider sector in 2003 with the introduction of its Global Transaction Management System (GTMS) —a wireless product enabling banks to supply cash, tax management and cooperative payment services to clients. Launched in 37,600 locations throughout India, GTMS, by 2007, counted some of the world's largest financial institutions—including HSBC, Deutsche Bank and several large Indian banks—as clients.

Sensing a similar "need gap" in another segment of the Indian population, Suvidha set out to create a product that would help to streamline money transfers and other payments for both banked and unbanked consumers. For, despite their cautious use of bank accounts and credit cards, Indian consumers demonstrated a strong desire to transfer money to friends and relatives, particularly as gifts from more affluent urban sectors to less developed rural areas. This trend, and consumers' reliance on inefficient, costly and unsecured modes of money transfer, crystallized the need gap in India that would be filled by Beam.

---

[5] See http://myglobe.com.ph/gcash/index.asp for additional information.
[6] Foster, Malcolm. (2007, January 27). *Cell Phones Vital in Developing World.* Retrieved May 27, 2008, from http://www.washingtonpost.com/wp-dyn/content/article/2007/01/27/AR2007012700662.html

Beam Product Features

The Beam Card, in its final form, was a multi-purpose, stored value prepaid gift/shopping card that enabled subscribers to do the following core transactions equipped only with a cell phone:

- **Gifts**: Send funds from one subscriber to another.
- **Refunds**: Receive refunds for unused portions of the prepaid card.
- **Purchases**: Make purchases from registered merchants and pay utility bills.
- **Top-ups**: Credit their mobile phone accounts free of charge.

No bank account, Internet access or additional software was required to perform any transaction. And, with subscriber financial information stored only on the system's "back-end" (Suvidha's patented SWIFT technology), Beam presented a low security risk for users should the phone be lost or stolen.

In fact, speed and security are the core benefits of the Beam brand. Authentication was required for each and every transaction and the system recognized each customer's phone. Any historical transaction information that was stored on the SWIFT server was useless and could be deleted. Moreover, Suvidha had taken all care to build security protocols, firewalls, encryption, and a complicated transaction identification process.

The transaction ecology was captured in a presentation by Suvidha's CEO (see Exhibit 2 for the presentation; see also http://www.beam.co.in.)

Distribution Ecology and Revenue Sharing Partnerships

Suvidha developed a unique distribution system for its new product, one that would target consumers in both metropolitan and rural areas.

MAIN CHANNELS

As envisioned by the marketing team, Beam would be introduced to the Indian market via a wide network of retailers and franchisees, with Flagship Distributors serving as front-line managers for these "main" distribution channels. These distributors would be responsible for distributing the Beam prepaid cards to retailers and franchisees as well as educating these second-line vendors about Beam's uses and benefits. Suvidha's plan called for recruiting 740 distributors and 10,000 franchisees.

Franchisees, who would both sell cards and facilitate refund transactions, would take two forms: Express Outlets based primarily in neighborhood shops, and traveling Beam Mobile Entrepreneurs. Suvidha planned to recruit Mobile Entrepreneurs primarily from the growing class of educated, yet unemployed, citizens (see http://www.beam.co.in).

In recruiting franchisees, Mr. Shrivastav further explained:

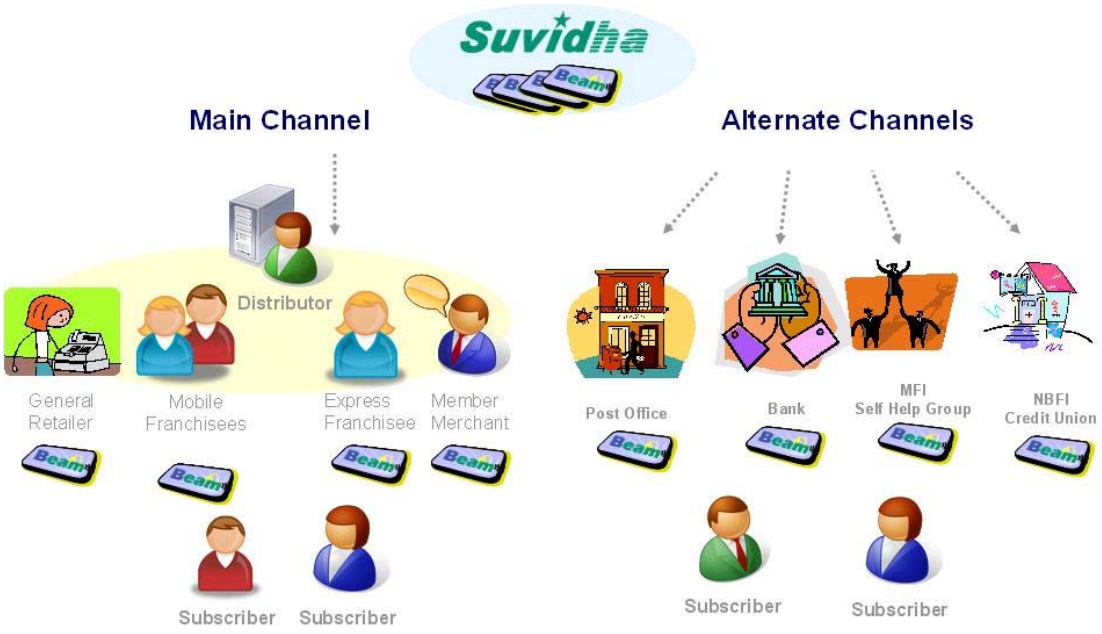
> Given the average money order amount (Rs. 750, see Table 2), we decided that our mobile entrepreneurs and express franchisees needed to have about Rs 1,500 as liquid cash for refund purposes. All franchisees will be serviced once every week by our Flagship Distributors who: a) sells them the Beam prepaid cards and b) reimburses them the refund amount. Suvidha in turn reimburses the same to the distributors plus the service charge for providing cash management services.

All of these main channel trade partners, with the exception of storeowners, would be contracted, commission-based employees of Suvidha.

ALTERNATE CHANNELS

Suvidha also planned to fortify these main distribution channels by forging strategic partnerships with organizations having complementary but non-competing businesses such as banks, microfinance institutions, post offices, etc. These alternate channels would not only sell the Beam card, but also provide refund services. Figure 3 summarizes both branches of Beam's intended distribution strategy:

Figure 3: Beam's Distribution Ecology



CUSTOMER SERVICE

Of course, Suvidha would need to provide post-purchase customer service operations for all Beam card users. What they would look like, however, sparked some discussion. First and foremost, management needed to decide whether to establish these operations in-house or to outsource them. Equally important, given India's multitude of languages, the question of which language(s) to use for customer service needed to be addressed as well.

Pricing Issues

Suvidha's marketing team needed to make two fundamental pricing decisions. The first involved *which* consumer pricing structure to use and the second addressed *how much* the company would charge.

Consumer Pricing Structure

Here, too, the team was considering two basic options. The first entailed charging an up-front fee. In this scenario, when consumers purchased Beam cards, they would pay the face value of the cards, plus an additional fee to cover card distribution and production costs and Suvidha's margin. For example, with a 3% fee, a consumer would be charged Rs. 103 for a Beam card with a Rs. 100 face value. This approach echoed India Post's approach for pricing money orders.

The alternative structure involved charging for use of the card. In this scenario, consumers would be credited the full face value of the cards at the time of purchase, but they would pay a transaction fee every time they used the cards (i.e. for gifts, money transfers, refunds, purchases, etc.).

Pricing Amounts: Suvidha's Margin

Once they made a decision about Beam's pricing structure, the marketing team had to determine how much to charge. To lay the foundation for their pricing strategy, the group first reviewed the relevant costs for the actual Beam card itself. As presented in Table 5, the card came in five denominations -- Rs 100, Rs 300, Rs 500, Rs 1,000, and Rs 5,000 -- and each had its own expected share of sales. It was expected that the trade would be compensated 2% of the Beam cards' face value for selling the product: 1.5% for franchisees (retailers) and 0.5% for distributors (wholesalers). Production and shipment costs of the Beam card were estimated to be Rs 2 per card, regardless of the face value.

Table 5
Beam Prepaid Card Cost Build Up Details

	Product Mix				
Weighted Share in Sales	10%	15%	73%	1%	1%
Printed Face Value	Rs. 100	Rs. 300	Rs. 500	Rs. 1000	Rs. 5000
Franchisee Margin	Rs. 1.5	Rs. 4.5	Rs. 7.5	Rs. 15	Rs. 75
Distributor Margin	Rs. 0.5	Rs. 1.5	Rs. 2.5	Rs. 5	Rs. 25
Beam Card Production and Shipment Cost	Rs. 2	Rs. 2	Rs. 2	Rs. 2	Rs. 2
Net Realized Bill Amount	Rs. 96	Rs. 292	Rs. 488	Rs.978	Rs. 4898

Source: Suvidha internal document.

With a variety of anticipated revenue streams, they next grappled with distinct pricing issues for each revenue source.

UP-FRONT FEE

If Suvidha decided to charge consumers an up-front fee at the time of Beam card purchase, the marketing team had several important questions to consider. What should the value of the up-front fee be? Should the fee be a *fixed* amount, regardless of the face value of the card? Or should the fee be a *percentage* of the face value of the card? The team needed to consider how each of these alternatives could impact both demand and profit.

MERCHANT SERVICE FEE

Referencing the 3%-10% fee range charged by credit card companies, the team debated what service fee to charge merchants (retailers) whose customers used their Beam account to make purchases. Since the credit card companies had different pricing schemes for different types of merchants, they had to also decide whether to charge a common fee to all merchants or to implement a price discrimination strategy.

Another aspect that was not clear to Suvidha's managing team was whether to charge a fee to utility companies for accepting the payment of their service bills using the Beam card. The team wondered if these companies should be treated in the same way as retailers. Also, if Suvidha was not going to be able to generate "fee" revenues from these transactions, why offer them to the consumers in the first place?

REFUNDS

The marketing team also struggled to arrive at a pricing scheme for refunds. Two different types of money transfers were considered refunds: (1) subscriber-to-subscriber money transfers, and (2) money that the card buyer took off the card and returned to cash (for example, an unused balance on the card).

Should Suvidha charge only the sender, the receiver, or both? Given the price point for its competitors, what should this fee be? Some members of the team even argued in favor of not charging consumers for this service at all.

At the same time, the team also had to decide how to compensate its franchisees and distributors for providing refund services and money transfer services to Beam subscribers with unused balances on their cards (the second type of refund transaction). The team was currently considering a commission of 1% to franchisees and 0.5% to distributors.

Just how sensitive was this new product to the price that was charged? To help answer this question, and to better understand the target consumer for Beam, Shrivastav commissioned Market Pulse Research to help Suvidha shape a successful marketing plan for the brand. The results of the quantitative and qualitative research are provided in Exhibit 3A and 3B, respectively.

MOBILE PHONE SERVICE PROVIDERS

Yet another source of revenue would come from mobile phone service providers. Suvidha had already approached cell phone service providers and agreed to share Beam-generated SMS revenues (e.g., from retail transactions or money transfers) according to the industry standard: 50% of the average 2 Rupees/SMS tariff would be kept by the service provider and 50% would go to Suvidha's account. Also, for each voice call generated by the Beam operation, Suvidha would profit with 50% of the cost of the call, which ran 2 rupees per minute on average.

TOP-UPS

In the domestic mobile phone industry, it was standard for consumers to receive the entire face value of their pre-paid phone cards at the time of purchase. At the same time, retailers of the phone cards would receive a 5-6% margin paid by the mobile phone operators. With the Beam card, Suvidha was, in effect, acting as a retailer for the mobile phone operators. As a result, top-up activity via the Beam card would generate a 5-6% margin for Suvidha.

FLOAT INCOME

The final source of revenue for Suvidha would be the "float" made on collected funds between transactions. Calculated on month float days, this source of revenue was an interest rate paid by banks or asset management companies. These payments were based on the amount swept-off from bank accounts, at a fixed time every day, for overnight investment and returned the following day also at a fixed time. Mr. Shrivastav had already spoken with banks and asset management institutions and concluded that they would be able to obtain an interest rate that would be on par with the industry standard, between 5% and 6% per year.

The Target Audience

SEC Categories

Like many companies in India, the Suvidha team relied on the Socio-Economic Classification (SEC) system to segment their consumer base and ultimately arrive at an estimated market potential for the brand. According to this system, consumers are given an SEC rating A through E, with SEC A most likely to make a high value purchase and SEC E least likely. Table 6 gives more detailed definitions of these categories.

Table 6: SEC Definitions

DEFINITION OF SEC CATEGORIES IN INDIA		
	Typical Education Level	Typical Occupation
SEC A	Finished college, graduate degree	• Shop owners • Small business owner (greater than 10 employees) • Wholesalers • Junior executives • Businessmen • Industrialists
SEC B	Spent time in college, but not graduates	• Shop owners • Small business owners (less than 10 employees) • Executives that have not been to college • Supervisors • Clerks • Salesmen
SEC C	Greater than 9 years of schooling, but not graduates	• Skilled workers • Petty traders • Shop owners • Wholesalers • Traders • Businessmen with no employees
SEC D	5-9 years of schooling	• Unskilled workers (with more than 9 years of schooling) • Skilled workers • Farmers • Traders • Clerks • Salesmen
SEC E	Up to 5 years of schooling	• Unskilled workers • Illiterate skilled workers • Illiterate petty traders

Source: Suvidha internal document

Suvidha estimated that, in 2007, the average household income for SEC A was Rs 1,240,000 (US$ 31,000) and for SEC B, Rs 320,000 (US$ 8,000). Taking this into account, along with recent market research on mobile phone usage and buying patterns, the Suvidha team had already concluded that SEC A and B would be their only relevant consumers.

Of the 109 million Indian mobile subscribers in 2006, roughly 47% were from SEC B and 27% from SEC A. By combining this information with the market research results from Market Pulse (see Exhibits 3A and 3B), the marketing team was able to validate its estimated market potential and to develop a sense of the target markets' "intent to purchase" the product. (See Exhibit 4 for Suvidha's market potential estimates.)

After reviewing the research, the team developed more detailed profiles of representative consumers and hypothetical scenarios for their use of the Beam card (see Exhibit 5). Drawing on these profiles, the team began to formalize the product positioning and the communications strategy for the launch of Beam.

While everyone agreed that, according to the market research, Beam would have high acceptance among the unbanked segment, some in the group questioned if the definition of "unbanked" might change sometime soon. With the GCash model weighing heavy on their minds, they wondered if historically unbanked clients might begin to bank at a new breed of rural outposts. Thus the marketing group debated whether to consider possible future changes in attitudes and beliefs when calculating market potential.

Promotions Strategy

As a new product, the marketing team assumed that Beam's primary communications objective would be to generate brand awareness***;*** however, Mr. Shrivastav cautioned them to think beyond the product's market introduction phase and to anticipate some "next step" goals. Mr. Shrivastav also requested a concise benefit statement for Beam that would highlight its perceived advantage in the marketplace.

Target Audience

Beam's subscriber target audience would be comprised of both SEC A and B consumers. The lingering question for the team was how to communicate Beam's benefits to these very different segments of the marketplace. Thus the team debated whether to develop a message targeting both groups or to customize an approach for each segment. With limited ad dollars, they also considered addressing only the primary target audience**,** or the SEC group with the most market potential.

Several members of the team argued that merchants, franchisees and even "alternate channel" distributors should also be addressed separately by Beam's communications strategy.

Media Allocation

India offered a broad range of advertising and promotional vehicles, reaching out to both local and national markets. Understanding the importance of a varied media mix that targeted a wide audience, the team surveyed the benefits of all platforms before allocating their funds

Television: Given the team's objective to create brand awareness, TV advertising would communicate Beam's story to a large audience, reaching consumers in both SEC A and B as well as reassuring merchants that Beam had high visibility in the marketplace.

Direct Mail: Direct mail, traditionally considered the best vehicle to educate consumers, in detail, about the benefits of a product, would be an efficient, cost-effective way to communicate the Beam message to a specific target audience by tailoring its tone and content to a particular group.

Demonstrations: Demonstrations, in small shops, shopping malls, etc. would provide an opportunity for customers to experience, first hand, one of Beam's key competitive advantages-- ease of use. A channel particularly effective in developing nations, demonstrations would bring Beam's story to rural areas with low TV penetration and literacy rates.

Newspapers: Newspaper ads could serve to support Beam's launch on more local levels—advertising, for example, the names of participating Beam merchants.

Consumer Promotions: Promotional programs such as awarding free points (redeemable as cash) to first-time subscribers could further stimulate trial and speed up Beam's market penetration.

Trade Promotions: Beam's marketing team also considered allocating a portion of their budget to point-of-purchase materials and in-store displays. Such activities would serve to both reinforce relations with merchants and to create additional incentives for consumers.

Mobile (SMS) Advertising: A good vehicle for targeted ads, mobile advertising was quite common in India. It was also inexpensive: an SMS ad cost Rs 1 per message. The greatest limitation of this medium was the Do Not Call directive, which took effect on September 5, 2007. This directive allowed landline and mobile phone subscribers to opt out of receiving any telemarketer solicitations, including SMS. When and whether subscribers would actually register was debated by industry experts.[7]

With a pre-determined lean advertising budget of $1.5 million, Beam marketing advisors had some tough decisions to make. (See Exhibit 6 for Advertising and Promotional Rates at the time of Beam's launch.)

The Marketing Plan

Ten days after Mr. Shrivastav's "dream" presentation, the marketing team entered the Suvidha conference room still debating what strategic direction to follow. Even with the most reliable research, it would be difficult to predict the future landscape of India's rapidly changing m-commerce marketplace.

Scrawled on a white board leaning against the wall, in Mr. Shrivastav's unmistakable long-hand, were these questions:

- Who is our target audience?
- What is our market potential?
- How should we position the brand?
- What should the pricing structure be for both consumers and intermediaries?
- How do we communicate our message?

It was time for Beam's marketing team to consolidate their research and agree upon a launch strategy for the brand.

[7] Prasad, Swati. (2007, September 4). *Indian law frees users from telemarketers.* Retrieved May 27, 2008, from http://www.zdnetasia.com/news/communications/0,39044192,62031787,00.htm

Exhibit 1

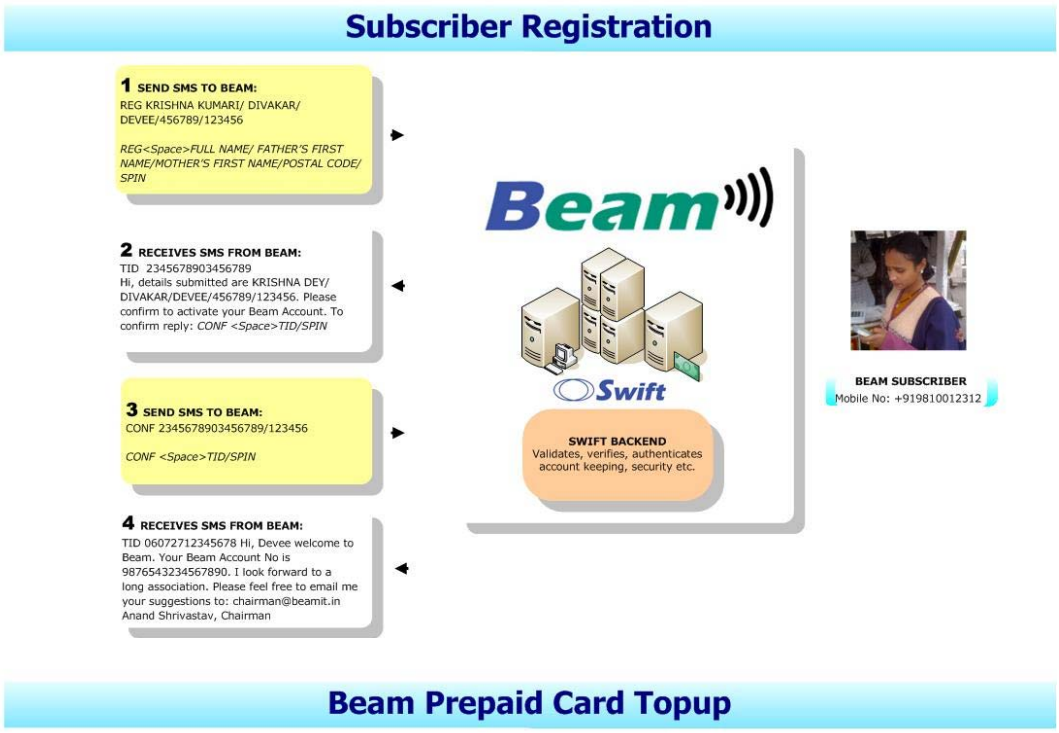
Financing Structure

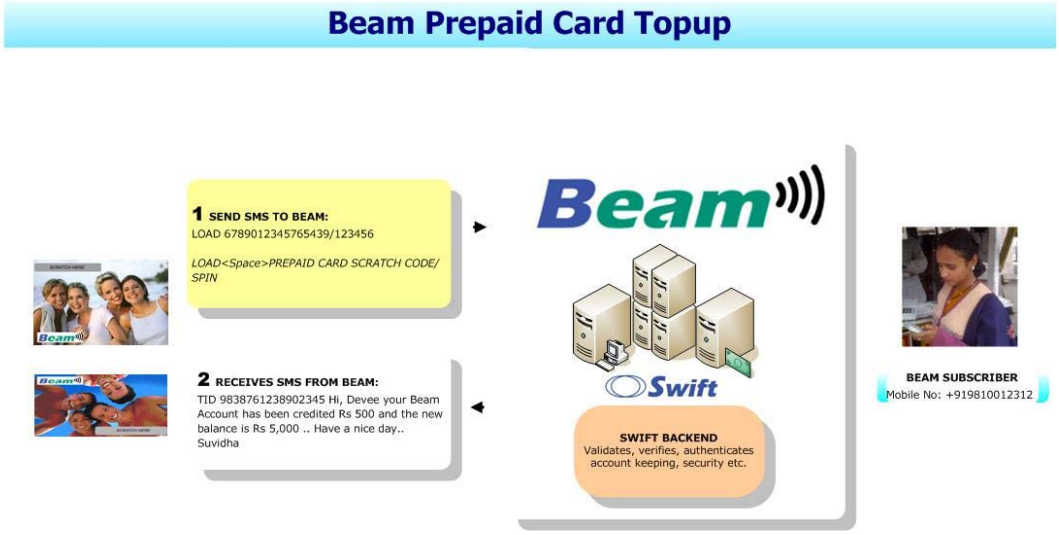
MEANS OF FINANCING AMOUNTS IN Rs. MILLIONS	2006-2007	2007-2008	TOTAL
1. EQUITY	**Rs 130.00**	**Rs 120.00**	**Rs 250.00**
1.1 From Promoters (Venture Capitals)	Rs 20.00	Rs 15.00	Rs 35.00
1.2 From Investors (Owners)	Rs 110.00	Rs 105.00	Rs 215.00
2. DEBT	**Rs 50.00**	**Rs 105.00**	**Rs 155.00**
2.1 From Banks / Financial Institutions - Loan	Rs 2.50	Rs 20.00	Rs 22.50
2.2 From Trade Channels - Performance Deposit	Rs 47.50	Rs 85.00	Rs 132.50
3. TOTAL	**Rs 180.00**	**Rs 225.00**	**Rs 405.00**

- Currency exchange rate: 1 USD = Rs 40
- For comparison, Obopay India has raised $10 million in funding; Paymate $5 Million; and JiGrahak $2.2 million. See http://www.contentsutra.com/entry/419-obopay-india-to-close-10-million.

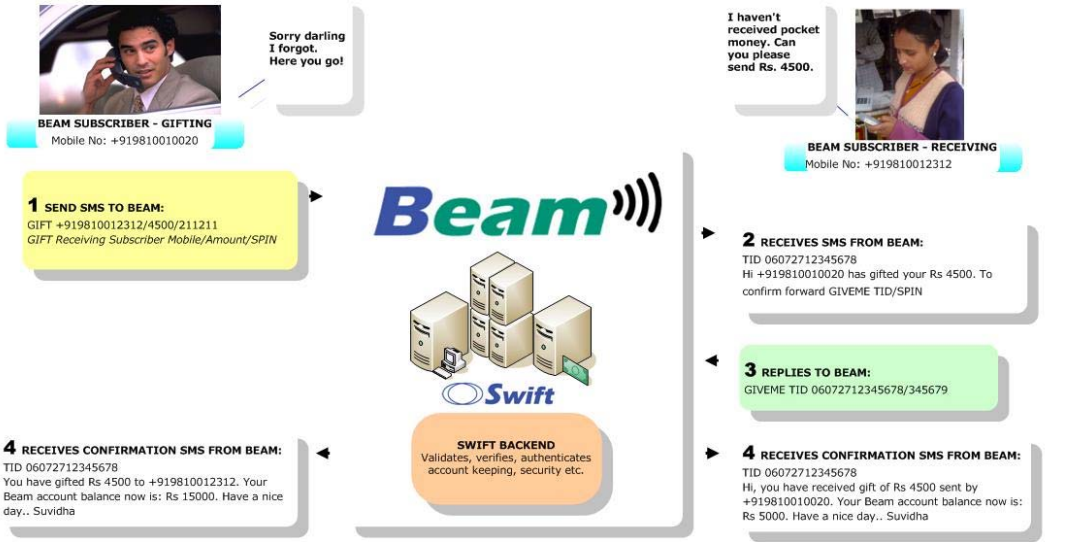
Exhibit 2

How Are Transactions Done?

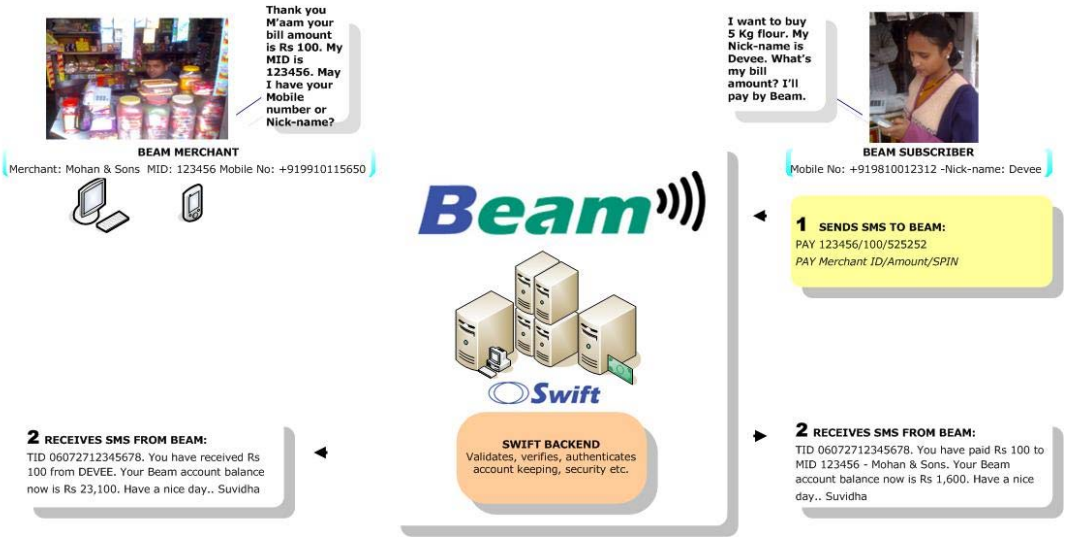


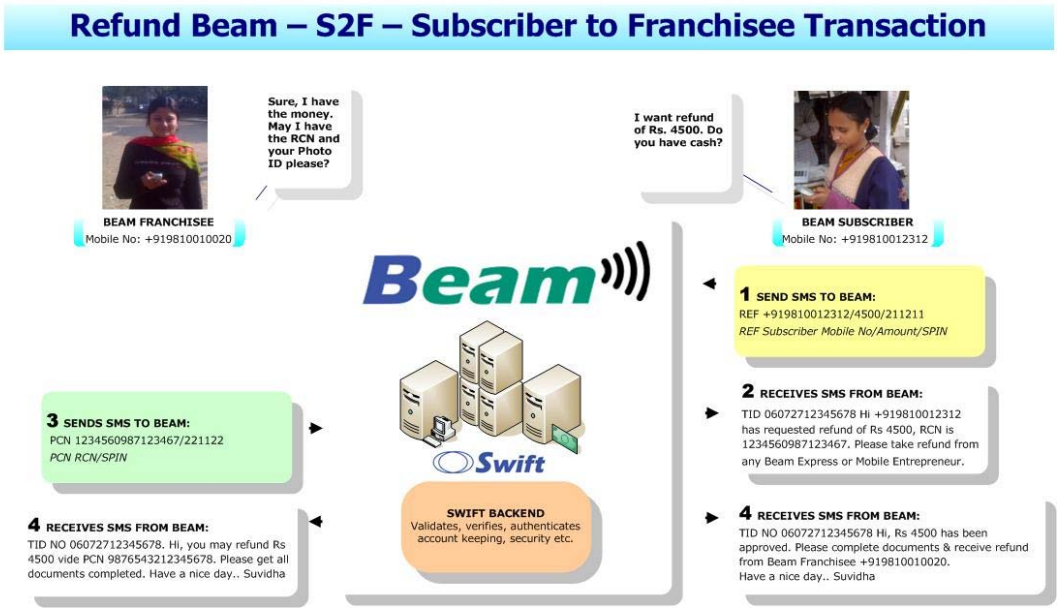


Gift Beam – S2S – Subscriber to Subscriber Transaction



Pay Beam – S2M – Subscriber to Merchant Transaction





See Beam's web site for further details (http://www.beam.co.in).

Exhibit 3A

Market Pulse Quantitative Research

EXECUTIVE SUMMARY

The objective of this study was to quantify current transactions, to determine the adoption likelihood of Suvidha and thereby quantify the market potential and to study the price sensitivity of consumers with respect to Suvidha.

Summary of the findings outlined below are based on the quantitative survey which was conducted through central location tests involving 520 respondents (253 among SEC A and 267 among SEC B) in 3 metros (Delhi, Mumbai and Chennai) and in 3 Non-metros (Coimbatore, Ludhiana and Ahemdabad).

CURRENT MONEY HABITS

Incidence of Bank Accounts:

- There is still a substantial number of people (17% in SEC B and 7% in SEC A) who do not have bank accounts
- They would be one of the target segments for Suvidha

Usage of Plastic/Internet money:

- Usage of credit cards in SEC B is low (18%); even in SEC A 56% do not have credit cards, and 22% do not have access to an ATM
- Penetration of Internet and Phone banking is 17 - 20% in SEC A and negligible in SEC B. Around 61% of the respondents do not use internet or phone banking citing unawareness or lack of familiarity with the process as the major reason.
- A large proportion of SEC B in Non-Metros do not even have credit cards (86%) or Debit/ATM cards (70%)

Reasons for non-adoption of Plastic Money

- 20% of respondents do not use plastic money due to the fear of misuse while 28% have cited fear of over spending as the major reason for not using plastic money
- Another 28% do not value its convenience enough to pay for the services. This also indicates that plastic money is still perceived as expensive. This perception is more among SEC B consumers of non-metros (35%).

Spending Patterns

- The top five expenditure items in value terms of both SEC A and SEC B are Shopping, Grocery, Rent, Medicines and Mobile.
- The top five expenditure items in number of transaction terms of both SEC A and B are Petrol, Eating out, Home delivery of food, Shopping and Grocery

Mobile Ownership and Comfort with SMS among Relatives

- Approx. 40% of the SEC B's relatives are both mobile and SMS savvy.

Incidence of Sending Money in Emergencies

- 57% of respondents say that they had to send money in an emergency to their friends or relatives at least once in the last one year - a positive occurrence for Suvidha

Modes of Money Transfer (Sending)

- Money Order is still a popular method for sending money to relatives among SEC B consumers.
- Suvidha could look to replace the highly popular (35%) mode of carrying cash where people either give money to relatives when they travel or transfer through someone who is traveling to that town.

Current Transaction Modes

- Cash is the most popular mode for most of the transactions even among SEC A respondents. (50% to 80%)
- Plastic Money is used mainly for eating out, shopping and petrol (12-16%). Even in these transactions cash is the most popular mode.
- Cheques / DDs [demand drafts, i.e. certified cheques] are popular in utility bill payments (25%).
- Good news is that there is still a huge market not covered by credit cards and other plastic money. However the fact that adoption rate of new modes is low is a worrying factor for new concepts such as Suvidha

QUANTITATIVE FEEDBACK ON ADOPTION OF SUVIDHA

Perceived Concept Uniqueness As more than 80% of the respondents in both SEC A and SEC B are not aware of mobile payment, we can assume that Suvidha would be treated as a unique service at the time of its launch.

Perceived Ease of Process

- 82% of the respondents perceive the process as easy.
- We can assume that the service can be promoted as simple and easy.

Perceived Relevance

- Overall 77% of the respondents find it relevant to their transaction needs.

Perceived Reliability

- Around 76% of the respondents feel they can rely on this service.
- Interestingly a higher proportion of SEC B (81%) appears to trust this concept as compared to SEC A (70%)
- Most SEC B consumers of non-metros are likely to find the service reliable (87%)

Perceived Convenience

45% perceive this service to be more convenient than the existing modes of payment. This indicates to some extent that the motivation to switch to Suvidha will be among 45% of the population.

Safety Perception

Surprisingly only 18% of the respondents perceive the service to be less safe than the existing modes.

Thus, perceived safety of the process has not come out to be a major issue.

Likely Usage of Suvidha

- As expected, sending money to another city is likely to be the most popular (41%) usage for Suvidha.
- Utility payments is another likely usage of Suvidha
- A positive feedback is that shopping figures in the top 5 likely transactions.
- Traveling to small cities and metros have figured in the top 5 transactions through Suvidha

Adoption Motivators

- Time Saving is clearly the biggest motivating factor behind the likely adoption of Suvidha.
- Convenience is likely to be the next biggest factor.
- Thus Swift (Time) and Suvidha (Convenience) fall in line. These two factors could be further developed in the communication strategy of Suvidha.
- Among non-metro consumers, absence of Banks in remote locations has come out as an important adoption factor.

Adoption Barriers

- As expected 'Unknown company' or absence of corporate image is the biggest barriers.
- Expectedly 'Non availability of 24 hour redemption centre' is coming out as one of the major barriers especially among SEC A consumers.
- Non-Metro respondents do not consider initial membership charge or transaction charge as a major barrier.
- Lack of trust in a third party for cash transactions is an issue among non-Metro consumers.
- Non availability of 24-hr redemption counters is also coming out as a bigger barrier in non-metros.

Minimum Desired Denomination of Cards

- Most people (36%) will prefer recharge coupon of Rs 500 followed by Rs 300 (29%)

Preferred Transaction Charge Stage

- As expected, 41% consumers would prefer to pay while sending money and 34% at both the stages. In other words nearly 75% respondents have rejected paying at receiving stage.
- This confirms that charges at the time of receiving money should be ruled out.

Source: Company-sponsored market research, September 2006.

Exhibit 3B

Market Pulse Qualitative Research

EXECUTIVE SUMMARY

Study:

Evaluation of Swift Suvidha's mobile2mobile money transactions concept through qualitative research in NCR

Research Objective:

- To study the consumer need that Swift Suvidha is likely to satisfy and identify the adoption motivators and barriers.
- To profile the consumer segments that are likely to adopt Swift Suvidha.
- To study the price sensitivity of consumers with respect to Swift Suvidha.

Research Process & Design

- In-depth Interviews with Corporations, Retail Merchants and Distributors
- Focus Group Discussions for SEC A and SEC B

RESEARCH FINDINGS

Concept Appeal:

Overall, the service concept was perceived as an innovative and apparently attractive.

Concept Uniqueness:
Some people have compared it with Phone Banking.

Feedback on Brand Name:
SEC B immediately connected with Suvidha while SEC A was quicker to suggest alternative names. All the names suggested by SEC A were linked to the function and utility of the service.

Feedback from Retailers

- Retailers accept cash, credit card and debit cards from their customers.
- They are willing to adopt Suvidha service if customers ask for it.
- The Main Adoption Barriers are: Absence of corporate image: Security fears; Process involvement; Requirement of statement of accounts; Errors/ payment issues; Inconvenience to customers
- Their Main Adoption Motivators are: Ease; Speed and Convenience; Easy availability of mobile; Cheaper service; Facility of receiving money anytime and anywhere
- Retailers are willing to pay 1% to 1.5% as a service fee.

Feedback from SEC A

- Their Current Usage and Attitudes on:
  - **Traditional Money**: Most petty payments are made through cash, while for important payments cheques are used
  - **Plastic money/ Electronic Transfer**: They have replaced traditional money with plastic money; however not where proof of transfer is required such as utility bills.
  - **Internet/ Phone Banking**: Most people expressed a feeling of inertia and a risk with regard to Internet/ phone banking.
  - **Money Transfer**: Many people transfer money albeit on an infrequent basis. Individual customers are mainly using DD (Demand Drafts/certified cheques) and western union for money transfer.
  - **Travel**: Consumers are comfortable using cash during travel and use ATM for cash withdrawals also.
  - **Utility Payments**: Consumers are comfortable paying utility bills by cash/ cheques; however, usage of alternative methods such as Easy Bill has begun.
  - **SMS**: It is now used as a serious form of communication however Automatic delivery reports not trusted.

- The likelihood of adoption of Suvidha is low as the comparative advantage over current products they use is low; however early adopters might use it for style and show off by transacting through mobile.
- To target such customers the branding has to move up market. There would be some usage for transferring and traveling to remote areas.
- The Main Adoption Barriers are Process; Availability of counters; Requirement of statement of accounts; Limited timings for cash counters; Absence of other banking facilities; Security fears; Privacy; and Comparative costs
- The Main Adoption Motivators are Speed and convenience; Urgent transfers; Traveling;
- The minimum denomination should be of Rs. 500.
- There should not be any service fee if they are maintaining minimum balance.

Feedback from SEC B

- Their Current Usage and Attitudes on:
  - **Traditional Money**: In the sample, all but one had ATM cards, which they use to withdraw money. Most people withdraw at one go in the beginning after the salary transfer and some as and when needed. Major expenditure for many is rent.
  - **Plastic money/ Electronic Transfer**: Although everyone had a debit card, they rarely use it as they shop at places where it is not available or the shopkeeper charges 2% extra. Only 3 out of 8 had credit cards.

- **Internet/ Phone Banking**: Internet or Phone Banking is a big NO NO however if someone trains them personally they are open to consider it
- **Money Transfer**: They use money orders and bank/DDs for money transfer.
- **Travel**: Sec B consumers do not appear to travel much for holidays. They travel to their hometowns where they generally carry cash
- **Utility Payments**: They are paying utility bills generally by cheques and cash.
- **SMS**: SMS is widely used and accepted as a serious form of communication.

- **Their main adoption barriers** are Absence of corporate/ brand image; Limited timing of cash counters; Requirement of home delivery; Cash withdrawals; Security fears; Negotiation at retail shop; Availability of counters
- **Their Main Adoption Motivators** are Speed and convenience; Easy availability of mobile; Remote city transfers; Comparative cost advantage
- **SEC B is highly likely going to adopt this service**, but mainly for transfer to their home towns or Close relatives in other cities, as a replacement of Money Order or Bank Transfers or DDs.
- **The minimum denomination** should be of Rs. 500
- **Fees**: 0.5% to 1% for intercity; 0.25% to 0.5% for intra-city and nothing if they are able to maintain minimum balance.

Point of Charge:

No one wants a multi-point charging system. If they want to pay, it will be at the time of recharging only.

CONCLUSIONS AND STRATEGIC INPUTS

1) TARGET SEGMENT AND NEEDS SATISFIED

- The most attractive target segment is SEC B and the biggest need it can satisfy is intercity money transfer. Other major needs of SEC B are: Utility payments; Intra city Loaning and Rent payments
- SEC A is attractive for niche transactions such as Payment to Kids; Showing-off by early adopters; intercity transfers

2) FEE STRUCTURE

- 1% charge at the time of coupon purchase
- Return of charges if min. bal. maintained
- Intercity transactions charged at 0.5%
- A matrix of Service Level, Min. Balance and Fees (returnable) to be created

- Some Level of services (special services) could be
    - Hard Copy of Account Statement
    - 24hr Cash delivery of cash at home/office
    - Delivery of Cash at remote locations
    - Photo card for cash redemption
    - Access to 24 hr Relationship Manager
    - Link with ATM, Credit Card etc to directly transfer to Suvidha
    - Automatic Account transfer facility

3) RETAIL BILLING SYSTEM:

For large retail shops, a web-based software which sends SMS through internet should be developed

4) ACCOUNT STATEMENTS:

Online Account statement should be available for all account holders or it should be sent via email. An SMS based account statement could also be provided on a monthly basis

Source: Company-sponsored market research, September 2006.

Exhibit 4

Market Potential estimates for Year 1

	SEC A	SEC B	Total
Number of Mobile Subscribers (Ref. TRAI June 06 & secondary research data)	29,443,105	51,530,168	109,048,536
% of Mobile Subscribers (Ref. TRAI June 06 & secondary research data)	27%	47.25%	100%
Total Market Potential (TMP) as % of Mobile Subscribers*	35%	40%	32%
Total Market Potential (TMP) – Number of Mobile Subscribers	10,305,087	20,612,067	34,895,532
Qualified Market Potential (QMP) as % of TMP**	15%	20%	18%
Qualified Market Potential (QMP) – Number of Mobile Subscribers**	1,545,763	4,122,413	6,281,196
Average Spend through Suvidha per person, yearly (Rs)***	5,734	3,323	4,229
QMP - Value Terms (Rs) –Yearly****	8,863,405,042	13,698,778,399	26,563,176,869

* Total Market Potential (TMP) is estimated as the % of people in each segment who were likely to adopt Beam based on market research findings.

** Qualified Market Potential (QMP) is estimated by finding the number of people who were dissatisfied with one of the transactions among the people who were likely to adopt Beam (TMP) based on market research findings.

*** Average Spend through Suvidha, per person, yearly (Rs) – Company estimations.

**** QMP (Value Terms) = QMP (Number of Mobile Subscribers) x Average Spend per person.

Currency Exchange Rate: USD 1 = Rs 40.

Exhibit 5

Consumer Profiles

Typical SEC A Consumer Profile

Meet Amit Amin…

Amit is a 17-year old living with his father Dr. Sandeep Amin (45 years old), mother Manini (42 years old) and two siblings (brother Neel – 12 years old, and sister Bindiya – 9 year old) just outside of Delhi. Dr. Amin received his medical training at Columbia University Medical School in New York City before returning to India to practice neurology. He currently heads the neurosurgery dept. at Delhi's largest hospital.

Given his father's high-profile and prestigious position, Amit enjoys the latest and greatest gadgets and accessories, ranging from the latest Apple iPod and Samsung mobile phone to the car his father bought for Amit's 17th birthday. Amit loves Beam because it makes shopping fast and easy and enjoys the convenience of topping up his Beam account during his regular shopping mall trips with his family. Secretly, Amin enjoys the status and style associated with using such an advanced cashless payment system.

Typical SEC B Consumer Profile

Meet Dhiraj Kumar…

It is Wednesday, April 18th at 6am. Dhiraj Kumar, a 27-year old plant manager for a telecom company near Mumbai, is in usual early-morning position: feeding baby Rachna (5 months old) in their cramped two-bedroom apartment while reading his favorite magazine, *Autocar India.* Dhiraj enjoys spending the quiet early morning with his daughter as it also allows him to escape the early morning heat and congested commute to his job on the outskirts of Mumbai. On his way out the door, he checks in on his still-sleeping wife, Puja (26 years old), and their eldest daughter Shalini (4 years old).
During his lunch hour, Dhiraj enters the 36°C mid-day sun and rushes to the neighborhood automotive supply store to buy a replacement air filter for his used 1998 Maruti 800. After a pleasant bit of browsing, Dhiraj approaches the register to make his purchase. He notices a "Proud Member of the Beam Network" emblem behind the counter and takes great delight in spending the remaining Rupees in his Beam account – via SMS – on his replacement auto part.

With just minutes left on his break, he hurries next door to a Suvidha franchisee and "tops up" his Beam account with a Rs 500 "credit" card. Within seconds, he then sends Rs 250 to his widowed mother – via SMS –who is currently living with her elderly parents in a remote village in the state of Gujarat. Delighted at the speed and convenience with which he made his bi-weekly contribution, Dhiraj returns to his plant refreshed and worry-free.
Our story now takes us 20 km north of Porbander to the small house inhabited by Dhiraj's mother, Varija, and her elderly parents. Because transportation between Mumbai and Porbander is expensive, Dhiraj's family sees his mother no more than once every two years. That's why Dhiraj bought his mother a second-hand Nokia mobile phone with which to communicate.
Soon after Dhiraj sends his SMS-based payment via Beam, Varija receives notification that funds have arrived. She hurries across the street to the home of retired army Major Ansari, a Suvidha Mobile Entrepreneur who gladly provides cash upon proof of Dhiraj's transfer.

Exhibit 6

Advertising and Promotional Rates

ADVERTISING MEDIA & RATES

MEDIA	TYPICAL	RATE
1. Television Commercial one time production cost		Rs 1 – 3 million
2. Television Spots (Youth/Music)	30 sec	Rs 40,000/10 sec
3. Television Spots (General Entertainment)	30 sec	Rs 100,000 – 150,000/10 sec
4. Television Spots (News)	30 sec	Rs 20,000/10 sec
5. Television Spots (Sports)	30 sec	Rs 100,000 – 130,000/10 sec
6. Television Spots (Regional)	30 sec	Rs 500 – 3,000/10 sec
7. FM Radio one time production cost		Rs 100,000
8. FM Radio	30 sec	Rs 1,000/10 sec/station
9. Cinema Film one time production cost		Rs 1.25 – 4 million
10. Cinema Screening / multiplex		Rs 8,000 per day
11. Newspaper		• Delhi – Rs 1,500/sq cms • Mumbai – Rs 2,150 / sq cms • Bangalore – Rs 1,200 /sq cms • Pune - 690 /sq cms • Kolkata - 520 /sq cms • Ahmedabad - 475 /sq cms • Chennai – Rs 1,000 /sq cms
12. Outdoor		• Unipoles: Mumbai/Delhi - – Rs 300,000 and 250,000 respectively • Kiosk: Mumbai/ Delhi - normal sites (20x20) – Rs 125,000 and Rs 100,000 respectively • Other metros - normal sites – Rs 50,000- 75,000 • Mall branding including drop down banners, atrium flags, elevator and lift branding – Rs 30,000 per unit per month
13. SMS Marketing		Rs 1 per SMS

Conversion 1 USD = Rs 40

PROMOTION ACTIVITIES AND RATES

ACTIVITY	RATE
14. Shop Demonstration	Rs 1,500 / shop
15. Mall Kiosks	Rs 125,000 per weekend per mall
16. Direct Mail	Rs 15/mailer
17. Customer Acquisition – Seed-In signup programme	*Fastest Fingers First:* Rs 101 credited to Beam account of the first 10,000 subscribers in each of the top 50 cities.
18. Referral Programme	*Friend Refers Friend*: Rs 100 per 10 referrals, after signup. Maximum cap 100 referrals per subscriber.
19. Loyalty Programme	• *Silver*: Qualifier: Rs 5,000 per annum. Benefit 2 points per Rs 100 transacted • *Gold*: Qualifier: Rs 15,000 per annum. Benefit 5 points per Rs 100 transacted • *Platinum*: Qualifier: Rs 50,000 per annum. Benefit 8 points per Rs 100 transacted
20. Redemption Programme	Subscribers can redeem Loyalty Points periodically in exchange of various goods.
21. Cash Back Scheme	Periodic date bound schemes which will allow cash back on purchases from merchants.
22. Lucky Winner Contest	Periodic date bound schemes which will allow give high value/brand prizes based on Beam Prepaid Card purchase or on purchases from merchants or highest lucky spender.