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# Participation TV

## Premium SMS vs. Toll Free IVR

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*"Making Participation Media as Easy as Dialing a Phone Number"*  
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## 1 Overview

Skill contests are fueling the exploding Participation TV, Print and Radio markets. Monetizing an audience by providing trivia and other interactive games can generate a significant source of revenue. TV game shows are generating millions of dollars in new revenues via trivia and other “skill” contests. NBC’s “Deal or No Deal – Lucky Case” game has generated millions of interactions in its first season at a charge of \$0.99 per play to the participants! That’s millions in revenue generated by a simple call to action! Several other TV shows such as “1 vs. 100”, “The Apprentice”, and “Midnight Money Madness”, have all followed suit with similar success.

The success and buzz generated by premium SMS text message campaigns has failed to illuminate the severe short comings of premium SMS messaging as a means to facilitate and bill for audience participation. There’s no denying that, when reviewing the data from American Idol, possibly the most successful audience participation franchise of all time, that SMS text messaging pales in comparison to what a phone number based dial-in campaign would produce. With American Idol, it’s ten to one; 500 million dial-in votes compared to 50 million text votes. A phone call is simpler to execute and easier to understand than text messaging and the results of American Idol prove that. With millions of dollars in revenue being generated via participation TV campaigns via text messaging, millions more are being lost due to the downside of using premium SMS messaging as the call-to-action. The following explains in detail how leveraging a Toll Free Number to drive audience participation solves the problems of text messaging and can exponentially increase revenue performance.

## 2 SMS Challenges

Currently, Participation TV is primarily facilitated via premium SMS keywords to short codes. In other words, a call to action is presented to the viewer or listener instructing them to use their mobile phone to send a text message (“keyword”) to a five digit code. After sending the keyword, the system responds informing the participant of their status in the game and the charge that will be applied to their mobile phone bill. Two key factors have driven the SMS text message method of interaction:

- **Micropayments** – Some carriers will facilitate billing during an SMS interaction therefore providing a quick and easy way to charge the viewer for their participation and have that charge applied to their mobile phone bill.
- **Cost** - A call-to-action during a broadcast requires some ubiquitous method of interaction so that the maximum percentage of the audience can participate. Historically, providing a toll free number system capable of handling the massive amount of interactions during a short period of time has been cost prohibitive, let alone the inability to bill the caller from the Toll Free number. With the proliferation of cell phones in the U.S., SMS messaging has provided a cost-effective and widely available alternative for facilitating audience participation coupled with billing features.

Aside from the reasons for using text messaging as the interface of choice for participation TV, **the problems associated with premium SMS messaging are numerous:**

- **Limited Revenue Scope** – Due to the cell phone display and SMS length limitation, incorporating advertising into the SMS interaction is very limited. This leaves a participation fee charged to the consumer as the only effective means of developing revenue.

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- **Revenue Margins** – SMS driven campaigns only support Premium SMS Billing. Wireless carriers that support billing take an average of fifty percent (50%) of the gross revenue. In addition, most carriers require a “double opt-in” requiring multiple message interactions confirming the consumer’s participation. At upwards of \$0.03/msg this can make a premium conversion via double opt-in SMS cost over \$0.10 per interaction!
  - **Market Reach** – Although growing, the age demographic for avid text messaging users is still limited and pure SMS campaigns exclude landline users.
  - **Billing Reach** – Although two thirds of the population subscribes to a wireless plan, around 50% of the wireless carriers support SMS billing. Additionally, 25% of all cell phone subscribers are on prepaid plans which several carriers don’t provide billing to. This creates a narrow demographic that can be billed for participation.
  - **Scope of Interaction** – A short message via text omits other forms of interaction such as audio advertising, up-sell, or other rich experience opportunities that could be facilitated via a voice call.
  - **Reliability** - Carrier leakage, user error, and other forms of failure related to text messaging can be as high as 30%.
  - **Portability** – SMS text campaigns require a registered “short code” and are perpetually at the discretion of the wireless carriers. This creates a long term liability for SMS campaigns and can be difficult if a campaign is related to long running media endeavors such as a syndicated TV series.

### 3 The Solution: Toll Free Number Driven Participation

A Toll Free number call to action makes audience participation “as easy as dialing a phone number”. Instead of requiring the audience to understand and experience the cumbersome interaction of text messaging, a simple Toll Free number is promoted making the call to action an actual “call”. In fact, a recent study by MRI revealed that 75% of consumers prefer “dialing” over “texting”! This is best illustrated by the popular Fox Reality Contest, American Idol, which receives ten times the number of Toll Free calls for votes than SMS text message votes.

In a typical Toll Free interaction callers are greeted with a branded audio experience and simply interact with the contest using touch tone commands on their phone. The result of the interaction can be limited to the call itself or even integrate SMS messaging and create a blended interaction leveraging the advantages of both a voice call and the billing and messaging opportunity of the caller’s wireless service. In other words, a participant interacts through a phone call into the program via the Toll Free number, but a premium SMS response message provides a receipt for the interaction and additional static information pertaining to the campaign.

**A Toll Free number driven campaign eliminates the problems and potential liabilities related to pure SMS text programs:**

- **Expanded Revenue Scope** – Audio interaction in a phone call can open up audio advertising, sponsorship, and pay-per-call revenue streams in addition to a premium billing.
- **Increased Revenue Margins** – Credit card and other payment methods can be enabled via IVR eliminating the premium SMS requirement. By comparison, credit card billing can run as low as two percent (2%) of a transaction compared to the standard fifty percent (50%) commission taken by the wireless carriers for premium SMS billing.

- **Total Market Reach** – Toll Free number driven campaigns have instant reach to both land line, wireless, VOIP, and international callers.
- **Total Billing Reach** – Intelligent IVR can enable dynamic billing interfaces serving credit card payment interfaces to land lines and wireless carriers that don't support premium billing, while premium SMS can serve callers subscribed to wireless carriers that require or support premium SMS billing.
- **Better Scope of Interaction** – Audio can communicate additional campaign information to the user such as instructions, fees, and odds of winning disclosure, which would require several SMS text messages to convey.
- **Reliability** – Toll Free numbers ride on the Public Switched Telephone Networks (PSTN) which is a network so mature that 99.999% service reliability is standard. Wireless networks are years away from this level of performance with the Short Code system being only a few years old.
- **Portability** – Unlike Short Codes, which can cost as much as \$1,000 per month just to reserve, Toll Free numbers can be owned by a corporate entity without fees or an assigned carrier. A Toll Free campaign can provide a long term branded customer touch point without the risk of constantly evolving wireless carrier short code requirements and support long term campaigns such as syndicated TV shows.

**A side-by-side comparison:**

	<b>Reach</b>	<b>Billing</b>	<b>Audio</b>	<b>Revenue Margin</b>	<b>Control</b>
<b>Method</b>	<b>Cell/Landline/VOIP</b>	<b>Credit/Debit/PSMS</b>		<b>Credit/Debit/PSMS</b>	
<b>SMS</b>	Limited/No/No	No/No/Yes	No	NA/NA/50%	Carriers
<b>Toll Free</b>	Yes/Yes/Yes	Yes/Yes/Yes	Yes	95%/95%/50%	Owner

## 4 Conclusion: Own the Phone!

The success of American Idol and other participation TV campaigns, such as Deal or No Deal, have clearly defined a lucrative revenue model through telephone-based audience participation. Limiting the mode of interaction to SMS messaging constricts the user experience, market size, revenue margins, and consumer reach to levels that greatly impair the overall opportunity. In addition, wireless carrier's dynamic policies create a substantial liability for long term participation plans that might all but eliminate long term participation revenue opportunities such as syndication.

While SMS is novel, and has recently provided an easy method for billing participation transactions to a mobile phone bill, Participation TV will not realize its full potential until a method for interaction embraces all nodes on the vast telephone network (both fixed line and wireless) and supports multiple billing methods. A Toll Free number driven campaign provides reach to all phones, payment methods, and other revenue streams, such as audio advertising, while ensuring long term functionality through a well established standard mode of interaction (i.e. phone number).