



How to boost your revenues with Direct Carrier Billing



by **docomo** digital

An NTT DOCOMO Enterprise

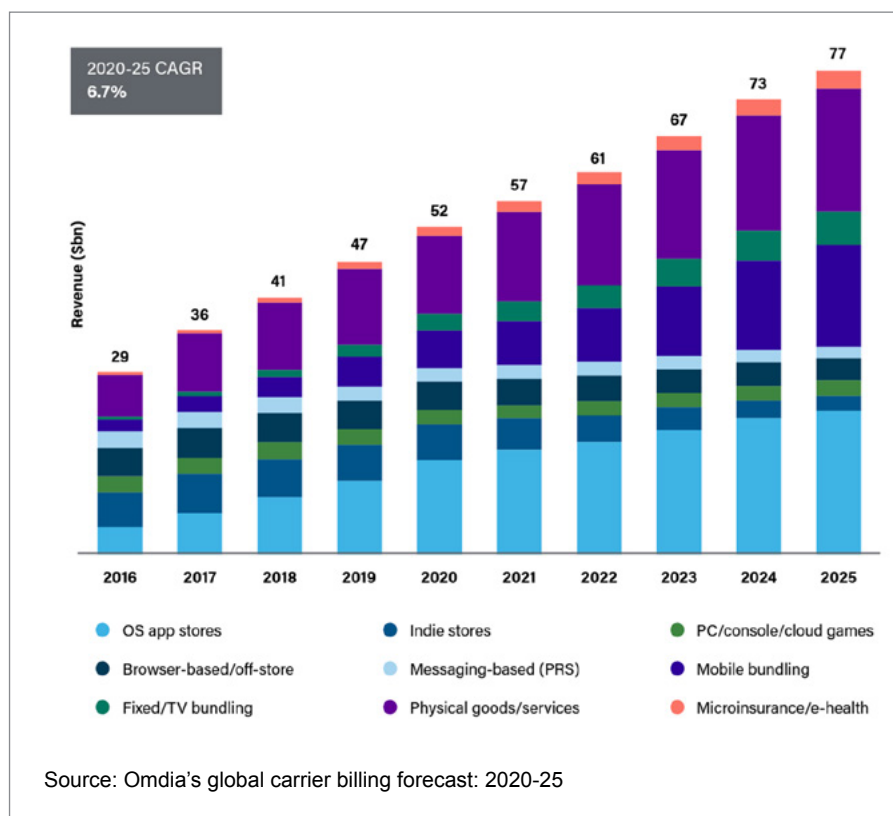
Consumers increasingly prefer alternative payment methods

The number of consumers with mobile phones have surpassed those with access to financial services 3:1. Alternative payment methods (APMs) like digital wallets and bank transfers are now in the mainstream and legacy methods like credit cards and cash continue to decline.

Pandemic and the economic disruption that swiftly followed have acted like catalysing agents for the global move towards Digital and Cashless (and preferably contactless). Local payments options have outpaced card

payments and other conventional methods in global market. User convenience and faster checkout processes are contributing to the growth of APMs. Digital wallets and direct carrier billing remain the payment methods of choice among global e-commerce consumers, accounting for 44.5% of e-commerce transaction volume in 2020, up 6.5%. The trend is even more pronounced in digital services.

Global carrier billing revenue, by segment 2016-25



But how do digital merchants seize this opportunity? There are several ways in which DCB can help you grow your service's revenue. So let's take a closer look at the biggest ones.

But first, let's start with the basics.



What is direct carrier billing?

Direct carrier billing (DCB) is an online mobile payment method that enables consumers to pay for goods, products, services and content on their phones **using their mobile phone bills**. It works across mobile devices – including smartphones, tablets and Smart TVs and is accessible to any user with a subscription or prepaid account with a mobile operator.

If you're a digital merchant wanting to offer DCB as a payment method for your **subscription** or **one-off purchases**, you'll partner up with a mobile carrier via a digital payments provider. DCB is then added as another payment method for your customers – and usually one that brings in extra benefits for the user as well. These benefits will also become the drivers of additional revenue for your service or app.

So, let's take a look.

How can DCB increase revenue for your business?

Another convenient payment option

Not finding your preferred payment method can be a reason to prevent the purchase altogether. With DCB, you're providing your users with more payment choices. Hence, you can attract more customers, even if they don't have credit cards or are afraid of using them for online transactions for some reason.

And the latter is not uncommon.



A DOCOMO Digital survey found that **60% of shoppers are anxious about online payment security**, and **14% avoid credit card payments altogether**.

Some merchants are worried that DCB might cannibalize credit card payments for their service. But studies show it doesn't necessarily work like this.

By adding DCB to your payment methods, you're often providing alternative payment options to those who wouldn't buy otherwise – because they don't own a credit card or even a bank account or feel anxious about using their credit card or bank account for microtransactions.

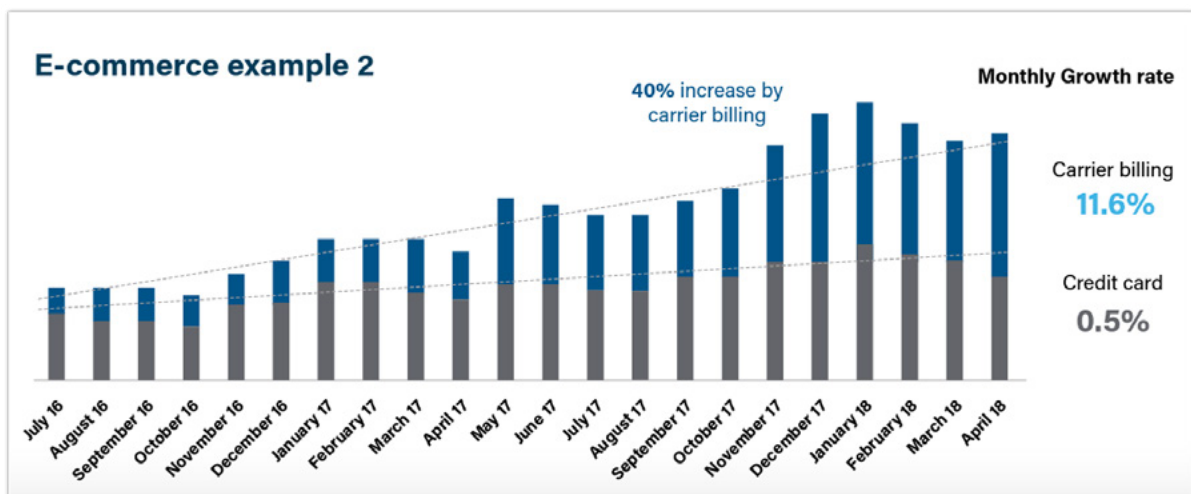
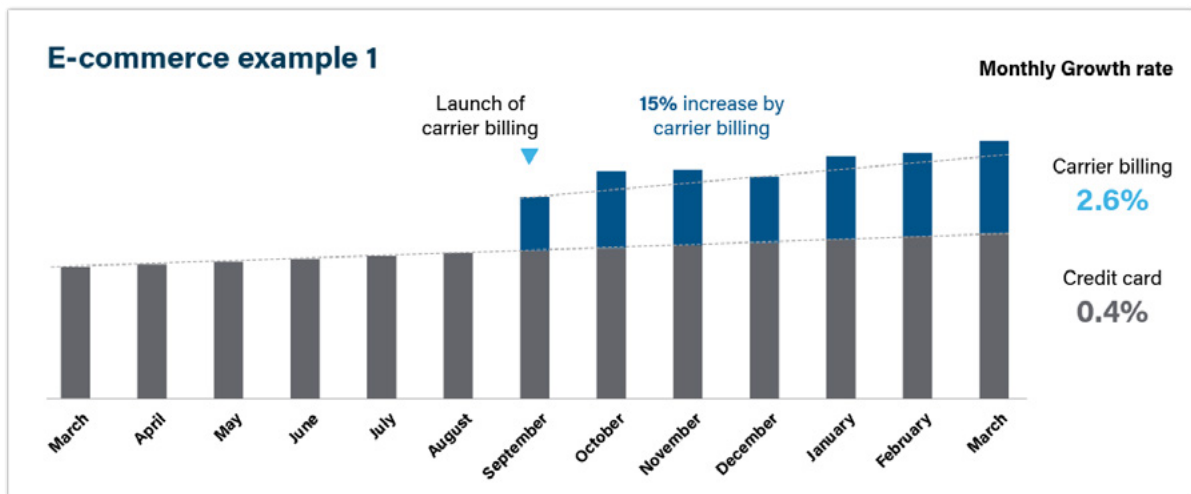
This means you might, in fact, increase the number of users – and your revenue. Here’s an example of two e-commerce merchants who launched DCB. Within two years of using it:

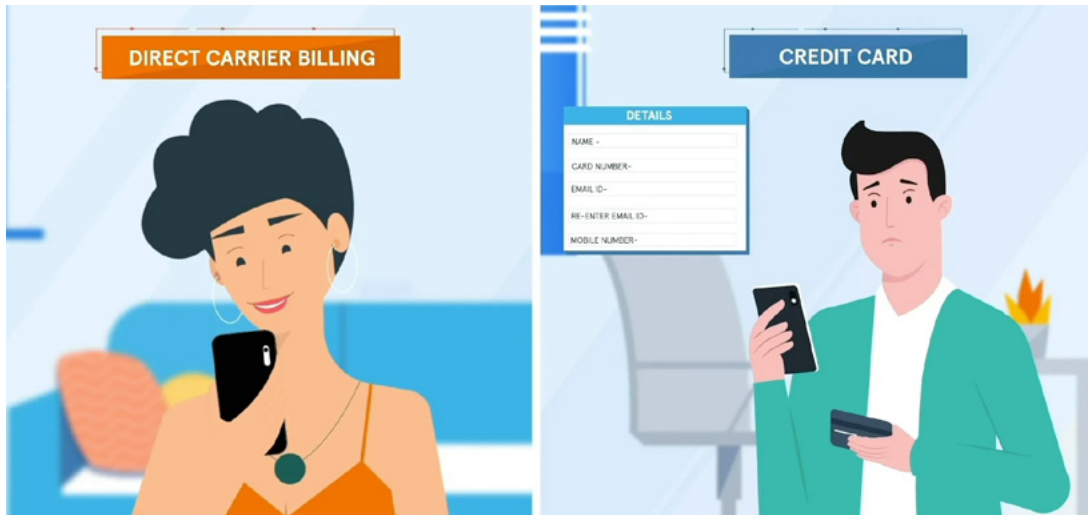
- Their DCB-driven revenue grew at a rate of 2.5% and 11.6% per month.
- Their credit card revenue increased at an average monthly rate of 0.4% and 0.5%, respectively.

A Closer Look

Direct carrier billing contributes to **additional revenues** and does **not cannibalize** other payment methods.

It is an **acquisition channel** in addition to being a payment method.





[Video: Direct Carrier Billing vs. Card Payments: A Look at User Experience](#)

A better User Experience

DCB can be seamlessly integrated with your mobile and web user interface. This means a better experience for your customers, which, in turn, increases conversion rates and reduces dropouts at the checkout.

This way, you're effectively preventing revenue leakage, helping users complete their orders quicker and easier.

And a DOCOMO Digital survey found that as many as 72% of users may not complete a transaction if their preferred payment method is unavailable. Think about it in terms of lost revenue that can be recovered with a relatively easy fix.

What's more, it allows you to leverage existing billing systems to sign on new subscribers.

More loyal customers

Customer acquisition is one thing, but retention is where it's at when you're thinking about your revenue long-term. With DCB, you're leveraging the sticky relationship your customers already have with their mobile

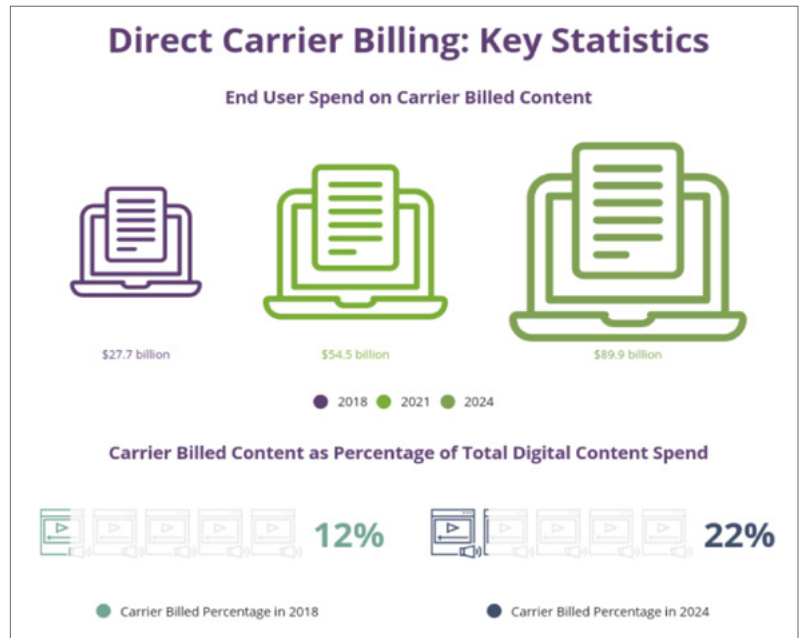
Typically, around **50% of dropout rates** are driven by **friction** in the checkout process.

In fact, direct carrier billing has a **7 times lower dropout rate** than credit cards, with **5% dropout rates compared to 35% for cards**.

And it requires just **8 clicks compared to 18 for credit cards**.

carrier. And since they're usually using the services of just one carrier, there's little competition once they have your subscription.

According to Juniper Research, users are spending more money on content billed by the carrier – and that percentage will keep growing, projected to reach over a fifth of digital content by 2024.



Co-marketing with mobile carriers

Partnering up with a mobile carrier gives you access to many more opportunities to promote your digital services and drive consumer awareness, including:

- Service bundles
- App store campaigns and cash-back programs
- Advertising to targeted customer groups based on carrier billing data

You get the marketing boost you need in any new market or segment. This can include marketing or co-branding support or services from telcos that allow merchants to benefit from big data or business intelligence they

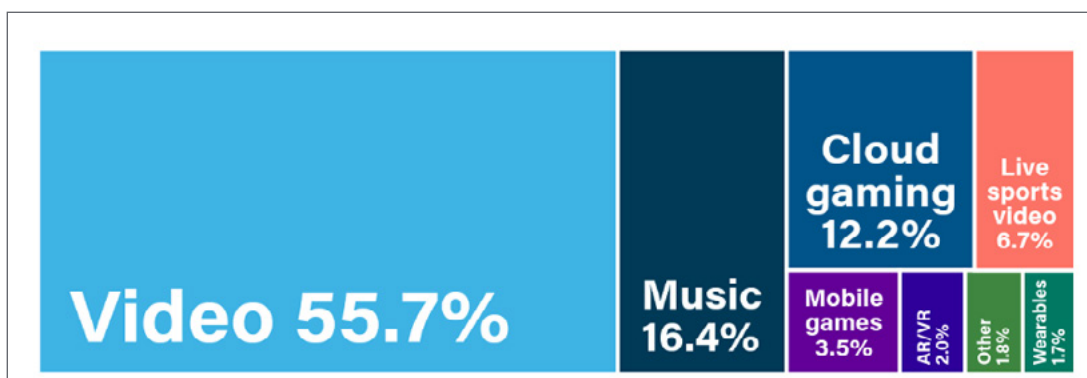
can get from their digital campaigns.

Of course, this is also related to the growing adoption of 5G, which allows for more efficient content consumption, meaning more users streaming, playing, or downloading digital content.

According to research by Omdia, the category that will benefit most from 5G bundling by 2025 in terms of revenue is by far video, followed by music and cloud gaming.

Additionally, in countries like Japan and South Korea, carrier billing now accounts for 70% of all Google Play purchases.

5G bundling-derived OTT digital services revenue by 2025, by category



Source: Omdia's Global Carrier Billing Forecast: 2020-25 and Harnessing the 5G consumer potential (Ericsson whitepaper)



Reaching new customer segments

With mobile penetration on a steady rise, DCB gives you access to new audiences, including the unbanked and underbanked.

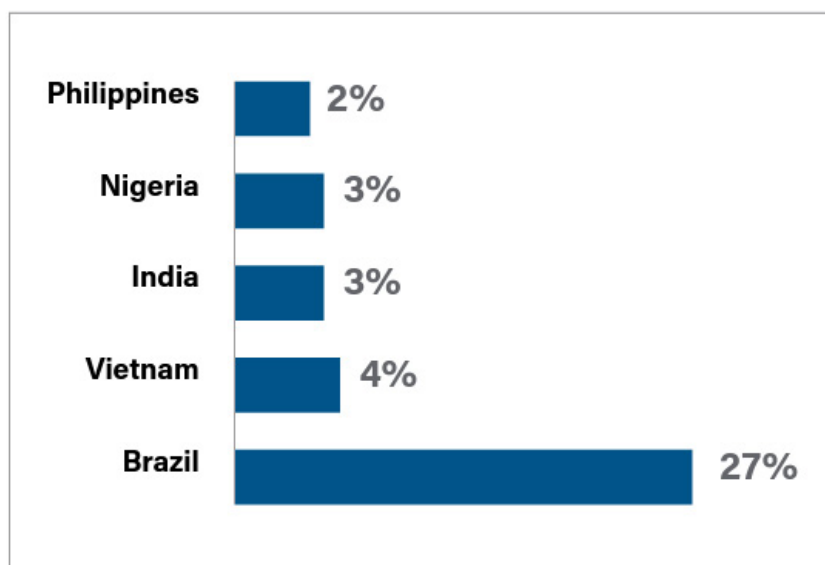
Today, it's widely agreed that most of the growth for digital merchants (and telcos) will come from the emerging markets where, in turn, credit card adoption is particularly low.

Deloitte estimates that smartphone penetration globally is set to exceed 80% in 2025, with the bulk of new owners residing in

the emerging markets.

And the emerging markets are home to more than half of the world's population, a majority of whom will soon own smartphones, but still no credit cards or bank accounts.

DCB helps target the chronically underserved market – the unbanked – who don't have access to traditional banking facilities.



Credit card penetration in some emerging markets

How to make sure you're making the most of DCB

Work with a trusted partner providing direct carrier billing, who can connect you with a mobile carrier and help your service scale, including:

- Plug-in to multiple carriers around the world with a single API integration
- Driving consumer awareness with co-marketing campaigns
- Boosting acquisition using innovative business models
- Robust KYC and bad debt management
- Increasing retention levels
- Staying abreast of local regulations and making sure you're always compliant



ABOUT US

DOCOMO Digital is the international payments business of NTT DOCOMO. We partner with carriers, merchants, OTT services, app stores and payment providers in both developed and emerging markets around the world.

We solve the challenges of customer acquisition and retention, regulation, and complexity for our partners with alternative payment methods such as direct carrier billing and digital wallets. Our robust managed services platform and coverage across carriers and the most locally relevant payment methods enable faster time-to-market, especially for streaming, gaming, eCommerce, and productivity application providers.

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