

## PHONE NAMES IN THE AUSTRALIAN MARKET

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### **Richard Goncalves:**

Hello, I'm Richard Goncalves and welcome to In Business. Well is it easier to remember 1300-SKY or 1300-759, if such a number existed? Well our next guest is banking on the idea that consumers will remember a phone number, or a phone name rather than a phone number, if I can remember my script. Okay, Jack Singleton brought the concept to Australia, so is it working? He joins us now to tell us all about it. Jack, thank you very much for your time.

### **Jack Singleton:**

Richard, thank you for having me.

RG: Give us the rundown of where the idea for this concept came from.

JS: Yeah. I mean, I spent two years working in the United States, and specifically looking for ideas that I guess were tried and tested in the US market that hadn't been used in Australia. And as soon as I landed, as soon as anyone lands in the United States you see that any ad that would have a phone number doesn't. It has a phone name, whether it be 1800 WESTERN or 1800 UNITED or 1800 SHERATON, everyone who wants phone calls realises that names are easier to remember than numbers.

RG: So I'm curious, that trip you made to the US...

JS: Yes.

RG: Did you know in particular you wanted to search for a, you know, a Telco related business, or was it anything you...?

JS: My background being in marketing and advertising specifically, you know, a bio tech idea, I wouldn't have known a good one from a bad one, but an advertising idea, I saw that and thought 'Wow, this has got some legs.'

RG: Okay. Just how popular is this kind of a concept in the United States?

JS: As I said, pretty much every ad whether it be TV, print, radio, outdoor, they realise in the United States running an ad with a phone number, that old saying, you know, you're wasting half your money. Half the money spent on advertising's wasted. They know any advertising dollar spent trying to advertise - get people to remember a phone number is a wasted advertising dollar. So it is ubiquitous, it is everywhere.

RG: So it might sound like a no-brainer, but what kind of research has been done to prove that letters are easier remembered than numbers?

JS: Yeah, look it does seem like a no-brainer, but a lot of the clients we've got on board wanted to see rigorous research. We commissioned Roy Morgan to do a study in 2006, which showed that 93% of Australians were aware of the concept; it showed that where people had used a phone name in place of a phone number the recall was 30 or 40 times greater than the recall of a phone number. And we've repeated that research early this year, and awareness of the concept has gone up from 92% to 95% I think is the exact figure, and again anyone who's using a phone name, the recall of that phone name is 30 times higher than a phone number.

RG: So just how have Australian businesses and Australian consumers embraced it? Because if we looked in the phone book and made a comparison about who's using numbers and letters, the numbers far outweigh.

JS: That's correct. Yeah, look it is a reasonably new concept in Australia. I came back in '98, it took seven years to actually get the numbers released that made it all possible, so it's only been...

RG: What do you mean 'Get the numbers released?'

JS: The government held the actual phone numbers that spelt the appropriate phone names. So there was a lot of government lobbying that needed to be done, and we purchased large groups of numbers, as someone might purchase broadband spectrum, or wireless spectrum. We purchased numbers and we now license those numbers to clients, to businesses.

RG: Okay, so when did phone names actually start?

JS: It became possible in Australia around 2004.

RG: Okay. And there was lots of lobbying, you mentioned you were lobbying the government, and there was another obstacle if I'm not wrong, and that was a standardisation of handsets, can you tell me about that?

JS: That's correct. There was an international standard keypad that became standard internationally, North America, Europe, in '93. That didn't become the Australian standard until '96.

RG: Okay.

JS: So Australia became a dumping ground if you will for non-compliant keypads.

RG: When you say 'Non-compliant keypads,' what was different in some of the keypads?

JS: They had the letters on the wrong keys.

RG: Oh, okay.

JS: Yeah. So but by law from 1996 onwards, so it's now been 12 years that by law phones have had to have the letters on the correct number keys.

RG: And you were involved in lobbying for that?

- JS: That's correct, yes.
- RG: It was worth the costs?
- JS: Well, you know, it's early days, but if the success of our clients is anything to go by, there's a lot of benefit in having a name instead of a number.
- RG: We'll talk about your clients in a second, but can you run us through what the business model looks like?
- JS: Yeah. Look our model, as I said we purchased, spent large sums of money, probably in the vicinity of \$10 million plus purchasing number ranges that we license to our clients at a reasonably low cost. I think if you do a cost benefit analysis it's an extraordinarily low cost that we're able to supply the numbers at.
- RG: So in terms of phone names or yourself actually making money, how does your business pull in revenue? Where does the revenue come from?
- JS: Licensing fees. Our preferred method of remuneration is a success fee.
- RG: Okay, what does that mean?
- JS: Well if we say to a company who's in the business of home loans for instance, they might be spending in the vicinity of \$100 trying to generate each phone call, each lead, using a phone number. They run the same campaign using a phone name and it can halve, or even reduce by two-thirds the cost of generating that lead. And we say to the company 'Look, if we can save you a million dollars a year in cost to lead generation, how about sharing some of your savings with us?'
- RG: Okay.
- JS: A lot of our potential clients do the sums and go 'Hang on; this could be saving us 5 or \$10 million a year.'
- RG: Right.
- JS: 'We don't want to share too much of that with you.' And then we can negotiate a fee, but...
- RG: So on average for a smaller business I guess, if they were looking at doing this, how much would they have to outlay?
- JS: Oh look, it could start from as little as, you know, 4 or \$500 per month. We've got some very small businesses as clients, ranging up to publicly listed companies, the Harvey Normans, the Domino's etcetera.
- RG: Is there such thing as a premium member or a premium name?
- JS: Look, it depends on - I mean, every number spells, has the potential to spell a lot of different things. For instance the number that spells 'Westpac' also spells 'WesTrac' which I believe Kerry Stokes makes more money out of than Channel 7. It also

- spells 'Westsail' and 'Westrail'. So the number that commands the greatest premium, I guess it's like real estate, is the number that there is the most demand for.
- RG: So is there a potential for a bidding war to go for those numbers?
- JS: We prefer to base our - We select our clients based on who's the most appropriate. Our business is successful when our clients are, so we like to work with the companies who are going to promote the numbers the best, drive the most benefit, and if we're on some form of success fee remuneration, the greater the client success the greater our remuneration will be.
- RG: So who's actually using your business at the moment? If you can drop some big names, and is it the larger end of town, or is it smaller business, or is it a mix?
- JS: Look, it ranges, and I guess in any new form of promotional, the adoption of any new marketing tool, it's more a mindset. I mean, we've had listed companies, Harvey Norman, Westpac, Gerry Harvey, through to very, very small businesses. And I guess it's just about the mind of that market, or that operator thinking 'Do I want to be the first? Am I willing to give this a go? Do I want to get the jump on my competition and grab market share?'
- RG: I'm very curious to know in that initial, in that start up phase when you were trying to convince Australian businesses to use this service, what was the reaction like? And did you literally just pick up the phone cold calling?
- JS: The first - I guess like any business or any new marketing tool, you've got to prove that it works. I know for Gerry Harvey we'd been chatting with Gerry and his management for about 18 months, and to get them over the line we spent a substantial amount of money testing phone name versus phone number. Two identical radio ads, ad A with the phone number, ad B with the phone name, ran them in even rotation for two weeks, at the end of the two weeks tallied up the calls and bookings that went through the phone name, the calls and bookings that went through the phone number, three times more calls, more than three times more bookings went through the phone name.
- RG: And you don't think consumers get confused by looking at all those - those uneducated or that wouldn't know how to use it, if they were to see three or four letters on one particular keypad, or a button?
- JS: Look, I mean, the proof of the pudding is in actual consumer behaviour. We have the Roy Morgan data that told us that 94% of people are well aware of the alphanumeric dialling concept, but the proof of the pudding is run the ads, do people call? Do they pull out their credit cards and book? And it was based on that increased sales evidence that Gerry Harvey, every ad he runs, 1300 GO HARVEY, DOMAYNE, they've all got phone names in them. Sorry Gerry for giving away any trade secrets, but when you've got someone as savvy as that and his marketing team, you know, they didn't make the decision lightly, they looked at all the research, we had to prove it to them in a real life case study, then when they saw the results it was an easy decision to roll out phone names.

- RG: And given your background is in marketing and advertising, what kind of techniques do you like to use to push your brand out there?
- JS: You can't beat a good testimonial, and naturally part of the deal we did with Gerry is 'If this works, you've got to agree to do it, and if you agree to do it can we use you as a testimonial, can you say a few words.' I think Gerry came up, his - the line that I like best was he said 'Mate, now I just laugh when I see phone numbers in ads.'
- RG: Okay.
- JS: His competitors are out there trying to get people to remember and call phone numbers and he knows it doesn't work.
- RG: I guess it's the same format in terms of web addresses, now it's all words, whereas before there was a potential for it just to be numbers.
- JS: Yeah. I mean, no one's ever advertised a domain number. I mean all websites are, at the end of the day they're linked to a 161.421.398, people don't promote domain numbers they promote domain names because people remember names.
- RG: This isn't the only business that you run, you've got your hands in other areas as well, can you tell us about that? And what about what you need to do to make sure you can spread yourself across all these businesses efficiently and effectively.
- JS: Yeah, look I mean my day job, 9 to 5, I wish it was 9 to 5 Monday to Friday, is the phone name business, and every other business I've invested in and I'm involved in is to do with advertising and marketing. Someone once said, you know, 'Stick to your knitting and work out what you do and where your core skills are and stick to that.' So I guess because, to answer your question, because the other businesses I'm involved in are all to do with advertising and marketing, that means all I ever think about is what is going to help a client sell their product, promote their service, get the result they want.
- RG: And in terms of the economy, if I can ask an economic type question, given we're seeing a slowdown in the Australian economy, a slowdown in the global economy, do you think that's going to put some pressure onto the advertising market?
- JS: No. I mean, if you look historically, the advertisers who actually spent more money when times were tough, the Campbell Soups, the, I mean, I haven't seen Gerry Harvey slow down his advertising. The people who can push ahead when everyone else is a bit nervous, they're the ones who are going to reap the rewards later on. And I know for our Phone Names business, if you want to maximise every advertising dollar, and you want calls, or you want SMS, ditch your phone number and get a phone name.
- RG: Jack, we've got just under a minute to go, let's quickly do the In Business top ten to find out a bit more about you. What was your first job?
- JS: First job was working as a Jackeroo in the Northern Territory.
- RG: Worst job?

- JS: Worst job, worse day at work was actually removing a dead body from a caravan, which was in the Northern Territory.
- RG: Oh wow. In your current business, what's the biggest challenge you've faced?
- JS: Compared to removing that body from the caravan, nothing is a challenge, believe me.
- RG: Fair enough. Biggest mistake you've made?
- JS: Biggest mistake, I probably haven't made that one yet.
- RG: Biggest success?
- JS: Probably just sticking to this Phone Names thing. I had government departments laughing at me ten years ago.
- RG: Greatest competitor?
- JS: Telstra.
- RG: And your greatest business tip?
- JS: Greatest business tip is when it gets hard just keep going and going and going. Believe in yourself and the idea.
- RG: Jack Singleton from Phone Names. Appreciate your time, thank you very much.
- JS: Thank you very much. Thanks Richard.