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5G Consumer Monetization Case Study: AIS's Living Network

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Living Network is part of AIS's tech-co strategy, diversifying its 5G customer base and contributing to revenue growth

Summary

Just over a year ago, Thailand's AIS made a strategic move to leverage the latest 5G networks with new experience-based quality of service (QoS) tariffs. The gambit is paying off. Living Network is approaching 200,000 customers, which AIS attributes to one of its contributing revenue growth factors. Moreover, AIS has avoided data commoditization by successfully diversifying its mobile revenue. Other telcos can also benefit from QoS tariffs, which stimulate usage and revenue.

Why did AIS pursue QoS-based tariffs?

AIS is a mobile-first, digital-led company. It describes itself as a "tech-co," fostering footholds in digital adjacencies, such as AIS Play (OTT content) and AIS 5G Cloud gaming service. The Thai telecoms market is also tech-savvy: VR and AR apps and mobile and fixed broadband segmentation (gaming, sports, etc.,) have long been available, supported by the latest 5G networks and plentiful spectrum availability (AIS uses three bands for 5G, and mmWave is coming).

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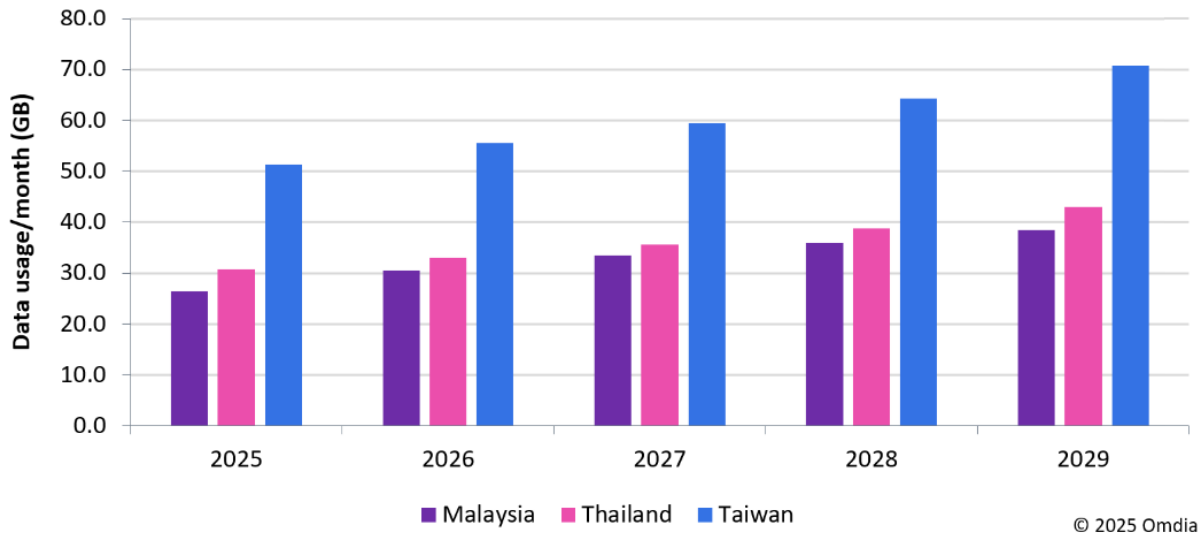
However, Thailand has one important 5G monetization hurdle—very high cellular data usage per month at 30GB per user, making it the second-highest market in Asia, as shown in **Figure 1**. That could be seen as a good thing; other emerging markets are struggling to get usage on the mobile network and off Wi-Fi. While a testament to large data plans in the Thai market, high data usage ultimately means traffic growth will not be strong going forward, meaning it will be challenging to monetize data growth alone.

Figure 1: Average cellular data usage per month (GB)



Source: Omdia

AIS, therefore, needed new revenue streams. Living Network is a key part of its personalized offerings strategy. In 3Q24, AIS's mobile revenue grew 5.6% year-on-year, attributable to its experience-based tariff strategy of customer segmentation and add-on payments for personalized boosters, as well as the return of tourists to Thailand post-COVID. Conversely, other global telcos should consider similar tariffs to renew and spark interest in the current 5G to fuel incremental revenue.

Living Network has evolved from a simple app showing network proof points to embracing more online and offline sales and marketing channels

In this author's opinion, Living Network is the most comprehensive value-based service currently available on 5G. First, there are three short-duration burst services available on the one-stop platform. Second, consumers can make informed decisions about when and where to buy a booster (see below).

Living Network was launched in December 2023 and is accessible via a few clicks on the myAIS app. Registration has now been expanded to include USSD channels. 5G Modes are directly communicated to targeted customers (such as those in busy areas) via SMS, MMS, and online. Moreover, AIS is conducting social media promotions and putting Living Network QR codes in crowded locations in Bangkok, on tuk tuks at landmark tourist destinations, and on flyers at metro pop-up Living Network booths. QR codes on WeChat are upcoming to target the 7–8 million Chinese tourists that visit yearly. AIS is also planning to

leverage Living Network to promote large event-based monetization opportunities, including the Pattaya International Fireworks Festival.

The three modes of Living Network are marketed for crowded areas:

- **Boost Mode** offers a temporary 5G speed boost to improve customer experience in congested areas. It accounts for about 95% of Living Network usage. Loyalty points can also be redeemed for Boost Mode.
- **Game Mode** offers a dedicated 5G connection that guarantees low latency and high stability for over a dozen selected games.
- **Live Mode** offers dedicated 5G uplink to guarantee uninterrupted, HD-quality livestreaming sessions—for example, for better TikTok livestreaming or similar.

A session lasts three hours, with usage capped at 5GB for THB49 ($1.42), equivalent to 22% of AIS blended ARPU. A user can purchase a maximum of 10 5G Modes per day. Unlike some consumer-slicing commercial cases, activation of a 5G Mode is immediate: there is no waiting a few hours for the service.

In addition to offering a breadth of services, Living Network has led the industry, providing a real-time interactive map. This shows a user's internet quality as "good," "excellent," and so on, depicted at the mobile cell level and represented as green, amber, and red dots. The information for consumers goes one layer deeper, showing performance usage bars by app for gaming, video streaming, browsing/social, and so on.

As part of their future roadmap in 2025, AIS plans to launch a verification functionality for Living Network as is the case in China, where VIP uplink users receive an SMS notifying them of the uplink speed they received during their session and that it was higher than the speed achieved for a certain percentage of other users. Verification for users that they are getting a better service is crucial to the success of network-performance-based tariffs. We are still waiting for real-time speed/latency dashboards that run during a session and show post-results on a consumer's phone (vendors are aware of this gripe).

AIS first adopters appreciate meaningful experience boosters, as key challenges are overcome

Selling experience-based boosters to consumers has its challenges, but the main three can be refuted.

First, garnering a one-off fee for Living Network that is worth 22% of ARPU means the offer must be best of breed. With more than 180,000 Living Network paying customers 11 months after launch, the platform lends itself to that. However, most Living Network users are from the middle tier. High ARPU customers are already paying a premium and are more likely to balk at extra payments. That is a global challenge. As such, AIS should consider following China Mobile's lead and bundle Living Network for free to Platinum and Gold Serenade loyalty users as part of its anti-churn management strategy.

Second, do acceleration packs damage the brand of an operator who promotes a competitive network advantage? We do not think so. A leading social media influencer needs faster uplink speed. Social

gamers need lower latency. Metro train lines are busy during peak times. Some value better video conferencing on a high-speed train. Streaming at a Taylor Swift concert could be less than ideal. The experience-based monetization proposition does not delineate an operator's overall network performance. Rather, it identifies remedies for short-term repercussions for specific use cases. Marketing pitches need to be succinct, focusing (as AIS does) on the suitability of boosters, "especially in crowded areas" (which, in Thailand, is a harsh fact of life in peak hours in metro areas). In short, the marketing sell needs to be: "You are a special user, and we have a service that meets your special needs. This goes above and beyond the excellent service we offer regular customers."

Third, we hear that some telcos are concerned about fully loading their networks if they pursue experience-based monetization strategies. We do not see any immediate reason for concern. Legacy 5G networks are lightly loaded. Even in China, the average 5G network load is around 20% or less. At least in the short term, the network load should not be a problem. Today's issue of experience monetization is more about hitting the mark with the right offers than network congestion, especially given cellular traffic growth is slowing worldwide.

In the longer term, however, the experience-based model may change the traditional network dimensioning approach because it cannot work in a heavy-loaded network (i.e., a telco may not be able to give a customer enough radio resources if the overall network is already crowded). That means operators will have to continuously upgrade their networks to keep the network load relatively light, and that is something Tier 1 operators do already with their 5G networks.

Appendix

Further reading

Experience-based enhanced mobile data opportunities: New 5G and 5G-A monetization strategies (December 2024)

Leading Arabian Gulf Markets and the New 5G Segmentation Opportunity (December 2024)

5G Tariff Evolution – The Next Revenue Segmentation Stage (November 2024)

2024 Digital Consumer Insights: 5G and Fixed Broadband (September 2024)

5G Consumer Broadband Pricing Report – 3Q24 (November 2024)

2025 Trends to Watch: 5G-Advanced and New Network Monetization (October 2024)

Utilizing AI to Monetize Consumer 5G (September 2024)

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